

# Candidate 1 evidence

**What is the extent of Inequality in Scotland, what is the impact and how effective have efforts to reduce it been?**



Word Count: 4,389

**Contents**

<b>Introduction</b>	<b>3</b>
<b>Chapter 1: The Extent of Inequality in Scotland</b>	<b>4</b>
<b>Chapter 2: The Effectiveness of Resolutions</b>	<b>9</b>
<b>Chapter 3: The Broader Impacts of Inequality</b>	<b>14</b>
<b>Overall Conclusion and recommendations</b>	<b>18</b>
<b>Bibliography</b>	<b>21</b>

### **Introduction**

Since the early 1960s, levels of child poverty in Scotland have increased steadily, from around 14% in 1961, to a level around 24% today with rates still climbing<sup>1</sup>. Child poverty is especially high in metropolitan areas such as Glasgow and Edinburgh, despite many policy decisions which have attempted to correct the situation. In the period 2010 to 2012, the least wealthy 40% of households in Scotland owned less than 5% of wealth; and the wealthiest 10% of households owned 44% of wealth. In fact, the top 2% alone owned 20% of all personal wealth in Scotland.<sup>2</sup> Since 2010–2012, wealth inequality has also increased in Scotland and mobility between wealth bands has slowed down. Wealth inequality has historically been high in Scotland, however, mobility between wealth bands has further slowed down. Although it is a hard issue to resolve, it is concerning that so little progress has been made.

Income inequality in Scotland is an ever-prevalent issue in Scotland. Inequality directly affects people's wealth, health and prosperity. Until inequality is addressed, these issues will continue to arise and worsen. This will negatively impact Scotland's global competitiveness and reputation.

The aim of this project is to determine the extent of inequality in health, wealth, and income in Scotland. I aim to find out how inequality impacts people in Scotland. I also aim to analyse the effectiveness of the proposed policy actions to tackle inequality, proposed by the government, and other groups who aim to address the issue.

---

<sup>1</sup> Scottish Parliament. "Child Poverty in Scotland since the 1960s." *Azureedge.net*, 2022, [www.sp-bpr-en-prod-cdneq.azureedge.net/published/2021/12/1/a53b6c2d-0d6a-445e-8bd3-413ee081f41b-1/SB%2021-83.pdf](http://www.sp-bpr-en-prod-cdneq.azureedge.net/published/2021/12/1/a53b6c2d-0d6a-445e-8bd3-413ee081f41b-1/SB%2021-83.pdf).

<sup>2</sup> Molony, Elspeth, and Christine Duncan. "Income, Wealth and Health Inequalities — a Scottish Social Justice Perspective." *AIMS Public Health*, vol. 3, no. 2, 2016, pp. 255–264, <https://doi.org/10.3934/publichealth.2016.2.255>.

## **Chapter 1 – The Extent of Inequality in Scotland**

The most recognised measure of inequality used in current economic theory is the Gini coefficient. This is the most relevant single measure for comparing movements in inequality over a period of time and also between different countries. of total wealth was 36% in 2018-2020. The Gini coefficient would suggest that wealth inequality has been broadly stable since 2006-2008, where it was 35%<sup>3</sup>. However, this is very high when compared to other European countries such as Ireland, who have a Gini coefficient of 30.6%<sup>4</sup>. However, as the Gini coefficient is an average, it does not account for the extremes at either of the wealth distribution curve.

In 2006-2008, the top 10% of Scottish households had £1,250,500 on average in wealth, yet by 2018-2020 this increased to £1,651,700. While the bottom 10% only increased from £3,500 to £7,600 in the same time frame<sup>5</sup>. The average household in Scotland had £214,000 in total wealth,<sup>6</sup> This shows the limitations of the Gini coefficient as a single statistical measure. Although it appears that wealth inequality has barely changed, the truth is that in the past decade the bottom 10% have over doubled their wealth whilst the top 10% have only increased by roughly a third, showing that in wealth value, things are looking to be improving. This means that the wealthiest are outperforming the least wealthy by a

---

<sup>3</sup> Molony, Elspeth, and Christine Duncan. "Income, Wealth and Health Inequalities — a Scottish Social Justice Perspective." *AIMS Public Health*, vol. 3, no. 2, 2016, pp. 255-264, <https://doi.org/10.3934/publichealth.2016.2.255>.

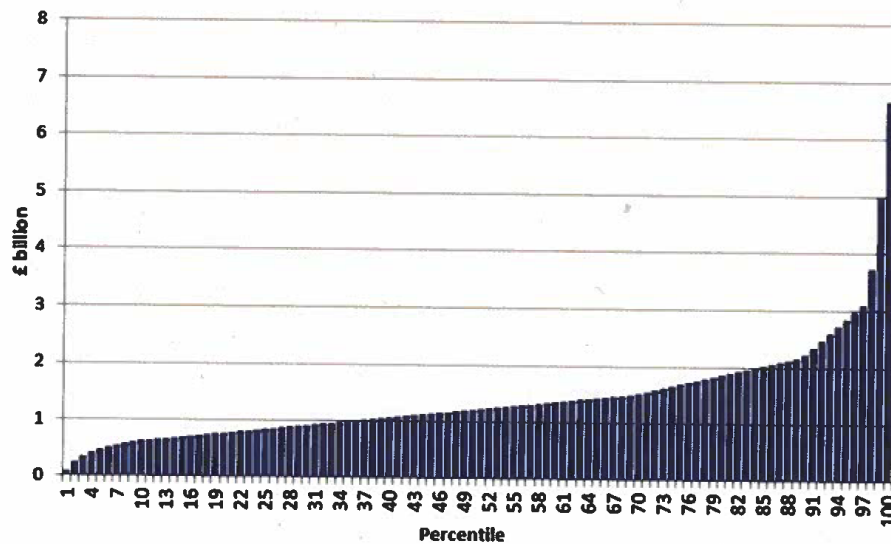
<sup>4</sup> World Bank. "Gini Index (World Bank Estimate) - Ireland | Data." *Data.worldbank.org*, 2019, <https://data.worldbank.org/indicator/SI.POV.GINI?locations=IE&view=chart>

<sup>5</sup> Molony, Elspeth, and Christine Duncan. "Income, Wealth and Health Inequalities — a Scottish Social Justice Perspective." *AIMS Public Health*, vol. 3, no. 2, 2016, pp. 255-264, <https://doi.org/10.3934/publichealth.2016.2.255>.

<sup>6</sup> "Wealth in Scotland 2006-2020." *Gov.scot*, 2020, [www.data.gov.scot/wealth/](http://www.data.gov.scot/wealth/).

considerable margin, this results in the less wealthy possibly having increased debt due to them being more likely to borrow.

This inequality is due to the lack of ability for the poorest in Scotland to accrue any material asset value. The least wealthy are very unlikely to own their own house, which accounts for the single largest element of asset wealth, whilst the wealthy are much more likely to own their own home or property. In 2020, only 26% of unemployed people owned property. For employed and self-employed it was 72% and 78% respectively. Fewer than 500 people own more than half of Scotland's private land, and many of them are international investors<sup>7</sup>. This may lead to people struggling to buy property due to inflated prices. The result of this is that it makes it extremely difficult for those in lower deciles to have social mobility. This means that individuals who are born into low wealth families will struggle to develop more wealth in their generation, this is due to the constraints of generational wealth. It is important to understand reasons why poorer people in Scotland are unable to buy property and what efforts have been made to address this.



<sup>7</sup> Marshall, Andrew. "Who Owns Scotland? The Millionaires Buying up the Highlands." *Reuters*, 7 Jan. 2022, [www.reuters.com/investigates/special-report/scotland-environment-green-lairds/](https://www.reuters.com/investigates/special-report/scotland-environment-green-lairds/).

Source: Scottish Government <sup>8</sup>

This graph highlights the difference in asset wealth between each percentile. There are gradual increases between the percentiles until the graph includes the top 3%, where the amount of wealth increases by roughly £3.5bn. The top 3% own more in assets than the rest of the country combined, making it evident that the gap in inequality is extremely large. This means that people in lower economic deciles are faced with lower standards of living and more opportunity costs due to their limited wealth, meaning that they struggle to afford all necessities. Unless actions are taken to address this, Scotland's Gini coefficient will rise as the gap increases.

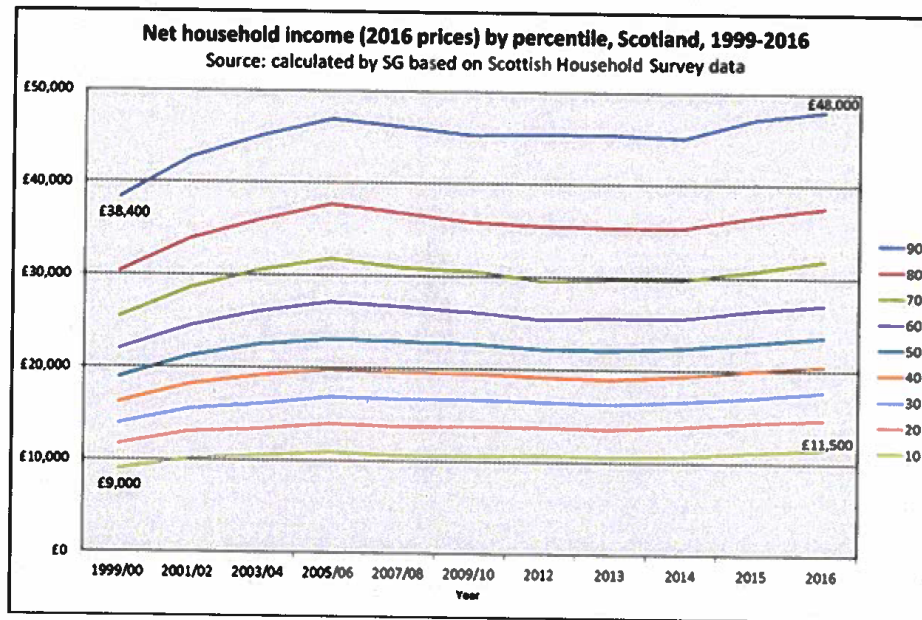
The two principle means of accumulating wealth are through inheritance and generating income. Income in Scotland is currently spread very unequally. In 2013/14, the bottom 40% of households had around a fifth of total household income; the 'middle' 50% had just over half of all income. The top 10% of households had around a quarter of all household income—with the top 2% alone having nearly 10%.<sup>9</sup> This means that poorer people are disproportionately paid, this results in them being increasingly more likely to be in poverty as they are being paid so little. In a survey, 83% of people said that the gap between those on high incomes and those on low incomes was too large<sup>10</sup>. This shows that most people in Scotland agree that there is income inequality to a large extent in Scotland.

---

<sup>8</sup> Scottish Government. "3. The Distribution of Wealth in Scotland." *Www.gov.scot*, 24 Mar. 2015, [www.gov.scot/publications/wealth-assets-scotland-2006-2012/pages/4/](http://www.gov.scot/publications/wealth-assets-scotland-2006-2012/pages/4/)

<sup>9</sup> Molony, Elspeth, and Christine Duncan. "Income, Wealth and Health Inequalities — a Scottish Social Justice Perspective." *AIMS Public Health*, vol. 3, no. 2, 2016, pp. 255–264, <https://doi.org/10.3934/publichealth.2016.2.255>.

<sup>10</sup> *ibid*



This graph<sup>11</sup> shows that there has been only minimal growth for the bottom 10%'s income over the past 20 years, shown by the relatively shallow green line. This also means that their incomes are not increasing with inflation, meaning that their income's real value is falling. Each decile has increased by a proportionally equal amount, showing that income inequality is continuing at the same rate. As these lower income groups are not consuming or investing as much, this will mean that aggregate demand will fall, which may benefit inflation levels, however, this may cause a fall in output which will slow economic growth, and increase unemployment.

However, Scotland still ranks relatively positively for income inequality. The Gini coefficient of income inequality in Scotland was 32% in 2017-20<sup>12</sup>. When compared to countries such as

<sup>11</sup> Understanding Glasgow. "Income | the Glasgow Indicators Project." *Www.understandingglasgow.com*, 2016  
[www.understandingglasgow.com/indicators/economic\\_participation/income](http://www.understandingglasgow.com/indicators/economic_participation/income).

<sup>12</sup> Scottish Government. "Poverty and Income Inequality in Scotland 2017-20." *Gov.scot*, 25 Mar. 2021,  
[www.data.gov.scot/poverty/2021/](http://www.data.gov.scot/poverty/2021/)

Italy which have a Gini coefficient of 35.9%<sup>13</sup>, this shows that Scotland is doing well compared to other European nations.

There is a distinct link between income and wealth inequality, as income generates wealth. However, wealth can be attributed as a generational achievement whereas income is specific to this generation, showing that it is hard for people to have social mobility within wealth. 2% of households with the highest incomes had 9% of all income, while the wealthiest 2% of households had 18% of all wealth. On the other end, the bottom 2% households had 1% of all income, and practically none of the wealth<sup>14</sup>. This shows that wealth inequality is far more unequal than income inequality, with the top 2% having double the proportion of wealth than they do income.

As much as Income and wealth correlate, those with lower incomes find it almost impossible to generate wealth as little income is left after fundamental living costs. This is because there is an opportunity cost, the sacrifice of one good when buying another, in investing your income and lower income individuals cannot afford to pay the cost. This means that people on lower incomes struggle to break out of the poverty cycle. This issue is being amplified by recent rises in interest rates, implemented to counter inflation. This is because wealthy people are earning more through their savings while the less wealthy are faced with increased costs of borrowing, making it harder for them to buy property and create wealth.

### Chapter Conclusion

Overall, inequality in Scotland is apparent to a large extent with wealth inequality evidently more of an issue than income inequality. This is because wealth is an outcome of income, and individuals with asset wealth are seeing returns on their investments, whereas the poorer are not. Scotland fares adequately when compared to other European countries, meaning that Scotland's inequality is still an issue needing addressing.

---

<sup>13</sup> World Population Review. "Gini Coefficient by Country 2022." *World Population Review*, 2022, [www.worldpopulationreview.com/country-rankings/gini-coefficient-by-country](http://www.worldpopulationreview.com/country-rankings/gini-coefficient-by-country).

<sup>14</sup> "Wealth in Scotland 2006-2020." *Gov.scot*, 2020, [www.data.gov.scot/wealth/](http://www.data.gov.scot/wealth/).



Inequality in Scotland has seen little to no improvement over the past decade and if this continues there may be bigger problems to tackle, such as the growth of poverty in Scotland and the negative cycles that it creates.

### **Chapter 2 – The Broader Impacts of Inequality**

A UK household is in poverty if their household income is 60% below that of the median household income<sup>15</sup>. There are different views on the causation of poverty. Keynesian economic theory focuses on macroeconomic forces and emphasises the role of government in providing economic stabilisation and public goods. However, more modern economic theories recognise the social aspect as well as economic in poverty, including social exclusion and social capital.<sup>16</sup> It is therefore important to understand the impact of the above theories on poverty levels in Scotland.

In Scotland, 19% of the population lives in poverty. Although this is a high number of people, it has decreased over time, peaking at 24% in 2000<sup>17</sup>. The root of poverty can normally be pinned to low income or none. However, in 2013/14, 430,000 people in Scotland were affected by in-work poverty after housing costs. This shows that around 17% of those in work are still in poverty. This number rose to 650,000 working-age adults in poverty after housing costs in 2017-20, 25% of the working population<sup>18</sup>. This means that it is extremely difficult to get yourself out of poverty. Most people in poverty are in low skill jobs, where they do not develop any new skills. This means that they cannot apply for higher paying jobs

---

<sup>15</sup> <https://www.trustforlondon.org.uk/data/poverty-thresholds/>

<sup>16</sup> Davis, E Philip, and Miguel Sanchez-Martinez. "Economic Theories of Poverty." *JRF*, 7 Mar. 2016, [www.irf.org.uk/report/economic-theories-poverty](http://www.irf.org.uk/report/economic-theories-poverty).

<sup>17</sup> Edinburgh Poverty Commission. *Poverty in Edinburgh -Data and Evidence*. Sept. 2020.

[https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/09/20200930\\_Poverty\\_in\\_Edinburgh-Data\\_and\\_evidence.pdf](https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/09/20200930_Poverty_in_Edinburgh-Data_and_evidence.pdf)

<sup>18</sup> Molony, Elspeth, and Christine Duncan. "Income, Wealth and Health Inequalities — a Scottish Social Justice Perspective." *AIMS Public Health*, vol. 3, no. 2, 2016, pp. 255–264, <https://doi.org/10.3934/publichealth.2016.2.255>.

as they lack the skills or qualifications required. Meaning that many people get stuck in the poverty cycle. Of all those in poverty, 13% have been living on incomes below the poverty threshold for more than 3 years and overall, an estimated 133,000 people in Scotland are in persistent poverty, including 39,000 children<sup>19</sup>. This puts children into the poverty cycle early in their lives. To successfully work their way out of poverty they would need government intervention to aid them.

Poverty is far more common for children and pensioners. Before housing costs, 17% of pensioners (170,000 pensioners) were in relative poverty<sup>20</sup>. This is due to pensioners being on fixed incomes, meaning that their incomes do not rise alongside with inflation, making it less and less valuable.

Inequality also creates difficulty for poorer people to receive a quality education, whether this be due to financial restrictions or due to the home life effects of inequality. 16.7% of Scottish domiciled full-time first-degree entrants to Scottish HEIs are from the 20% most deprived areas in Scotland. This is an increase of 0.3 percentage points, or 545 entrants, from 16.4% in 2019-20<sup>21</sup>. This is low when compared to the least deprived areas where it is 28.8%<sup>22</sup>. This shows that poorer people are less likely to go on to get a university degree. Graduates earn £10,000 more per year than those who don't go to university<sup>23</sup>. This shows

---

<sup>19</sup> Edinburgh Poverty Commission. *Poverty in Edinburgh -Data and Evidence*. Sept. 2020.

[https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/09/20200930\\_Poverty\\_in\\_Edinburgh-Data\\_and\\_evidence.pdf](https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/09/20200930_Poverty_in_Edinburgh-Data_and_evidence.pdf)

<sup>20</sup> Scottish Government. "Poverty and Income Inequality in Scotland 2017-20." *Gov.scot*, 25 Mar. 2021, [www.data.gov.scot/poverty/2021/](http://www.data.gov.scot/poverty/2021/)

<sup>21</sup> Scottish Government. "Record Number of Students from Deprived Areas at University." *Www.gov.scot*, 25 Jan. 2022, [www.gov.scot/news/record-number-of-students-from-deprived-areas-at-university-1/](http://www.gov.scot/news/record-number-of-students-from-deprived-areas-at-university-1/).

<sup>22</sup> Matchett, Conor. "Scottish Exams 2021: Lowest Proportion of Scotland's Poorest Students at University for Five Years." *Www.scotsman.com*, 11 Aug. 2021, [www.scotsman.com/education/scottish-exams-2021-lowest-proportion-of-scotland-s-poorest-students-at-university-for-five-years-3341415](http://www.scotsman.com/education/scottish-exams-2021-lowest-proportion-of-scotland-s-poorest-students-at-university-for-five-years-3341415).

<sup>23</sup> Department for Education. "Graduates Continue to Benefit with Higher Earnings." *GOV.UK*, 25 Apr. 2019, [www.gov.uk/government/news/graduates-continue-to-benefit-with-higher-earnings](http://www.gov.uk/government/news/graduates-continue-to-benefit-with-higher-earnings).

that people from more deprived areas will be earning less on average than those in the least deprived areas as they are less likely to attend university and get a degree.

Students in more deprived areas also face more difficulty within schools. The number of exclusions for the 20% most was 7,436, while for the least deprived was 1,226.<sup>24</sup> Showing that inequality affects people's learning as students from more deprived areas are far more likely to be excluded from school, taking time away from learning.

Another major impact of inequality is its effect on people's health, as people earn less, they do not focus their finances on their health and wellbeing. This causes issues for people in lower deciles as it has a negative effect on their lives. In 2015-16, male healthy life expectancy, measuring how many disability/illnesses free years an individual has, at birth in the 10% most deprived areas in Scotland was 43.9 years, 26.0 years lower than in the least deprived areas (69.8 years)<sup>25</sup>.

There is evidential general health inequality between the wealthy and poor in Scotland, for example, on average, men in Bridgeton, Glasgow live 14.3 years less than a man in Jordanhill, Glasgow. For women the difference is 11.7 years<sup>26</sup>. This shows that having more wealth leads to a much longer life expectancy. This means that poorer people's lives are being cut short due to their financial situation. These figures show that the wealthy's access to private healthcare and more disposable income to spend on better food and exercise greatly benefits their physical health. This difference in general health greatly affects families with poorer backgrounds, for example, in 2016, the death rate for the most deprived decile of the population based on small geographical areas was more than double

---

<sup>24</sup> Scottish Government. "Chapter 8: Exclusions." *Www.gov.scot*, 12 Dec. 2017, [www.gov.scot/publications/summary-statistics-schools-scotland-8-2017-edition/pages/9/](http://www.gov.scot/publications/summary-statistics-schools-scotland-8-2017-edition/pages/9/).

<sup>25</sup> Scottish Government. "Long-Term Monitoring of Health Inequalities." *Gov.scot*, Dec. 2017, [www.gov.scot/binaries/content/documents/govscot/publications/statistics/2017/12/long-term-monitoring-health-inequalities-december-2017/documents/00529436-pdf/00529436-pdf/govscot%3Adocument/00529436.pdf](http://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2017/12/long-term-monitoring-health-inequalities-december-2017/documents/00529436-pdf/00529436-pdf/govscot%3Adocument/00529436.pdf).

<sup>26</sup> Scotland, Public Health. "Measuring Health Inequalities." *Www.healthscotland.scot*, 24 Dec. 2021, [www.healthscotland.scot/health-inequalities/measuring-health-inequalities](http://www.healthscotland.scot/health-inequalities/measuring-health-inequalities).

that for the least deprived decile<sup>27</sup>. Poorer health can affect an individual's ability to work, furthering inequality.

As well as physical health, there is large inequality in mental health in Scotland. In the least deprived areas of Scotland, the number of people possessing two or more symptoms of depression was 8%, in the most deprived areas it was 21%, this shows that over twice the amount of people in more deprived areas face mental health issues.<sup>28</sup> Mental health issues make it very hard for individuals to work or learn efficiently and is a key example of social exclusion, this means that those in more deprived areas who face these issues will struggle to make an earning due to extended time off work or school. This greatly affects their chances of getting out of their deprived areas their incomes and employment stability are affected. This shows that inequality creates health issues which continue to grow inequality, showing it is a cycle.

As people leave work with health-related issues, firms' productivity decreases. In the Scottish Government, the staff sickness level was 5.3 average working days lost (AWDL) per staff year in the 12-month period ending March 2021<sup>29</sup>. This shows that inequality has macroeconomic effects as well as microeconomic as it effects productivity, and as this continues, Scotland's economy will fall behind in relation to other UK and European nations. This may result in slowing economic growth, which would be detrimental to the economy.

---

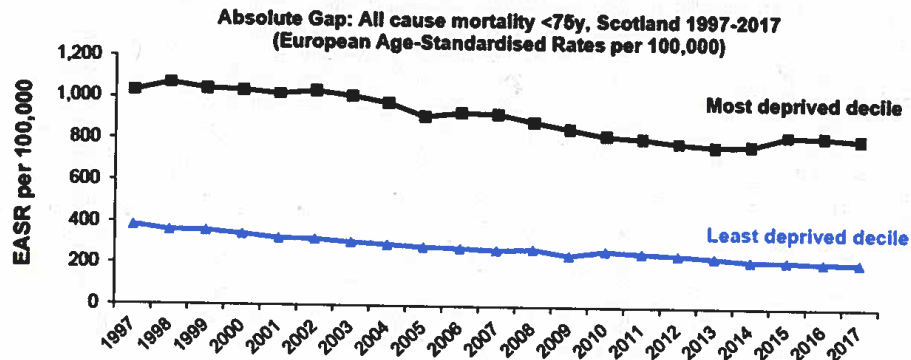
<sup>27</sup> Office for National Statistics. "Health State Life Expectancies by National Deprivation Deciles, England - Office for National Statistics." *Www.ons.gov.uk*, 25 Apr. 2022,

[www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthinequalities/bulletins/healthstatellifeexpectanciesbyindexofmultipledeprivationimd/2018to2020](http://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthinequalities/bulletins/healthstatellifeexpectanciesbyindexofmultipledeprivationimd/2018to2020)

<sup>28</sup> Scottish Government. "Scottish Health Survey 2019 - Volume 1: Main Report." *Www.gov.scot*, 29 Sept. 2020,

[www.gov.scot/publications/scottish-health-survey-2019-volume-1-main-report/pages/5/](http://www.gov.scot/publications/scottish-health-survey-2019-volume-1-main-report/pages/5/).

<sup>29</sup> Scottish Government. "Scottish Government Workforce Statistics March 2021." *Www.gov.scot*, 15 June 2021, [www.gov.scot/news/scottish-government-workforce-statistics-march-2021/](http://www.gov.scot/news/scottish-government-workforce-statistics-march-2021/).



Source: Scottish Government

This graph<sup>30</sup> shows the difference in mortality rates under 75 between the least and most deprived groups in Scotland. The graph makes it apparent that there is a large gap between the groups, with the most deprived decile having about 2.5 times as many premature deaths as the least deprived. This shows the great divide in health between income groups in Scotland.

### Chapter Conclusion

Inequality in Scotland has exacerbated and created issues within the country. As a result of inequality, people's health, finances and education have been directly impacted, this puts them into a cycle. Making it incredibly hard for them to get out of it. As inequality continues these issues will only worsen. It is evident that the broader impacts of inequality are extremely detrimental to the economy and society as a whole. The impact of austerity measures such as changes to government spending have also shifted the responsibility into individuals' hands rather than the states.<sup>31</sup>

<sup>30</sup> "Long-Term Monitoring of Health Inequalities: December 2018 Report - Gov.scot." [www.gov.scot](http://www.gov.scot), 11 Sept. 2018, [www.gov.scot/publications/long-term-monitoring-health-inequalities-december-2018-report/pages/5/](http://www.gov.scot/publications/long-term-monitoring-health-inequalities-december-2018-report/pages/5/).

<sup>31</sup> Glasgow Caledonian University | Scotland, U. K. "Austerity's Impact on Scotland." *Glasgow Caledonian University | Scotland, UK*, 1 Mar. 2022, [www.gcu.ac.uk/research/casestudies/austeritysimpactonscotland](http://www.gcu.ac.uk/research/casestudies/austeritysimpactonscotland).

### **Chapter 3 – The Effectiveness of Resolutions**

The main way in which the Scottish government aim to tackle wealth inequality is through inheritance tax. Inheritance tax is 40% for amounts over £325,000<sup>32</sup>, this aims to cut down on generational wealth as people are not as easily able to pass down their wealth to their family upon death. However, this has not been as effective as expected due to many people finding ways to work around the tax through giving their money away before death. As well as worsening wealth inequality, this has resulted in less tax revenue for the government, meaning that they are not able to use this income to address broader inequality. This has meant that generational wealth is still a prominent issue and is proof of efforts to reduce inequality being unsuccessful. Some economists argue that lowering the rate of the tax would be more beneficial as people would be less likely to work around the taxes, gaining more tax income for the government, while lowering wealth inequality in Scotland.

As wealth can be credited to generational gains, it is more of a long-term issue to solve, because of this, recent actions to combat wealth inequality can't be measured as they have not had enough time to be effective.

The Government set a plan to build 50,000 affordable homes by early 2021, almost three-quarters of which will be in the social rented sector<sup>33</sup>. This was meant to ensure that people who could not afford housing in the commercial sector would be able to. This means that many more Scots could live in proper homes, easing their pressures of finding stable work. However, this is not successful as a means of lowering wealth inequality as these homes are

---

<sup>32</sup> Low Income Tax Reform Group. "What Reliefs and Exemptions Are There from Inheritance Tax? | Low Incomes Tax Reform Group." *Www.litr.org.uk*, 23 Jan. 2023, [www.litr.org.uk/tax-guides/bereavement/what-reliefs-and-exemptions-are-there-inheritance-tax](http://www.litr.org.uk/tax-guides/bereavement/what-reliefs-and-exemptions-are-there-inheritance-tax).

<sup>33</sup> Scottish government. "More Homes: Affordable Housing Supply Programme - Gov.scot." *Gov.scot*, 2019, [www.gov.scot/policies/more-homes/affordable-housing-supply/](http://www.gov.scot/policies/more-homes/affordable-housing-supply/).

not available to buy meaning that people can't increase their assets by purchasing an affordable home.

The Government also expanded the number of free nursery places from 600 to 1140 hours per year for all three- and four-year-olds<sup>34</sup>. This would ensure that more young children from deprived backgrounds would be more likely to be in a safe environment, where they could learn. It also meant that parents had more time to work and gain wealth and a proper income, with the benefit of free childcare. However, the expansion of free nursery places was postponed<sup>35</sup>. Despite the wait, the number of free nursery spaces still doubles, meaning that many more children could get an early education. This would mean that they would be better prepared for school, where they would thrive better and would receive a better education. This proves that measures to tackle social exclusion in inequality have been somewhat successful.

The Scottish government have taken action to close the gap between the different deciles, one way was through addressing minimum wage. To take on low pay the Scottish Government has paid all staff the real Living Wage since 2011 and is taking action to promote its payment across all sectors. This has meant that all civil servants earn the living wage, at least, this should reduce the amount of in work poverty as people are seeing increased wages. The living wage is a wage that satisfies the cost of living. The living wage in Scotland is £9.50 per hour for all those over the age of 23 yet the government have set to lower the age to 21 by 2024. This would mean that more young people are able to gain the full minimum wage, increasing their income. However, for those aged 18-20 the minimum

---

<sup>34</sup> Scottish Government. "Early Education and Care: Early Learning and Childcare Expansion - Gov.scot." *Gov.scot*, 2019, [www.gov.scot/policies/early-education-and-care/early-learning-and-childcare/](http://www.gov.scot/policies/early-education-and-care/early-learning-and-childcare/).

<sup>35</sup> Scottish Government. "Early Education and Care: Early Learning and Childcare Expansion - Gov.scot." *Gov.scot*, 2019, [www.gov.scot/policies/early-education-and-care/early-learning-and-childcare/](http://www.gov.scot/policies/early-education-and-care/early-learning-and-childcare/).

wage is £6.83<sup>36</sup>. This means that those who go into work directly after leaving school are not able to easily be self-sufficient as the living wage in Scotland is £9.50 per hour.

Another way that the government aims to aid those on low incomes, narrowing the gap between them and the top, is to provide them with a supplementary income through benefits. These benefits include universal credit, income support, child tax credit, and housing benefits. All of this aims to help those in low incomes with meeting their cost of living. The government also provides unemployment benefits for those out of work, however this often disincentivises them to seek work as it is free to claim, and people often prefer the increased free time to a slightly higher paying job, this means that the government still has increased government expenditure despite it not being crucial to these individuals as they can easily work. However, In Scotland, households who receive their main income from benefits are almost twice as likely to report they do not manage well financially as those in work (19% vs. 10%).<sup>37</sup> This evidence suggests that benefits have not been successful as a means of tackling income inequality, however its purpose is to supplement not substitute.

To reduce income inequality at the top end, the government's main priority is income tax. Income tax in Scotland differs slightly to the rest of the UK. In Scotland, each bracket pays 1% more than in England. Scotland gets much of its tax revenue from the higher brackets. Over time, the number of people in the highest bracket has increased. New calculations show that the number of people on higher rate income tax, charged at 41%, has risen in only 11 years from 7% of all Scottish taxpayers to 17%<sup>38</sup>. Whilst this shows that more people

---

<sup>36</sup> UK Government. "UK National Minimum and Living Wage Rates." *Delivering for Scotland*, 2022, [www.deliveringforscotland.gov.uk/households/nlw-nmw/](http://www.deliveringforscotland.gov.uk/households/nlw-nmw/).

<sup>37</sup> Molony, Elspeth, and Christine Duncan. "Income, Wealth and Health Inequalities — a Scottish Social Justice Perspective." *AIMS Public Health*, vol. 3, no. 2, 2016, pp. 255–264, <https://doi.org/10.3934/publichealth.2016.2.255>.

<sup>38</sup> Fraser, Douglas. "Why More Scots Pay Higher Income Tax." *BBC News*, 1 June 2022, [www.bbc.co.uk/news/uk-scotland-61667455](http://www.bbc.co.uk/news/uk-scotland-61667455).



are on higher incomes, it also means that more are having more of it taxed. This tax method has proven effective as a means of reducing the incomes of those on high incomes.

However, despite the government's changes to income tax, the Scottish people still don't feel that the government has been as effective as they should have been at reducing income inequality, for example only 43% of people surveyed supported greater efforts by Government to redistribute income from richer to poorer. This shows that still, most people do not feel as though the Scottish Government have been successful in lowering income inequality, which appears to be true.

Despite Scotland having better availability of healthcare than the rest of the UK, efforts to reduce health inequality have still not been as effective as originally thought. One policy that the government enacted was the provision of quality services with the allocation of resources proportionate to the need. This means that they are aiming to increase the resources given to hospitals that see the highest intake of patients. This aim is meant to tackle income inequality as those in lower social classes are more likely to be admitted to hospital. For example, in social class III, there were 15,504 hospital admissions in 2013, whereas for social classes I and II combined there were only, 8,371 admissions<sup>39</sup>. Showing that more hospital supplies in poorer areas is necessary. This is a good plan to reduce health inequality.

However, despite the government's efforts, health inequality has been worsening in recent years. The gap in healthy life expectancy in males has increased from 22.5 years in 2013-15 to 24.3 years in 2018-2020<sup>40</sup>, showing that the wealthier are getting healthier while the less wealthy are not seeing health improvements. The government sees tackling health

---

<sup>39</sup> McCartney, Gerry, et al. "How Can Socioeconomic Inequalities in Hospital Admissions Be Explained? A Cohort Study." *BMJ Open*, vol. 3, no. 8, Aug. 2013, p. e002433, <https://doi.org/10.1136/bmjopen-2012-002433>.

<sup>40</sup> University of Glasgow. "Health Inequalities in Scotland." *Gla.ac.uk*, Nov. 2022, [www.gla.ac.uk/media/Media\\_892338\\_smx.pdf](http://www.gla.ac.uk/media/Media_892338_smx.pdf).

inequality through tackling income inequality, as there is a direct correlation. Because of this, little has been done to directly tackle health inequality. Professor Gerry McCartney, from the University of Glasgow, stated: "We should be under no illusions about the lack of progress towards narrowing health inequalities and the challenge that we face in Scotland"<sup>41</sup>. He is correct as there has been a lack of progress towards narrowing health inequality, showing measures to be largely unsuccessful.

### Chapter Conclusion

Overall, even though the Government have made efforts to reduce inequality in Scotland, they have been largely unsuccessful, proving the efforts to be mostly ineffective. This is shown by the fact that even with new policies, inequality is still worsening at a similar rate.

My recommendations would be for the Scottish Government to invest more in infrastructure and job creation, as well as increasing education and job training which would provide people with better skills for work, making them more employable.

A potential resolution that has been considered by the government to reduce wealth inequality is a tax on wealth, this would mean that people would be taxed a percentage of their total assets. However, calculating the amount of these assets would be too difficult to do. It would also be very difficult to effectively tax the higher deciles as even a small percentage of wealth taxed would be extremely difficult for those being taxed to pay, despite their high wealth.

### Overall Conclusion

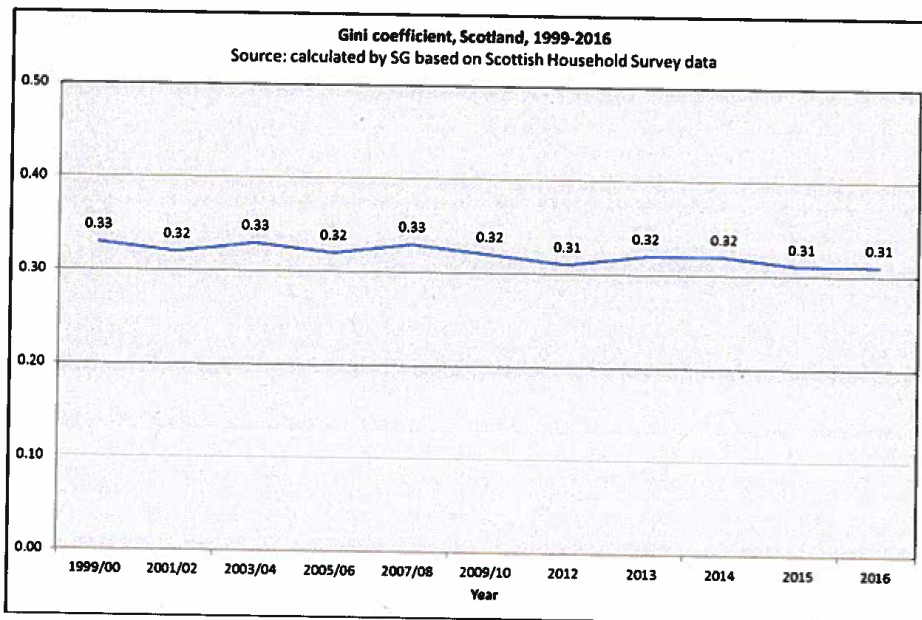
It is clear that inequality in Scotland is immense throughout all factors. Income inequality has proven to be a prevalent issue which is causing problems for Scots in more deprived

---

<sup>41</sup> Scottish Parliament. "Tackling Health Inequalities in Scotland." *Azureedge.net*, 2022, [www.sp-bpr-en-prod-cdnep.azureedge.net/published/HSCS/2022/9/28/c2d290be-c302-4d47-8443-90394391f0bd-4/HSCS062022R11.pdf](http://www.sp-bpr-en-prod-cdnep.azureedge.net/published/HSCS/2022/9/28/c2d290be-c302-4d47-8443-90394391f0bd-4/HSCS062022R11.pdf).

deciles. And Wealth inequality has shown to be immense with large differences between each social class. Wealth inequality has been shown to be far more unequal than income inequality as the top 2% in Scotland generate 9% of income yet own 18% of wealth. This shows that inequality is beginning to become a major issue in Scotland as levels are increasing. As income and wealth inequality grow, they have worsening effects on health inequality as it stems from these two factors.

Statistics show that the Government’s efforts to reduce inequality have been unsuccessful, for example, this graph published by Understanding Glasgow group shows that the Gini coefficient for income, the measure of inequality, in Scotland has barely changed in the 17 years from 1999-2016. This shows that the Governments efforts have not made a difference to the level of inequality in Scotland as it is still measured as close to what it was 24 years ago, as the Gini coefficient is still 0.31 in 2023.



42

<sup>42</sup> Understanding Glasgow. "Income | the Glasgow Indicators Project." [www.understandingglasgow.com](http://www.understandingglasgow.com), 2016  
[www.understandingglasgow.com/indicators/economic-participation/income](http://www.understandingglasgow.com/indicators/economic-participation/income).

My recommendations for the government to reduce inequality would be to transition from regressive taxes such as VAT and sugar tax, to more progressive taxes such as income tax and inheritance tax to reduce the levels of income and wealth inequality, this is especially needed as the share of government revenue from income tax has decreased consistently since the 2019 to 2020 tax year, with the overall average for the 2021 to 2022 tax year being 6.75%<sup>43</sup>. This shows that the Scottish Government has not been making much of their revenue from income tax, so increasing it would not only benefit inequality but also provide increased government revenue.. To combat health inequality, I would recommend investing more into increasing the capacity of hospitals and clinics in order to facilitate more of the public. I would also recommend providing free education for the public on how to maintain good health while on a low income, for example having cooking lessons in deprived areas to promote healthy eating, as this would close the gap in health inequality. I also think it would be critical to increase the minimum wage for all ages to match the living wage in order to provide a better standard of living to all.

---

<sup>43</sup> UK Government. "Scottish Income Tax Outturn Statistics: 2020 to 2021." *GOV.UK*, 7 July 2022, [www.gov.uk/government/statistics/scottish-income-tax-outturn-statistics-2020-to-2021/scottish-income-tax-outturn-statistics-2020-to-2021](https://www.gov.uk/government/statistics/scottish-income-tax-outturn-statistics-2020-to-2021/scottish-income-tax-outturn-statistics-2020-to-2021)

**Bibliography**

## Works Cited

- Davis, E Philip, and Miguel Sanchez-Martinez. "Economic Theories of Poverty." *JRF*, 7 Mar. 2016, [www.irf.org.uk/report/economic-theories-poverty](http://www.irf.org.uk/report/economic-theories-poverty).
- Department for Education. "Graduates Continue to Benefit with Higher Earnings." *GOV.UK*, 25 Apr. 2019, [www.gov.uk/government/news/graduates-continue-to-benefit-with-higher-earnings](http://www.gov.uk/government/news/graduates-continue-to-benefit-with-higher-earnings).
- Edinburgh Poverty Commission. *Poverty in Edinburgh -Data and Evidence*. Sept. 2020. [https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/09/20200930\\_Poverty\\_in\\_Edinburgh-Data\\_and\\_evidence.pdf](https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/09/20200930_Poverty_in_Edinburgh-Data_and_evidence.pdf)
- Fraser, Douglas. "Why More Scots Pay Higher Income Tax." *BBC News*, 1 June 2022, [www.bbc.co.uk/news/uk-scotland-61667455](http://www.bbc.co.uk/news/uk-scotland-61667455).
- Glasgow Caledonian University | Scotland, U. K. "Austerity's Impact on Scotland." *Glasgow Caledonian University | Scotland, UK*, 1 Mar. 2022, [www.gcu.ac.uk/research/casestudies/austeritysimpactonscotland](http://www.gcu.ac.uk/research/casestudies/austeritysimpactonscotland).
- Low Income Tax Reform Group. "What Reliefs and Exemptions Are There from Inheritance Tax? | Low Incomes Tax Reform Group." *Www.litr.org.uk*, 23 Jan. 2023, [www.litr.org.uk/tax-guides/bereavement/what-reliefs-and-exemptions-are-there-inheritance-tax](http://www.litr.org.uk/tax-guides/bereavement/what-reliefs-and-exemptions-are-there-inheritance-tax).
- Marshall, Andrew. "Who Owns Scotland? The Millionaires Buying up the Highlands." *Reuters*, 7 Jan. 2022, [www.reuters.com/investigates/special-report/scotland-environment-green-lairds/](http://www.reuters.com/investigates/special-report/scotland-environment-green-lairds/).

Matchett, Conor. "Scottish Exams 2021: Lowest Proportion of Scotland's Poorest Students at University for Five Years." *Www.scotsman.com*, 11 Aug. 2021, [www.scotsman.com/education/scottish-exams-2021-lowest-proportion-of-scotlands-poorest-students-at-university-for-five-years-3341415](http://www.scotsman.com/education/scottish-exams-2021-lowest-proportion-of-scotlands-poorest-students-at-university-for-five-years-3341415).

McCartney, Gerry, et al. "How Can Socioeconomic Inequalities in Hospital Admissions Be Explained? A Cohort Study." *BMJ Open*, vol. 3, no. 8, Aug. 2013, p. e002433, <https://doi.org/10.1136/bmjopen-2012-002433>.

Molony, Elspeth, and Christine Duncan. "Income, Wealth and Health Inequalities — a Scottish Social Justice Perspective." *AIMS Public Health*, vol. 3, no. 2, 2016, pp. 255–264, <https://doi.org/10.3934/publichealth.2016.2.255>.

Office for National Statistics. "Health State Life Expectancies by National Deprivation Deciles, England - Office for National Statistics." *Www.ons.gov.uk*, 25 Apr. 2022, [www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthinequalities/bulletins/healthstatelifeexpectanciesbyindexofmultipledeprivationimd/2018to2020](http://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthinequalities/bulletins/healthstatelifeexpectanciesbyindexofmultipledeprivationimd/2018to2020)

Public Health Scotland. "Measuring Health Inequalities." *Www.healthscotland.scot*, 24 Dec. 2021, [www.healthscotland.scot/health-inequalities/measuring-health-inequalities](http://www.healthscotland.scot/health-inequalities/measuring-health-inequalities).

Scottish Government. "3. The Distribution of Wealth in Scotland." *Www.gov.scot*, 24 Mar. 2015, [www.gov.scot/publications/wealth-assets-scotland-2006-2012/pages/4/](http://www.gov.scot/publications/wealth-assets-scotland-2006-2012/pages/4/)

Scottish Government. "Chapter 5 Obesity." *Www.gov.scot*, 8 Nov. 2022, [www.gov.scot/publications/scottish-health-survey-2021-volume-1-main-report/pages/10/](http://www.gov.scot/publications/scottish-health-survey-2021-volume-1-main-report/pages/10/).

Scottish Government. "Chapter 8: Exclusions." *Www.gov.scot*, 12 Dec. 2017, [www.gov.scot/publications/summary-statistics-schools-scotland-8-2017-edition/pages/9/](http://www.gov.scot/publications/summary-statistics-schools-scotland-8-2017-edition/pages/9/).

Scottish Government. "Early Education and Care: Early Learning and Childcare Expansion - Gov.scot." *Gov.scot*, 2019, [www.gov.scot/policies/early-education-and-care/early-learning-and-childcare/](http://www.gov.scot/policies/early-education-and-care/early-learning-and-childcare/).

Scottish Government. "Introduction | Transport Scotland." *Www.transport.gov.scot*, 24 June 2022, [www.transport.gov.scot/publication/baseline-data-report-june-2022-young-persons-free-bus-travel-scheme/introduction/](http://www.transport.gov.scot/publication/baseline-data-report-june-2022-young-persons-free-bus-travel-scheme/introduction/).

Scottish Government. "Long-Term Monitoring of Health Inequalities." *Gov.scot*, Dec. 2017, [www.gov.scot/binaries/content/documents/govscot/publications/statistics/2017/12/long-term-monitoring-health-inequalities-december-2017/documents/00529436-pdf/00529436-pdf/govscot%3Adocument/00529436.pdf](http://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2017/12/long-term-monitoring-health-inequalities-december-2017/documents/00529436-pdf/00529436-pdf/govscot%3Adocument/00529436.pdf).

Scottish government. "Long-Term Monitoring of Health Inequalities: December 2018 Report - Gov.scot." *Www.gov.scot*, 11 Sept. 2018, [www.gov.scot/publications/long-term-monitoring-health-inequalities-december-2018-report/pages/5/](http://www.gov.scot/publications/long-term-monitoring-health-inequalities-december-2018-report/pages/5/).

Scottish Government. "More Homes: Affordable Housing Supply Programme - Gov.scot." *Gov.scot*, 2019, [www.gov.scot/policies/more-homes/affordable-housing-supply/](http://www.gov.scot/policies/more-homes/affordable-housing-supply/).

Scottish Government. "Poverty and Income Inequality in Scotland 2017-20." *Gov.scot*, 25 Mar. 2021, [www.data.gov.scot/poverty/2021/](http://www.data.gov.scot/poverty/2021/)

Scottish Government. "Record Number of Students from Deprived Areas at University." *Www.gov.scot*, 25 Jan. 2022, [www.gov.scot/news/record-number-of-students-from-deprived-areas-at-university-1/](http://www.gov.scot/news/record-number-of-students-from-deprived-areas-at-university-1/).

Scottish Government. "Scottish Health Survey 2019 - Volume 1: Main Report." *Www.gov.scot*, 29 Sept. 2020, [www.gov.scot/publications/scottish-health-survey-2019-volume-1-main-report/pages/5/](http://www.gov.scot/publications/scottish-health-survey-2019-volume-1-main-report/pages/5/).

Scottish Government. "Wealth in Scotland 2006-2020." *Gov.scot*, 2020,  
[www.data.gov.scot/wealth/](http://www.data.gov.scot/wealth/).

Scottish Government "Workforce Statistics March 2021." *Www.gov.scot*, 15 June 2021,  
[www.gov.scot/news/scottish-government-workforce-statistics-march-2021/](http://www.gov.scot/news/scottish-government-workforce-statistics-march-2021/).

Scottish Parliament. "Child Poverty in Scotland since the 1960s." *Azureedge.net*, 2022,  
[www.sp-bpr-en-prod-cdneq.azureedge.net/published/2021/12/1/a53b6c2d-0d6a-445e-8bd3-413ee081f41b-1/SB%2021-83.pdf](http://www.sp-bpr-en-prod-cdneq.azureedge.net/published/2021/12/1/a53b6c2d-0d6a-445e-8bd3-413ee081f41b-1/SB%2021-83.pdf).

Scottish Parliament. "Tackling Health Inequalities in Scotland." *Azureedge.net*, 2022,  
[www.sp-bpr-en-prod-cdneq.azureedge.net/published/HSCS/2022/9/28/c2d290bec302-4d47-8443-90394391f0bd-4/HSCS062022R11.pdf](http://www.sp-bpr-en-prod-cdneq.azureedge.net/published/HSCS/2022/9/28/c2d290bec302-4d47-8443-90394391f0bd-4/HSCS062022R11.pdf).

UK Government. "Scottish Income Tax Outturn Statistics: 2020 to 2021." *GOV.UK*, 7 July 2022, [www.gov.uk/government/statistics/scottish-income-tax-outturn-statistics-2020-to-2021/scottish-income-tax-outturn-statistics-2020-to-2021](http://www.gov.uk/government/statistics/scottish-income-tax-outturn-statistics-2020-to-2021/scottish-income-tax-outturn-statistics-2020-to-2021)

UK Government. "UK National Minimum and Living Wage Rates." *Delivering for Scotland*, 2022, [www.deliveringforscotland.gov.uk/households/nlw-nmw/](http://www.deliveringforscotland.gov.uk/households/nlw-nmw/).

Understanding Glasgow. "Income | the Glasgow Indicators Project." *Www.understandingglasgow.com*, 2016  
[www.understandingglasgow.com/indicators/economic\\_participation/income](http://www.understandingglasgow.com/indicators/economic_participation/income).

University of Glasgow. "Health Inequalities in Scotland." *Gla.ac.uk*, Nov. 2022,  
[www.gla.ac.uk/media/Media\\_892338\\_smx.pdf](http://www.gla.ac.uk/media/Media_892338_smx.pdf).

World Bank. "Gini Index (World Bank Estimate) - Ireland | Data." *Data.worldbank.org*, 2019,  
<https://data.worldbank.org/indicator/SI.POV.GINI?locations=IE&view=chart>



World Population Review. "Gini Coefficient by Country 2022." *World Population Review*, 2022, [www.worldpopulationreview.com/country-rankings/gini-coefficient-by-country](http://www.worldpopulationreview.com/country-rankings/gini-coefficient-by-country).