SAVVI Financial Hardship Guide

Evidence of Wider Impacts of Financial Hardship

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SAVVI
Scalable Approach to Vulnerability via Interoperability

improvement service

Evidence of Wider Impacts of Financial Hardship

Financial Hardship is not only an income issue - it drives other poor outcomes as well, including health and wellbeing, child development and learning, housing stability and risk of homelessness, and reduced economic participation.

Health and Wellbeing

- Public Health Scotland has been publishing an annual analysis of health inequalities since 2008, and the most recent publication (March 2026) indicates that inequalities in Scotland remain substantial, including:

    - Reduced life expectancy (8.7 years less for females and 11.1 years less for males when comparing the 20% most and least deprived areas)
    - Reduced healthy life expectancy (23.4 years less for females and 20.8 years less for males when comparing the 20% most and least deprived areas)
    - Increased early deaths (deaths under the age of 75 are more than three times higher in the 20% most deprived areas than the 20% least deprived areas).

- These inequalities come with a significant cost to healthcare as well. In their 'Tipping the Scales' report, released in 2023, IPPR, Save the Children, and the Joseph Rowntree Foundation identified £2.3 billion of health board's budgets which are being directed at responding to the impacts of poverty.

Children and learning

- Joseph Rowntree Foundation analysis highlights how hardship creates knock-on impacts in schools and primary healthcare settings across the UK, with schools absorbing consequences of hungry and distressed children and parents in crisis.

- Poverty Alliance's 2021 evidence review into the poverty-related attainment gap remains one of the most comprehensive overviews in this area, although it is notably based largely on pre-COVID data (2018/19). They found that the poverty-related attainment gap in Scotland starts early and grows throughout the educational experience.

    - 54.4% of children in the 20% most deprived areas had a developmental concern recorded in at least one domain in their 27-30 month child health review, compared with 38.4% in the least deprived areas.

    - The attainment gap in literacy for primary one pupils between the most and least deprived areas in Scotland was 19.2 percentage points in 2018/19, and by primary seven, it was 21.5 percentage points.

- Pupils living in the most deprived areas had lower attendance levels than those living in the least deprived areas, flagging a 6.6 percentage gap in secondary school attendance rates between pupils in the 20% most and least deprived areas in 2017/18.

- According to Skills Development Scotland's most recent (2025) data, 88.8% of 16-19 year-olds in the 20% most deprived areas are participating in education, employment, training or volunteer work, compared to 97.2% of their peers in the 20% least deprived areas.

Housing stability and homelessness risk

- Poverty is the strongest structural predictor of homelessness. Poverty and housing instability are mutually reinforcing, and child poverty is a strong predictor of homelessness in adulthood. In Scotland in 2025 (as of 30 September) there were 18,092 households and 10,480 children in temporary accommodation, with an additional 33,006 open homelessness applications.

- Council tax arrears remain the most common debt issue brought to Scotland's Citizens Advice network and have been for over a decade: around 23,000 people were advised on council tax in 2025, with an average arrears balance of over £3,100.

Reduced economic participation

- Financial hardship carries a measurable economic cost to the broader society. Trussell's *Cost of Hunger and Hardship* analysis estimates that severe hardship costs the UK economy £38.2 billion in 2022/23 through reduced employment and lower wages. That model estimates £2.9 billion of that gap fell on Scotland and argue a total Scottish cost of £5.6 billion once fiscal and public service costs are included. This gap is due to what is known as 'scarring'. People who fall into hardship are 9.5% less likely than their peers to be in paid work a year later, and those who stay in work earn 8% less. It's referred to as 'scarring' because both effects persist for at least a decade.

- In addition, IPPR, Save the Children, and the Joseph Rowntree Foundation estimate that people over the age of 30 who experience child poverty during their childhood have around 25% lower income and experience an eight times higher unemployment rate than those who do not. Of course, sometimes it works the other way around - weak local economies also depress household incomes - but the two compound rather than compete, and reducing hardship is not only about reducing cost to the public purse but is also an investment with a measurable economic return.