

SECURING OUR FUTURE

POVERTY ALLIANCE MANIFESTO 2024



INTRODUCTION

“Living in poverty is like being stuck in the middle of a spider’s web with no escape route. You can climb further up the web to try and get out but something keeps dragging you back. Low pay, insecure work, zero hours contracts and a punitive social security system make it very difficult to escape. That’s the trap of poverty.”

Jamie, Community activist

The UK is undoubtedly a wealthy country, but that wealth is not being harnessed for the good of everyone. One in five people in the UK (22%) are having their life chances restricted by the injustice of preventable poverty.¹ Joseph Rowntree Foundation’s latest ‘Poverty in the UK’ report concluded that it had been 20 years and six Prime Ministers since the UK last saw a sustained fall in poverty.² In fact, poverty is actually deepening in the UK, with more people falling into destitution. In this context, it is vital that tackling poverty is central to this general election campaign, and a key priority for the next UK Government. We urge our political leaders to outline their plans to turn the tide on poverty.

Poverty and inequality have far-reaching negative consequences for individuals, with implications for their health, wellbeing, educational attainment and broader life chances. However, poverty and inequality are also bad for our economy, stifling our collective wellbeing and meaning we need to use resources to fix problems rather than prevent them. Research from IPPR Scotland⁴ found that around £2.3 billion of health boards’ budgets in Scotland is directed at responding to the impacts of poverty, with hundreds of millions more diverted through primary care and addressing health inequalities driven by financial inequality. As well as being the socially just thing to do, it also makes good economic sense to prioritise action to tackle poverty.



In the UK nearly four million people experienced destitution in 2022 – a 148% increase over five years.³

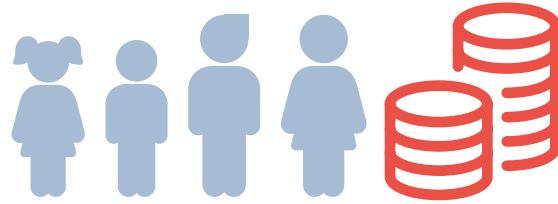
¹ Joseph Rowntree Foundation (2024) *Poverty in the UK 2024: The essential guide to understanding poverty in the UK* available at <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

² Ibid.

³ Ibid.

⁴ IPPR Scotland (2023) *Tipping the Scales: The Economic and Social Harm of Poverty in Scotland* available at <https://www.ippr.org/articles/tipping-the-scales>

The cost of child poverty in the UK is £39 billion per year.⁵



The causes of poverty are structural, relating to the high cost of living; an ineffective social security system; and low wages, insecure jobs and unemployment. A range of policy areas therefore influence, and can make a contribution to, ending the injustice of poverty. At the Poverty Alliance, we engage with the Scottish and UK Government on the delivery of positive changes across these areas of policy and service design.

Ahead of the UK General Election, our manifesto relates only to Westminster areas of policy-making, **outlining our recommendations across five critical areas: taking an all-government approach to tackling poverty; building a more compassionate social security system; tackling the high cost of living; designing a labour market that works for everyone; and funding the fight against poverty.** In summary, our key recommendations are:

- 1 Develop a UK anti-poverty strategy
- 2 Draw a line under poverty through the introduction of a Minimum Income Guarantee
- 3 Ensure social security is adequate through the implementation of an Essentials Guarantee
- 4 End the five-week wait for Universal Credit
- 5 Remove the two-child limit
- 6 End the benefit cap
- 7 End the young parent penalty in Universal Credit
- 8 Introduce a new social tariff for energy
- 9 Ensure that wages meet workers' needs
- 10 Strengthen worker's rights and access to predictable, sufficient hours
- 11 Enhance the right to flexible working
- 12 Put fair work at the heart of our procurement policy
- 13 Make changes to our taxation system to better tax wealth

⁵ Child Action Poverty Group (2023) *The Cost of Child Poverty in 2023* available at <https://cpag.org.uk/news/cost-child-poverty-2023>

TAKING AN ALL-GOVERNMENT APPROACH TO TACKLING POVERTY

With people struggling to stay afloat as the cost of living crisis continues to bite, there is an urgent need to prioritise actions that will stem the rising tide of poverty. This means ensuring that poverty reduction and prevention is at the front and centre of the UK Parliament's political and legislative programme. To this end, it is critical that poverty is a cross-cabinet priority, with the mainstreaming of anti-poverty policy-making throughout government portfolios. The next UK Government can do this with action to:

1. Develop a UK anti-poverty strategy

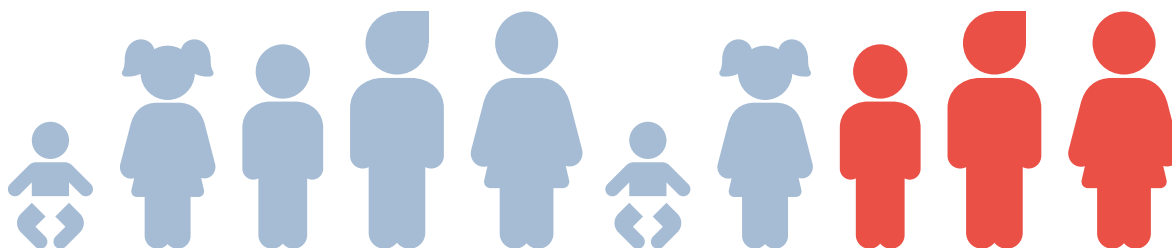
In the absence of a strategic vision for how poverty can be tackled in the UK, we risk inaction. To drive the changes we need to see, **we are calling on the next UK Government to work in partnership with the devolved administrations, civil society and people with experience of poverty to develop a UK-wide anti-poverty strategy. This strategic vision must provide a strong foundation for all other anti-poverty policy interventions to be built on and promote more effective, consistent and joined-up policy-making.**

This strategy should operate in tandem with existing devolved strategies, such as the Scottish Government's tackling child poverty delivery plan. It is vital that the UK-wide strategy reflects the broad-ranging causes of poverty including the importance of action to: promote labour market reform; strengthen our social security safety net; and invest in strong public services such as childcare, public transport and social care. Our priorities across these areas of policy-making are outlined later in this manifesto.

The Child Poverty Act 2010 enshrined child poverty targets into legislation,⁶ and we were disappointed that these commitments have not been progressed by subsequent governments. Legally binding Scottish child poverty targets, introduced with cross-party support, have led to an increased focus on child poverty and a mechanism to hold the Scottish Government to account. While the setting of targets on their own will not unlock people from poverty, targets can help to catalyse action by providing a much-needed focus for anti-poverty actions and activity across the UK.

We therefore **urge the next UK Government to include legally binding time-bound targets within the overarching anti-poverty strategy to reduce the number of children living in poverty; and requiring annual reporting against those metrics.**

⁶ House of Commons Library (2010) 'Child Poverty Act 2010: A short guide' available at <https://commonslibrary.parliament.uk/research-briefings/sn05585/>

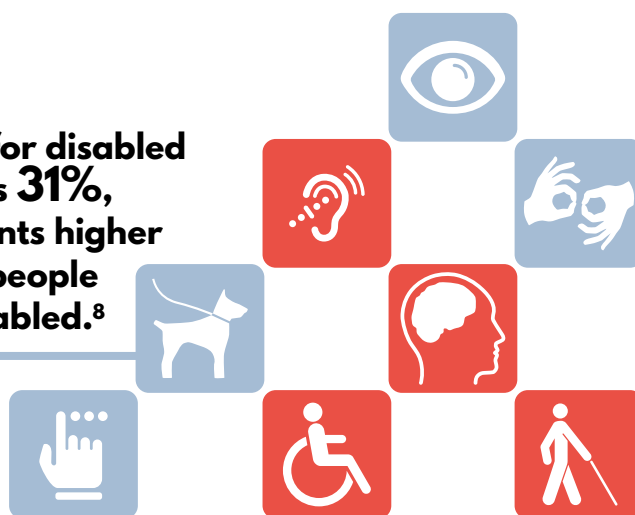


In 2023, 30% of children in UK were in poverty. This is a record high.⁷

Levels of child poverty are unacceptable, and it is right that child poverty would be prominent in our anti-poverty policy-making. However, data and research relating to poverty underscores the importance of broadening our focus beyond child poverty alone. The latest data highlights that disabled people and Black and minority ethnic people continue to experience higher risks of poverty. Evidence also shows that rates of poverty for older people are once again increasing. It is important that our policy responses to poverty address the breadth, depth and interconnected nature of the problem as it affects individuals and groups across the life course.

Within the development of this strategy, it is critical that the next UK Government adopts genuine co-production approaches, actively consulting and involving people who are living on low incomes. The participation of people who have experience of poverty in our policy-making and service design builds better, and more robust solutions, to the issues facing our communities.

The poverty rate for disabled people in the UK is 31%, 12 percentage points higher than the rate for people who were not disabled.⁸



⁷ Child Action Poverty Group (2024) *Child poverty reaches record high – failure to tackle it will be ‘a betrayal of Britain’s children’* available at <https://cpag.org.uk/news/child-poverty-reaches-record-high-failure-tackle-it-will-be-betrayal-britains-children>

⁸ Joseph Rowntree Foundation (2024) *Poverty in the UK 2024: The essential guide to understanding poverty in the UK* available at <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

BUILDING A MORE COMPASSIONATE SOCIAL SECURITY SYSTEM

We all rely on our public services, but they are a vital lifeline for people living on low incomes. Our social security system is a public service and a basic human right that should secure the wellbeing of everyone in society. However, rather than preventing and reducing poverty, it too often makes it more difficult for people to stay afloat. Strengthening our social safety net by addressing the inadequacies and insecurity of our current social security system must be a priority for the next UK Government.

After over 10 years of cuts and restrictions, our social security system is failing the people it is intended to support. These issues have been further illuminated by the Covid-19 pandemic and the ongoing cost of living crisis. Policy decisions and political choices within our social security system have had a devastating impact for people across the UK. In particular, there has been severe consequences for the human rights and financial security of women and disabled people. 86% of net ‘savings’ carved from social security payments and public services between 2010 and 2020 came from women’s incomes.⁹ It does not have to be like this.

Our social security system should be there to protect all of us, but the punitive application of sanctions is too often pulling people into poverty and inflicting the very harm it is intended to prevent.¹⁰ For many people, sanctions can result in destitution, further undermining the already inadequate levels of support. This goes against everything our social security system is intended to do. The DWP’s own analysis¹¹ shows that sanctions are failing to encourage people into paid work – the policy’s intended rationale. While around 6% of those eligible for a sanction are subject to one at any given time, the threat of sanctions causes stress and anxiety to many more. This further undermines any sense of current or future financial security for being in receipt of social security, and also compromises the quality of people’s relationship with employment support.¹²

Everyone’s circumstances can change – you can lose your job, need to care for a family member, be bereaved, or break up with your partner. We can build a compassionate social security system that functions as a genuine safety net, there for everyone when they need it.

⁹ Engender (2023) *Women & The Cost of Living: A Crisis of Deepening Inequality* available at <https://www.engender.org.uk/content/publications/Women-and-the-cost-of-living---updated-copy.pdf>

¹⁰ Beth Watts et al, *Final findings report: Welfare Conditionality Project 2013-2018*, June 2018, http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/06/40475_Welfare-Conditionality_Report_complete-v3.pdf

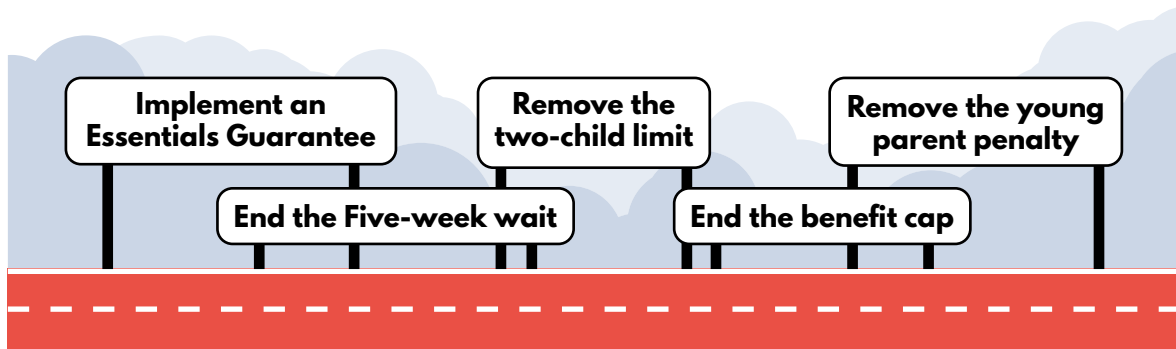
¹¹ DWP (2023) *The Impact of Benefit Sanctions on Employment Outcomes: Draft Report* available at <https://www.gov.uk/government/publications/the-impact-of-benefit-sanctions-on-employment-outcomes-draft-report>

¹² New Economics Foundation (2023) *From Compliance to Engagement: Rethinking the use of conditionality in the social security system* available at <https://neweconomics.org/2023/08/from-compliance-to-engagement>

2. Draw a line under poverty through the introduction of a Minimum Income Guarantee

One of the policy solutions that has emerged in response to the issues outlined above is the Minimum Income Guarantee (MIG), an idea centred on setting a minimum income level below which people would not be allowed to fall.¹³ The MIG is made-up of three spheres of activity across the labour market, public services, and social security.

The Poverty Alliance and our membership view the MIG as a simple, but potentially transformational, idea that could provide everyone with the ability to have a decent and dignified life. The provision of an adequate income floor should be the defining and guiding principle for our UK social security system. The development of a MIG is our overarching policy ask in the realm of social security, and our wider asks in this section of the manifesto should be viewed as interim steps on the roadmap to a MIG that ensures a decent and dignified life for all.



Work is ongoing in Scotland to develop a MIG, with an Independent Expert Group advising the Scottish Government on the policy's development. A final report is due to be published later this year. However, our engagement with civil society has found enthusiasm for this bold policy idea which can put justice and compassion at the heart of our social security system.¹⁴

The Interim Report of the Expert Group notes that a MIG cannot be delivered in a system that sees significant holes in the social security safety net, for example, through caps, waits, freezes and limits.¹⁵ This means changes are required to strengthen our social security system at the UK level. There is a key role for the UK Government

in progressing the principles that underpin the MIG, both in terms of improving the adequacy of social security payments, and providing a guaranteed income with the removal of unjust policies such as the benefit cap; the five-week wait; and the two-child limit. More detail on these policies are outlined in policy asks 5, 6 and 7.

We need a social security system that helps to release people from poverty and supports everyone to have a decent standard of living. **We are calling on the next UK Government to implement robust income floor through a MIG. The UK Government can build the foundations of a MIG through a number of interim steps**, as outlined below.

¹³ IPPR Scotland (2021) *Securing a living income in Scotland: Towards a Minimum Income Guarantee* available at <https://www.ippr.org/files/2021-03/securing-a-living-income-in-scotland-march21.pdf>

¹⁴ Poverty Alliance (2024) *Drawing A Line Under Poverty: The Minimum Income Guarantee* available at https://www.povertyalliance.org/wp-content/uploads/2024/01/MIG_Conference_Briefings_Collated_Jan24-1.docx.pdf

¹⁵ Scottish Government (2023) *Minimum Income Guarantee Expert Group: interim report* available at <https://www.gov.scot/publications/minimum-income-guarantee-expert-group-interim-report/>

3. Ensure social security is adequate through the implementation of an Essentials Guarantee

Social security support has eroded over decades. Universal Credit's standard allowance falls well short of the indicative level for what is needed to afford essentials and now sits at its lowest ever level as a proportion of average earnings.

90% of low-income households on Universal Credit currently going without at least one essential like food, a warm home or toiletries.¹⁶



This situation is made worse by the fact almost half of households in receipt of Universal Credit see their payments further reduced by deductions and caps. Our social security system is forcing people into poverty, rather than keeping them afloat.

On the road to the delivery of a MIG, we are calling on the UK Government to implement an Essentials Guarantee to embed a stronger minimum in our social security system.¹⁷



72% of the public support the Essentials Guarantee.¹⁸

The Essentials Guarantee, developed by the Trussell Trust and the Joseph Rowntree Foundation would embed in our social security system the widely supported principle that, at a minimum, Universal Credit should support enable people to afford the essentials. Developed in line with public attitudes insights and focus groups, this policy would enshrine in legislation:

- An independent process to regularly determine the Essentials Guarantee level, based on the cost of essentials (such as food, utilities and vital household goods) for the adults in a household (excluding rent and council tax);
- That Universal Credit's standard allowance must at least meet this level; and
- Deductions can never pull support below this level.

4. End the five-week wait for Universal Credit

In communities across the country, individuals and families are being pulled into poverty by the five-week wait for their first regular payment of Universal Credit. For people without savings and with no other income, this five-week period is making it impossible for many people to put food on the table, and is often driving them to foodbanks.¹⁹ Additionally, evidence suggests that the five-week wait can cause significant stress to claimants and have a negative impact on both physical and mental health. Statistics from the FCA show that around one-third (34%) of UK adults had either no savings, or less than £1,000 in a savings account.²⁰

¹⁶ Joseph Rowntree Foundation (2022) *Guarantee our Essentials* available at <https://www.jrf.org.uk/social-security/guarantee-our-essentials-reforming-universal-credit-to-ensure-we-can-all-afford-the>

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Menu for Change, *Found Wanting: Understanding journeys into and out of food insecurity: a longitudinal study*, October 2019, <https://menuforchange.org.uk/wp-content/uploads/2019/10/Found-Wanting-A-Menu-for-Change-FINAL.pdf>

²⁰ Money (2024) *UK savings statistics 2024* available at <https://www.money.co.uk/savings-accounts/savings-statistics>

Around half of all new UC claimants take out an advance during the wait for their first payment.²¹

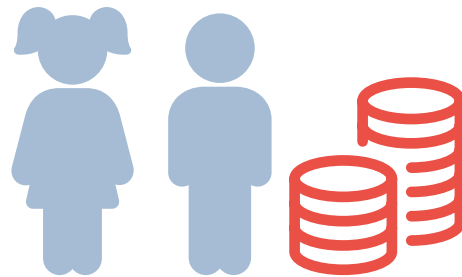
Advance payments are usually recovered by deductions in equal instalments over up to 24 months, further undermining the inadequacy of social security. While advance loans are available, they must be paid back out of future payments, with evidence of hardship, anxiety, and debt as a result. **We are calling on the next UK Government to end the arbitrary five-week wait for Universal Credit by making advances non-repayable to ensure that nobody is left without.**

5. Remove the two-child limit

The decision to implement the two-child limit has removed support from many of the families across the country who need it most, particularly lone parent families, the vast majority of whom are headed by women. The two-child limit prevents families from receiving additional means-tested support for their third or subsequent children, worth up to £3,235 a year per child in 2023/24. At the Scottish level, analysis shows the two-child limit affects nearly 90,000 children in Scotland. The policy unjustly severs the link between what children need and what they are entitled to.²² Evidence consistently shows that the two-child limit is pulling people into poverty and trapping them there.

“My third child is about to turn 7 years old. He is as old as this policy, one of the first children to be born who was impacted by this. And for all of his life... it feels as if he is invisible to those who make decisions about benefit payments.”²³

The two-child limit places women in a position of justifying their reproductive choices and family circumstances in order to receive social security. In addition, the widely discredited ‘rape clause’ can re-traumatise victim-survivors by forcing them to disclose sexual violence at a time and in a context not of their own choosing, on pain of falling into deeper poverty.²⁴



The cost of abolishing the two-child limit in 2024-25 is £2.5 billion, and abolishing the benefit cap with it would bring the cost up to £3 billion.²⁵

²¹ House of Commons Library (2023) *Universal Credit Deductions* available at <https://researchbriefings.files.parliament.uk/documents/CDP-2023-0166/CDP-2023-0166.pdf>

²² Engender (2022) *Women & The Cost of Living: A Crisis of Deepening Inequality* available at <https://www.engender.org.uk/content/publications/Women-and-the-cost-of-living---updated-copy.pdf>

²³ End Child Poverty (2024) *The Unhappiest of Birthdays: 7 Years of the Two-Child Limit* available at https://endchildpoverty.org.uk/unhappy_birthday/

²⁴ Engender (2022) *Women & The Cost of Living: A Crisis of Deepening Inequality* available at <https://www.engender.org.uk/content/publications/Women-and-the-cost-of-living---updated-copy.pdf>

²⁵ Resolution Foundation (2024) *Catastrophic Caps* available at <https://www.resolutionfoundation.org/publications/catastrophic-caps/>

Resolution Foundation analysis states that, if the two-child limit was abolished today, 490,000 children would be lifted out of poverty.²⁶ As scrapping the two-child limit is one of the most efficient ways to drive down child poverty rates, the £2.5 billion cost – rising to £3.6 billion if the policy was at full coverage – is low compared to the harm that the policy causes. It represents a strong return on investment in terms of ending the injustice of poverty. **We are calling on the UK Government to restore the link between reward and entitlement by ending the unjust two-child limit.**

6. End the benefit cap

The benefit cap is a limit on the total amount of means-tested benefit payments an individual or family can receive. The policy applies to a wide range of working-age benefit including Universal Credit, Child Benefit, Housing Benefit and Maternity Allowance. It is wrong to sever the link between the support a person needs and the level of support they receive. Any level of support that is below what a person has been assessed to need will, necessarily, be insufficient to lead a healthy, happy, and dignified life. Further, the way the benefit cap is designed means that those who require the highest level of support from the benefit system are the most likely to be affected. Indeed, evidence shows that those most likely to be subject to the benefit cap are those who are already more likely to be experiencing poverty, including lone parents, large families, and families with young children. This is simply unjust.

While one of the stated aims of the policy is to incentivise paid work, the Child Poverty Action Group found that over one-third (34%) of people who are impacted by the benefit cap have been assessed by the DWP as not being required to look for a job because they are caring for very young children.²⁷ The benefit cap is yet another example of an unjust social security policy which fails to achieve its stated aims, while making it even more challenging for families to keep their head above water.

We have welcomed the action of the Scottish Government to mitigate the benefit cap by utilising devolved social security powers. However, **we are urging the next UK Government to scrap the benefit cap at source.**

7. End the young parent penalty in Universal Credit

It is not right that, in Scotland, 55% of children with mothers under 25 are in poverty. That is more than double the overall rate of child poverty. All children in Scotland deserve the strongest possible start in life. However, this is not possible when inequality is built into the systems which are supposed to support us. Under Universal Credit, those aged under 25 receive less than older claimants, based solely on their age.

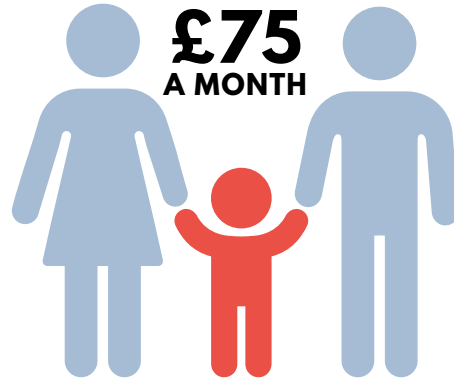
²⁶ Ibid.

²⁷ Child Poverty Action Group (2023) *Ending Child Poverty: Why and How* available at https://issuu.com/cpagscotland/docs/ending_child_poverty_2023

As a direct result of age discrimination in Universal Credit:



Couple parents under 25 lose out by £120 a month compared with couples over 25s.



Single parents under 25 are approximately £75 a month worse off than single parents over 25.²⁸

This is known as the ‘Young Parent Penalty’. Young parents are now receiving less support for the same costs, which was not the case before Universal Credit was introduced. This inequality in social security means that food, utility and other essential costs make up a much higher proportion of the income of young parents, so they are one of the groups hardest hit by the cost of living crisis.

As the sole earner and carer for their family, this is particularly challenging for young single parents, the majority of whom are women. In the context of restrictive Universal Credit rules and expensive childcare, it is often extremely difficult for single parents to find, and balance, paid work with caring for children.

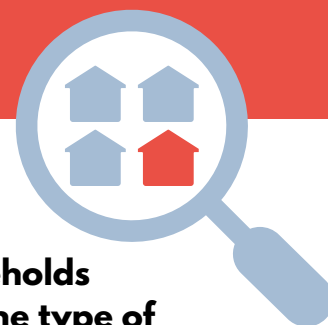
We therefore urge the next UK Government to remove discrimination by age in Universal Credit payments.

This would help to address the starkly gendered impacts of the cost of living crisis²⁹ and would likely have a particularly positive impact on further marginalised groups of women, including Black and minority ethnic young mothers and disabled young mothers, who face compounded barriers of access to income through employment.

²⁸ One Parent Families Scotland (2023) *End Young Parent Poverty: Top up the Scottish Child Payment* available at <https://opfs.org.uk/policy-and-campaigns/campaigns/end-young-parent-poverty>

²⁹ The Poverty Alliance & Scottish Women’s Budget Group (2022) *“It’s hard work being poor” – Women’s Experiences of the Cost-of-Living Crisis in Scotland* available at https://www.povertyalliance.org/wp-content/uploads/2022/11/SWBG_PA_Cost_of_Living_Report_Final.pdf

TACKLING THE HIGH COST OF LIVING



High costs of housing and other essential goods and services is one of the key drivers of poverty. Action to reduce these everyday costs is a critical means of addressing the injustice of poverty. Living in poverty means having resources that fall well below those required to meet minimum needs, so reducing costs can help people to stay afloat. Within this, it is important to remember that some groups face particularly high costs related to their needs, such as the additional costs of energy associated with disability or ill-health, or where they live. For example, the cost of living is between 15% and 30% higher in remote rural Scotland than in urban parts of the UK.³⁰

This is often compounded by the poverty premium which means people living on low-incomes pay more for products and services than those who are better off, making it even harder for low-income households to keep their head above water. These additional costs often apply to energy, high-cost credit and insurance. People on low incomes also pay more depending on how they pay for things, for example, paying to access cash via fee-paying cash machines or paying on receipt of bill, rather than via direct debit. The cost of the poverty premium to a typical parliamentary constituency is £4.5 million per year.³¹

Analysis by Fair by Design shows that one-quarter of households experience at least one type of poverty premium in any given local area in Britain.³²

The impact of high costs has been particularly acute during the cost of living crisis, where the additional costs of essentials have created impossible financial situations for low-income households. While we have all been impacted by increasing costs, research consistently shows that inflation has a disproportionate impact on low-income households. The long-term impacts of this crisis is likely to be increased problem debt. While short-term financial support over the course of the crisis has been a vital lifeline, it is vital that the next UK Government consider long-term options to support low-income households with the cost of living.

“I’ve spoken to a few elderly women, and they’ve been in tears. You know, they’ve served their life, they’ve worked, they’ve raised their family, and now they’re in their house terrified to put on heating, because of the rise of cost.”³³

³⁰ Scottish Government (2021) *The Cost of Remoteness-reflecting higher living costs in remote rural Scotland when measuring fuel poverty* available at <https://www.gov.scot/publications/cost-remoteness-reflecting-higher-living-costs-remote-rural-scotland-measuring-fuel-poverty/>

³¹ Fair By Design (2024) *Eliminating the Poverty Premium by 2028: The Fair by Design General Election Manifesto*

³² Fair By Design (2022) *The Local Poverty Premium* available at <https://fairbydesign.com/policy-advocacy/the-local-poverty-premium/>

³³ The Poverty Alliance & Scottish Women’s Budget Group (2022) *“It’s hard work being poor” – Women’s Experiences of the Cost-of-Living Crisis in Scotland* available at <https://www.povertyalliance.org/its-hard-work-being-poor-womens-experiences-of-the-cost-of-living-crisis-in-scotland/>

8. Introduce a new social tariff for energy

The latest Fuel Poverty Monitor from Energy Action Scotland and National Energy Action shows that 6.5 million UK households were in fuel poverty last winter.³⁴ This means the cost of living crisis is having a hugely negative impact on our progress towards fuel poverty targets across the four nations. In rural Scotland, as in other rural parts of the UK, the challenge is even greater – 47% of households in remote rural Scotland are in fuel poverty compared to 30% of urban households.³⁵

We have seen the impact of rising energy prices for people living on low incomes throughout our work. Women participating in our research on the cost of living crisis highlighted rising energy bills as a key source of stress and anxiety. Several women told us that they were not turning their heating on at all and were planning to keep this going into winter. In her journal, Idia, a mother of two, wrote about how she had previously used her heating all the time, but now frequently disconnects her energy, including turning off her fridge and freezer.³⁶

“I was thinking, ‘how can I... how can I keep my daughter, how can I keep warm? What if I have to go to work and then come home and freeze... And I was, I honestly got to the point where I was thinking, ‘what’s the point of living?’”³⁷

Similarly, analysis from Citizen’s Advice Scotland has found that over 40,000 disabled households have had to sacrifice a cooked meal to run or charge essential medical equipment,³⁸ and research from Independent Age found older people were staying in bed all day to avoid turning on the heating due to not being able to afford the costs.³⁹ It is vital that we ensure low-income households can afford the energy they need for a decent and dignified life.

We are calling on the next UK Government to progress energy security for all through the introduction of a social tariff for energy.

A social tariff is a targeted discount energy tariff for qualifying low-income consumers. It would mean that customers on low incomes pay a lower price for their energy, replicating pre-existing models which exist for broadband and telecoms. The introduction of a social tariff for energy has been a key ask from organisations such as Fair by Design, Citizen’s Advice, Scope and Energy Action Scotland. We believe this tariff should be targeted to low-income households, and those with unavoidably high energy needs including disabled people and unpaid carers. The design of a social tariff would also need to take into account the particular needs of rural communities from the outset – where adverse weather, less energy efficient housing stock and a higher reliance on (more expensive) electricity and alternative fuels all contribute to higher rates of fuel poverty.

³⁴ National Energy Action (2024) *Energy Crisis: Two Years In* available at <https://www.nea.org.uk/wp-content/uploads/2024/01/NEA-Fuel-Poverty-Monitor-FULL-REPORT-FINAL.pdf>

³⁵ Scottish Government (2022) *Scottish House Condition Survey: 2022 Key Findings* available at <https://www.gov.scot/publications/scottish-house-condition-survey-2022-key-findings/documents/>

³⁶ The Poverty Alliance & Scottish Women’s Budget Group (2022) *“It’s hard work being poor” – Women’s Experiences of the Cost-of-Living Crisis in Scotland* available at https://www.povertyalliance.org/wp-content/uploads/2022/11/SWBG_PA_Cost_of_Living_Report_Final.pdf

³⁷ Ibid.

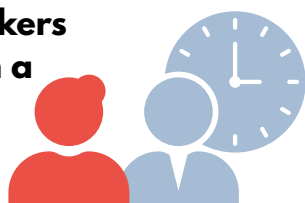
³⁸ Citizens Advice Scotland (2024) *Tens of Thousands of Disabled People Sacrifice Cooked Meals to Charge Medical Devices* available at <https://www.cas.org.uk/news/tens-thousands-disabled-people-sacrifice-cooked-meals-charge-medical-devices>

³⁹ Independent Age (2023) *“Not enough to live on”: Pensioner poverty in Scotland* available at https://www.independentage.org/sites/default/files/2023-02/Scotland_Poverty_Report_Independent_Age_0.pdf

DESIGNING A LABOUR MARKET THAT WORKS FOR EVERYONE

Good quality, secure and well-paid work will be central to any anti-poverty strategy. At the moment, wages which are failing to keep pace with the real cost of living and rising insecurity in the UK labour market are undermining the impact of paid work on poverty rates. This means that it is not always the case that paid work is the route out of poverty that it ought to be. In Scotland, the latest data shows that 70% of children living in poverty, and 60% of working-age adults living in poverty, reside in a household where someone is in paid work.

Half of shift workers receive less than a week's notice of their working schedules.⁴⁰



The National Minimum Wage has been successful in raising the income floor across the UK. Analysis shows that, in the two decades since its introduction, pay growth has been consistently strongest for lower earners. However, the next UK Government must not be complacent and instead take action that builds on this success. The Poverty Alliance support further increases in the National Living Wage, building on the learning of the Living Wage movement.

Critically, however, we must also raise the floor on standards, ensuring that lower earners have access to the security and flexibility that higher earners take for granted.⁴¹ At the end of 2023, 13% of employees (3.8m people) in UK were working on some form of flexible contract that can be viewed as 'precarious', often resulting in uncertainty for workers over hours, and a fluctuating income which makes it difficult to plan financially.⁴² Our labour market policies cannot become narrowly focused on wages alone. Indeed, the Living Wage Foundation and Living Wage Scotland have diversified our work to include Living Hours, in reflection of challenges around security.

The hospitality sector have the highest proportion of jobs paid below the Living Wage (48%).⁴³



In-work poverty is also not distributed evenly across the economy. Women; Black and minority ethnic people; and disabled people are more likely to be in low-paid and insecure work, contributing to the higher risk of poverty for these groups. Similarly, sectors such as care, hospitality and retail continue to be characterised by higher rates

⁴⁰ Resolution Foundation & Centre for Economic Performance (2023) *Ending Stagnation: A New Economic Strategy for Britain* available at <https://economy2030.resolutionfoundation.org/wp-content/uploads/2023/12/Ending-stagnation-final-report.pdf>

⁴¹ Ibid.

⁴² Resolution Foundation (2024) *Firm Foundations: Understanding why employers use flexible contracts* available at <https://www.resolutionfoundation.org/publications/firm-foundations/>

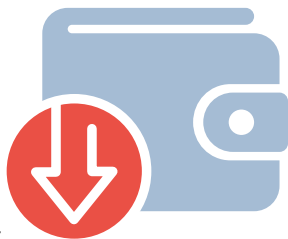
⁴³ Living Wage Foundation (2024) *Employee jobs paid below the real Living Wage 2023* available at <https://livingwage.org.uk/employee-jobs-paid-below-real-living-wage-2023>

of in-work poverty. The labour market is not yet working for everyone. To tackle poverty, action is required to improve access to fair work, with decent wages and security. We are in agreement with the Resolution Foundation that good jobs must be a central objective of our economic strategy, not a hoped for by-product.⁴⁴ The next UK Government achieve this by:

9. Ensure that wages meet workers' needs

It cannot be right to pay workers a wage that keeps them locked into poverty and does not allow them to have a decent standard of living. The real Living Wage, which is based on the real cost of living, is good for workers, for employers and for the economy. The next UK Government must take this into account and commit to boosting workers' wages by increasing the National Living Wage in line with a set adequacy standard that keeps pace with the cost of living and average incomes. There is also a need to remove arbitrary age bands from wage policy, with the National Living Wage extended to all workers aged 18 and over as soon as it is feasibly possible.⁴⁵

13% of employee jobs in the UK (3.7 million jobs) were paid below the real Living Wage in April 2023.⁴⁶



Since the campaign began in 2001, the real Living Wage has delivered pay rises worth over £3bn for over 460,000 people. There are now over 14,000 Living Wage Employers throughout the UK, including more than 3,700 accredited employers in Scotland. While this has had clear benefits for the ability of families and households to make ends meet, there are also business benefits. 94% of Living Wage accredited employers see a range of business benefits, while 86% say it has enhanced their reputation as an employer. Employers taking this voluntary step shows an understanding of the benefits of higher pay, and creates a rationale for further increases to the statutory minimum.

Analysis by the Resolution Foundation has shown that the UK's minimum wage has been gradually transformed from a comparatively modest outlawing of the very lowest pay rates on introduction to a far more ambitious policy driving up pay for the UK's lowest earners. This is reflected in the fact the NMW was worth 46% of median pay in 1999, rising to 66% of median pay by spring 2024.⁴⁷ **The UK Government should implement further increases in the statutory minimum wage to strengthen our wage floor and give more people access to a decent and dignified life.**

⁴⁴ Resolution Foundation & Centre for Economic Performance (2023) *Ending Stagnation: A New Economic Strategy for Britain* available at <https://economy2030.resolutionfoundation.org/wp-content/uploads/2023/12/Ending-stagnation-final-report.pdf>

⁴⁵ Resolution Foundation & The Health Foundation (2023) *Narrowing the Youth Gap* available at <https://www.resolutionfoundation.org/app/uploads/2023/12/Narrowing-the-youth-gap.pdf>

⁴⁶ Living Wage Foundation (2024) *Employee jobs paid below the real Living Wage 2023* available at <https://livingwage.org.uk/employee-jobs-paid-below-real-living-wage-2023>

⁴⁷ Resolution Foundation & Centre for Economic Performance (2023) *Ending Stagnation: A New Economic Strategy for Britain* available at <https://economy2030.resolutionfoundation.org/wp-content/uploads/2023/12/Ending-stagnation-final-report.pdf>

10. Strengthen worker's rights and access to predictable, sufficient hours

In the two decades since the introduction of the national minimum wage, pay growth has been consistently strongest for lower earners, especially since big increases in the rate were instigated under the “National Living Wage” from 2015. However, job satisfaction has fallen among lower earners over the same period. This points to structural problems with job quality and security. Indeed, research shows that half of shift workers in Britain, who are more likely to be low paid, also receive less than a week’s notice of their working schedules. While there has been a belief that the tightness of the labour market would drive up standards, the evidence points to any shifts being insufficient to address labour market quality.⁴⁸

In Scotland, 250,000 workers are in low-paid and insecure work.⁴⁹



Right now, too many workers face ongoing precarity and insecurity. There is often an overlap between experiences of low pay and insecure work, with data highlighting that one-fifth of workers in the UK experience work insecurity, and more than half of these workers earn less than the real Living Wage.⁵⁰ **The next UK Government should strengthen worker’s rights and access to predictable, sufficient hours as per the requirements of Living Hours accreditation.** This should include:

- A new right to an employment contract that reflects actual hours worked based on a 12-week reference period, as promoted by the Living Wage Foundation’s Living Hours accreditation.
- The requirement for employers to provide four weeks’ minimum advance notice of shifts, as per Living Hours accreditation, with reasonable compensation for shifts cancelled at short notice.
- A minimum number of guaranteed hours from day one of employment, set out in the employment contract unless the worker requests otherwise. Several examples exist that can help achieve minimum hours in law. Living Hours accreditation promotes a minimum of 16 hours a week, unless the worker requests fewer.

11. Enhance the right to flexible working

Flexible working is an essential tool for many people experiencing in-work poverty, particularly single parents, the vast majority of whom are women, and disabled people. Despite recent changes to flexible working regulations through the Employment Relations (Flexible Working) Act 2023, legal provisions remain unfit for purpose. We have welcomed the changes, enacted from this year, to make flexible working a day one right. However, recent survey data from ACAS has highlighted a lack of awareness around these changes with 70% of employees not aware that they will have a right to request flexible working from their employer from day one of their job.⁵¹ There is therefore action to be taken to further promote these changes, and increase awareness among employees of these benefits.⁵²

⁴⁸ Ibid.

⁴⁹ Living Wage Foundation (2023) *Precarious Pay and Uncertain Hours: Insecure Work in the UK Labour Market* available at <https://livingwage.org.uk/precariou-pay-and-uncertain-hours-insecure-work-uk-labour-market>

⁵⁰ Living Wage Foundation (2021) *The Insecurity Complex: Low-paid workers and the growth of insecure work* available at <https://www.livingwage.org.uk/insecurity-complex-low-paid-workers-and-growth-insecure-work>

⁵¹ Acas (2023) *7 out of 10 Employees are Unaware of New Day One Right to Request Flexible Working* available at <https://www.acas.org.uk/7-out-of-10-employees-are-unaware-of-new-day-one-right-to-request-flexible-working>

⁵² Close The Gap (2023) *UK Government Changes to Flexible Working Regulations Fall Short* available at <https://www.closesthegap.org.uk/news/blog/uk-government-changes-to-flexible-working-regulations-fall-short/>

In addition, the refreshed regulations fail to promote the stated aim of “making flexible working the default”. There is still a need to enhance the right to flexible working with further action to strengthen regulations. This should include a requirement for employers to include flexible working in job adverts. In 2022, despite a popular narrative about increased flexibility in the aftermath of the pandemic, only 28% of jobs in Scotland were advertised as flexible.⁵³ This creates a barrier to people applying for roles with new organisations, potentially hampering progression into higher-paid or more senior positions.

There also remains no right of appeal for refused requests, leaving employees with nowhere to go if they feel their request has been declined unfairly. This is particularly concerning in the context of continued negative attitudes towards flexible working among line managers and employers, which often dictates whether a request is granted.

We are calling on the UK Government to further strengthen the regulations on flexible working, to encourage employers to advertise roles with flexible options and to increase awareness of the right to flexible working.

12. Put fair work at the heart of our procurement policy

Indirectly, through procurement policy, public authorities have an opportunity to improve the conditions of many more jobs than those that they directly employ by linking the award of contracts to good employment practices. This can be a significant driver of good work in the UK. It also represents an efficient and impactful use of procurement, using this not only as a means of delivering

services but for incentivising a ‘race to the top’ in employment practices to achieve better outcomes for workers, communities, businesses and the economy.

Existing UK legislation has laid some of the groundwork for enabling the real Living Wage for these workers through the Public Services (Social Value) 2012 and the Procurement 2023 Acts. Similarly, the Scottish Government’s ‘Fair Work First’ procurement, introduced in 2018, encourages all employers bidding for public sector contracts and grants in Scotland to demonstrate certain responsible employment practices.⁵⁴ Analysis by the Scottish Government has highlighted that this Fair Work First criteria has been applied to £4 billion of public funding since 2019.⁵⁵

We call on the next UK Government to embed and promote the real Living Wage and Living Hours through UK procurement and grant-making, supporting a race to the top where employers who provide the real Living Wage and Living Hours are recognised and incentivised with government contracts and grants. This could be achieved by:

- Leveraging the Social Value and Procurement Acts to make the real Living Wage a default requirement of suppliers to the public sector and to incentivise Living Hours.
- Embedding the real Living Wage and Living Hours as key criteria in the creation of any ‘good work’ standard or charter which encourages employers to meet stretching employment standards and allows them to score more highly in procurement and grant-making.

⁵³ Timewise (2022) *The Timewise Scottish Flexible Jobs Index 2022* available at <https://timewise.co.uk/wp-content/uploads/2023/04/Scottish-Flexible-Jobs-Index-2022.pdf>

⁵⁴ The full Fair Work First criteria comprises payment of the real Living Wage, investment in skills and training, no exploitative zero hours contracts, action on gender pay, creating channels for effective voice at work, including through trade unions, no fire and re-hire practices, and flexible working.

⁵⁵ This equates to around a third of the total public procurement spend in Scotland in 2021 which was approximately £13 billion. See more at <https://www.theicon.org.uk/real-living-wage-becomes-conditionality-for-winning-public-sector-contracts-in-scotland/>

FUNDING THE FIGHT AGAINST POVERTY

Tackling poverty requires greater investment in our social security safety net and the public services that we all rely on, but which are a vital lifeline for people on low incomes. Taxation is a critical tool in tackling inequalities and raising the revenue needed for this investment, particularly in the current fiscal environment. We believe a renewed approach to tax is urgently needed, with action to put justice and compassion at the heart of the system. The next UK Government must take steps to unlock our country's wealth to tackle poverty and secure our social safety net.

Polling by YouGov found that, in principle, most Britons support a wealth tax, especially when the threshold for paying the tax is high.⁵⁶ Polling conducted ahead of the 2024 Spring Statement also found that when voters are given a choice between raising, maintaining or cutting taxes and public spending, there is a clear majority across all voter types in favour of maintaining or even increasing taxes to pay for spending on public services.⁵⁷ The majority of the British public (55%) supports increases in spending on health, education and social benefits. This is an increase from 31% in 2010. In contrast, fewer than one in ten people have supported cuts to tax and spending throughout this period.⁵⁸ Utilising our taxation system to fund our social safety net is therefore a matter of democracy.

While there has been a lot of emphasis placed on increasing tax rates in the UK by historical standards, perspective is needed on the UK's overall tax rate. In the latest comparable data, taxes in Germany and France were 6 and 12% of GDP higher than in the UK. Similarly, in the 1970s, the highest rate of income tax on earned income in the UK was 83%. From 1989 to 2010, the highest rate of income tax remained at 40% and this was not a live political issue. In this context, and with this perspective, it is important that the next UK Government maximises the potential of our tax powers in order to invest in our social safety net. The next UK Government can do this by:

13. Make changes to our taxation system to better tax wealth

Taxation cannot continue to fall disproportionately on employees, and there is a need to tax incomes consistently whatever its source. This has to include reform to tax currently under-taxed wealth to ensure that those with the greatest resources contribute more. This is not only necessary to address rising inequality throughout the UK, but also to address financial blackholes within government budgets.

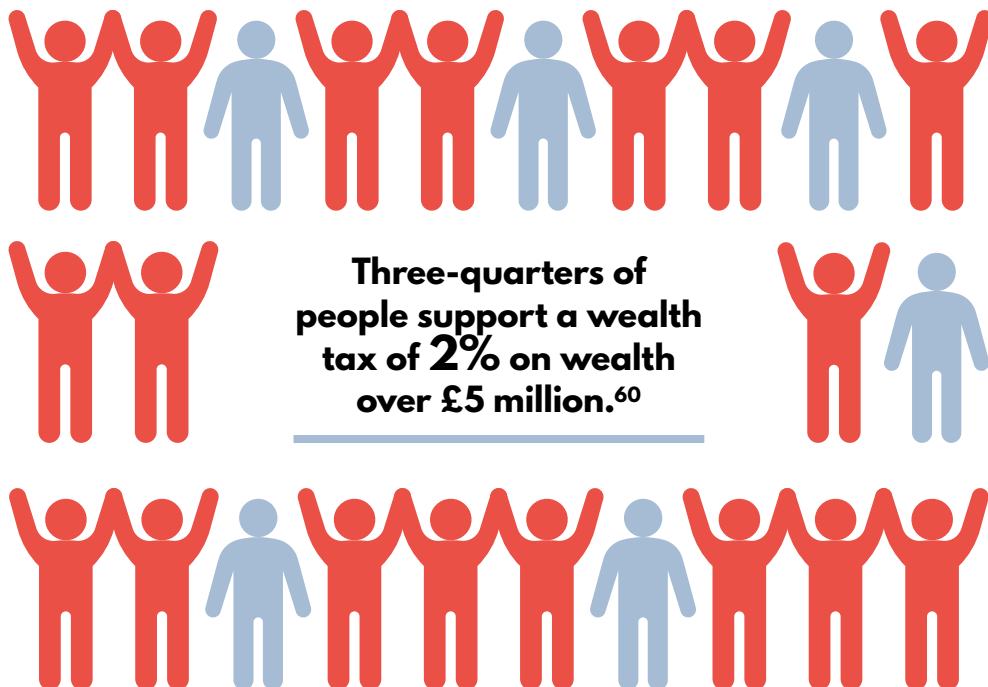
⁵⁶ YouGov (2023) *Three quarters of Britons support wealth taxes on millionaires* available at https://yougov.co.uk/politics/articles/45044-three-quarters-britons-support-wealth-taxes-millio?redirect_from=%2Ftopics%2Fpolitics%2Farticles-reports%2F2023%2F01%2F23%2Fthree-quarters-britons-support-wealth-taxes-millio

⁵⁷ Tony Blair Institute for Global Change (2024) *Spring Budget 2024 Preview: Short-Term Tax Cuts, Bad Policy and Bad Politics?* available at <https://www.institute.global/insights/economic-prosperity/spring-budget-2024-preview-short-term-tax-cuts-bad-policy-and-bad-politics>

⁵⁸ Joseph Rowntree Foundation (2024) *Poverty in the UK 2024: The essential guide to understanding poverty in the UK* available at <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

The proposal for wealth taxes, especially long-term options, garner significant public support. Around three-quarters would support a wealth tax of 2% on wealth over £5 million (73%), and 78% support a 1% tax on wealth over £10 million. On one-off options, 53% of people were supportive of a one-off wealth tax of 1% on wealth over £500,000 for five years.⁵⁹

Policies that could address wealth inequality have been put forward by Tax Justice UK, including measures to equalise capital gains tax with income tax; apply national insurance to investment income; and reform the rules on non-dom status.⁶¹ The Institute for Fiscal Studies have also put forward proposals to close Inheritance Tax loopholes.⁶² **It is clear that there are a range of policy options that would allow us to better tax wealth, and the next UK Government must look seriously at these options.**



⁵⁹ YouGov (2023) *Three quarters of Britons support wealth taxes on millionaires* available at https://yougov.co.uk/politics/articles/45044-three-quarters-britons-support-wealth-taxes-millio?redirect_from=%2Ftopics%2Fpolitics%2Farticles-reports%2F2023%2F01%2F23%2Fthree-quarters-britons-support-wealth-taxes-millio

⁶⁰ Ibid.

⁶¹ Tax Justice UK (2023) *Six Wealth Tax Policies That Could Raise £50 Billion* available at <https://www.taxjustice.uk/blog/six-wealth-tax-policies-to-raise-50-billion>

⁶² Institute for Fiscal Studies (2024) *Raising Revenue from Closing Inheritance Tax Loopholes* available at <https://ifs.org.uk/articles/raising-revenue-closing-inheritance-tax-loopholes>



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