

SCPO Briefing Paper 10/3

Poverty - Who Cares?

A year ago, the churches were a key part of the coalition which launched "Everyone Matters? Voices of People Experiencing Poverty in Scotland", a report whose evidence came directly from the lives of people many churches and charities are working with. While other reports highlighted the fact that more than 900,000 people in Scotland live in poverty, this report brought evidence that the statistics don't capture - about the day-to-day experiences of those living on a low income and how people struggle to escape poverty.

Key problem areas identified in the research were:

- barriers to work (including childcare problems, transport);
- low wage jobs;
- problems accessing services and benefits;
- poor quality housing and environment;
- bad debt and aggressive creditors;
- stress and anxiety as people are faced with tough choices between things most people take for granted.

For many of those who took part in this research, getting by often involves making decisions between the necessities which other people take for granted, such as making the choice between food or fuel. Rising fuel costs had led to difficult choices for many participants:

"I now buy food and bring it home - cooked chicken and things like that, because I'm scared to use the oven because I know it costs too much money. I only use the washing machine twice a week because I'm scared of what it costs".

We hoped the launch of that report would help put issues around tackling poverty higher on the election agenda last spring. In that respect, it failed.

Perhaps, in a now notorious comment of over ten years ago, Liam Fox MP got something right when he said "all we hear from the opposition is poverty, poverty, poverty ... la, la, la ... it is just boring for Conservative MPs" (and maybe for the wider electorate too). Tackling poverty is not easily translated into the soundbites and quick-fix packages that win elections, and those most affected by poverty are least likely to vote - perhaps because they have given up hoping for politicians to make a difference.

On the other hand, in his early years as prime minister, Tony Blair pledged to end child poverty, a commitment recently described as a "monumental shift, in the belief that government policy can end poverty, and the start of a cross-party consensus on a '20-year mission' to end child poverty". All the main parties, at Scottish and UK Parliaments, are now signed up to that ambition.

There have been some significant developments in Scotland since last May's election. The Scottish Affairs Committee at Westminster carried out a major inquiry into poverty in Scotland, taking evidence from churches and charities, academics, and governments at all levels, and publishing two reports - one looking at the broad picture of poverty in Scotland while the other focused on child poverty. The Scottish Government has also published a discussion paper on tackling poverty, inequality and deprivation in Scotland, with responses to be submitted by 2 May. This SCPO Briefing considers these papers, and looks briefly at other developments towards tackling poverty.

1. Scottish Affairs Committee (Main Report)

The Scottish Affairs Committee (reflecting each of the four main Scottish parties, but with a Labour majority) recognised the Government's "ambitious targets", and their "positive effect in reducing poverty in Scotland over the past ten years", but called for "more resources and an even greater effort (which) will be needed to reach those groups that have not yet benefited from the economic growth enjoyed by the UK as a whole".

"In order for this to happen, the Government needs to make a concerted effort to present a coherent anti-poverty strategy across all policy areas, joining up across Government departments as well as with the work of the Scottish Executive and of local government in Scotland. On present evidence, we do not believe that the Government is doing enough to 'poverty-proof' all of its policies and to exploit the available opportunities to integrate services."

Crucially, they argue that "society should not accept that poverty is an unavoidable, if unfortunate fact of life" (even if - we might add - there are some who would abuse scripture to suggest the opposite); nor, the Committee say, can Government rely on economic growth alone to reduce the inequalities in society.

While agreeing with the Government that work is, for many, the key route out of poverty, the Committee were "led to conclude that, despite the introduction of the minimum wage and tax credits, work is not an automatic route out of poverty. Where work is of poor quality, low paid, short-term or seasonal, in-work poverty is a real prospect".

Their first recommendation is therefore that "the Government should review its preferred measure of poverty (currently set at those with household incomes below 60% of the median). The poverty line should represent a minimum adequate income. If necessary, further independent research should be commissioned to determine a realistic minimum income standard".

They also highlight the links between debt and poverty: "a thriving industry has grown up based on making money from the poor", with lenders "locking people into poverty and a never-ending cycle of debt" through interest and penalty charges. They support the case for courts to "be empowered to impose an interest rate cap in order to prevent severe poverty or destitution", a step which the Government has so far resisted after heavy lobbying from the home credit industry.

The Committee also stressed the potential of credit unions to make a difference here, and endorsed the recent view of the Work and Pensions Committee that "the Social Fund should be reformed and expanded through an increase in resources", so that it could offer a "real alternative to high cost credit".

There is also a recognition of the existence, and distinctive character, of rural poverty: "rural poverty presents its own challenges, which will not be solved by an approach tailored to the small pockets of deprivation characteristic of urban poverty".

In this first major report on poverty by the Committee since devolution, there are repeated calls for concerted and co-ordinated action, especially in areas such as debt and fuel poverty where there are overlapping responsibilities. This seems a major test of the current devolution settlement, with different parties in power at Holyrood and Westminster.

2. Scottish Affairs Committee (Child Poverty)

The Committee produced a special report on child poverty to recognise its importance in breaking the cycles of deprivation. They welcome the progress that has been made; while there is concern at the "recent apparent slowdown" in this, they note that "Scotland is doing better at reducing child poverty than the UK as a whole" and call for analysis of why this is so.

While the report recognises that "a significant proportion of those children living in poverty come from households where at least one parent is working", it also notes evidence from One Plus that the focus on work should not devalue the choice to be a full-time parent. The Committee conclude that:

"The Government has focused on work as a route out of poverty. We welcome the recent increases in employment for those seeking work. However, Ministers must be cautious in suggesting that all parents are now expected to enter paid work. The contribution to society made by full-time carers must not be undervalued."

The Committee also express a concern that those in the deepest poverty may remain untouched: "the poorest children are not helped if the Government meets its targets only by reaching those just below the poverty line". And they see equalising the rate of child benefit (for all children) as a key way of helping the poorest families.

"Our inquiry has found evidence that children in the poorest families may not be reached by some of the current government policies, which focus on means-tested benefits and employment. In this context, increases in Child Benefit, which has a high take-up and is universally available, seem attractive. It is undeniable, however, that increases in Child Benefit would also go to rich families. The Government needs to consider carefully whether there is a way to reach the poorest families through a targeted benefit, or if universal support is the only reliable method of raising incomes amongst this group."

In particular, the Committee recommend that "the targeted nature of welfare support should be reviewed to ensure that help is reaching those most in need"; but they reject calls for a twice-yearly seasonal grant for families in receipt of benefits, believing this could further complicate a benefits system they want to see simplified.

At the launch of the report, wealth was described as the "elephant in the room" which no-one was talking about, but one member of the Committee argued that affluence generates money for others and provides something for others to aspire to. There was general agreement that poverty-proofing all Government policies as a matter of course would be a major step forward.

The UK Government has admitted it is unlikely to meet the target of halving child poverty by 2010, and the Work and Pensions Committee estimate that the target will be missed by almost 1million children. An anti-poverty package may be included in next month's UK Budget aiming to come some way towards meeting the target.

3. Scottish Government Discussion Paper

It was therefore discouraging that, in the Scottish Parliament debate on poverty which followed publication of the Government's discussion paper, no mention whatever was made of the Scottish Affairs Committee report which had been published in the previous month. Equally discouraging was that this debate started with only 30 MSPs (out of 129) present, 20 people in the public gallery, and a solitary journalist in the press gallery.

The Scottish Government set tackling poverty within the wider context of taking forward their economic strategy: "sustainable economic growth is therefore the one central purpose to which all else in government is directed and contributes". Within this overall strategy, they will build policy on the basis of two "golden rules: the "Cohesion Golden Rule" (which includes "narrowing the gap in participation in the economy between the best and worst performing regions by 2017") and the "Solidarity Golden Rule" (which means a focus on "reducing inequality in Scotland and influenc[ing] the UK Government to ensure welfare reform addresses Scotland's social equity").

The national performance framework incorporates (as Outcome 7) that "we have tackled the significant inequalities in Scottish society" and its Indicator 10 is "to decrease the proportion of individuals living in poverty"; the Government have also made a commitment to the UK Government target of halving child poverty by 2010 and eradicating it by 2020.

While some of the media coverage suggested that concepts of "social justice" were being dropped in favour of "fairness", the document still speaks of Scotland's "strong sense of social justice", adding that "it is simply morally unacceptable that over 20% of our children still live in poverty". Like the UK Government, there is much talk of removing structural barriers to opportunity, and "improving the internal capacity of disadvantaged individuals to lift themselves out of poverty"; early intervention is seen as crucial, and participative approaches including consultation with those experiencing poverty are to be adopted. However, they do believe that terms like fairness, equity and solidarity are "more easily understood by all parts of Scottish society".

On what seems to be emerging as a key battleground with Labour, the SNP Government will aim for "targeted support for the most disadvantaged - but within a framework of universal service provision" (s33 Key Principles). Labour have complained that policies like free prescriptions and free school meals benefit the better off as the poorest currently don't pay; Labour back-bencher Richard Simpson has calculated that, over the next three years, a middle-aged businessman from Fife with one child at university will gain £9,000 from cuts in business rates, the freeze on council tax, and the abolition of toll-charges, prescription charges and graduate endowment, while a single mother living in a council house will gain nothing from these.

All parties are agreed on the provision of universal services in key areas (like schools and the NHS), and all agree on some targeted provision (eg within the benefits system), but there remain areas of dispute in which the benefits of targeting scarce resources are to be weighed against the drawbacks of "means-testing" (stigma, bureaucracy and low take-up); some would also argue that the provision of services only for the poorest inevitably leads to poorer-quality services. Thus, some - though not all - churches have supported calls over recent years for free nutritious school meals for all children at state schools.

The central question on which the Government seek people's views is "how can we achieve economic growth and reduced poverty and income inequality?". They also want to know how best the wider public can be engaged in efforts to tackle poverty, and even what kind of language communicates most effectively on these issues.

There is a recognition that "poverty cannot be 'sorted' by national government alone", and that the voluntary sector has a crucial role, particularly because of the relationships of trust built up within communities: Stewart Maxwell said it "enjoys a level of trust with vulnerable people that the state often struggles to achieve". The new "single outcome agreements" with local government will be crucial in securing partnership with councils, especially as some parts of the voluntary sector are already concerned at cuts in this area with the end of "ring-fencing" of funding.

In the Parliamentary debate, much of the opposition concern was directed at the lack of measurable targets; responding to questions on this, Nicola Sturgeon said that "in the strategic framework that we will develop from this discussion, we will have to ensure that we can measure our progress on targets", adding that "the target will be to increase not just the overall wealth of the country but the proportion of wealth earned by the bottom 30%". However, it looks probable that there will be a further move away from the multiple targeting that characterised the previous Executive's approach in the early days of Social Justice Annual Reports.

The key weakness of the paper was seen as a lack of "meat" in the framework, although the positive side of this is that it does not appear as a consultation with the answers already worked out; there is potential here for input from "stakeholders" (who are the "stakeholders" in tackling poverty?) to shape developments, and even for people experiencing poverty (though not, apparently, included as stakeholders) to influence policy through a series of events to be run by the Poverty Alliance, building on the "Get Heard" process.

Several MSPs pointed out that budget priorities (rather than fine words) are the key indicators of determination to end poverty. In that respect, it may not be encouraging that the paper comes well after the budget decisions have (for good or ill) been made. Although there is £435m over the next three years in the Fairer Scotland Fund, there is no cash increase in the communities regeneration fund over this period - a real-terms cut. Former Child Poverty Action Group Director in Scotland (and former Executive special adviser on poverty) Danny Phillips has expressed his concern that "the SNP strategy is to prove its economic competence by concentrating on its 'critical' priority of increasing economic growth, rather than prioritising the redistribution of wealth to increase momentum towards the 2020 target to end child poverty".

Closing the debate, Stewart Maxwell stressed the importance of early intervention (to break the generational cycle of poverty), helping vulnerable people through key transitions in life, and alleviating poverty by maximising income and reducing costs (eg by extending entitlement to free school meals and moving away from council tax to a local income tax).

Consultation Questions

Through the consultation process the Scottish Government are seeking views on these key questions:

- Are the principles suggested (see Appendix 1) the right ones?
- Are there others that they should be adopting?
- Is there potential for some to compete with others?
- How do we ensure that they are in turn adopted by key delivery bodies and agencies?
- Given that there is a finite resource available to deliver on these laudable aims, what is it feasible to expect and should we prioritise some over others?

The Paper also proposes three broad "areas for action"

- (a) Prevention of poverty and tackling the root causes
- (b) Helping to lift people out of poverty
- (c) Alleviating the impact of poverty on people's lives

- Are these three areas for action the right ones to adopt?
- How should efforts be balanced between them?

Other Questions

- How do they best go about engaging the wider public in efforts to tackle poverty in Scotland?
- What kind of language should they use in order to communicate effectively on these issues?

Anyone can respond to this consultation; the deadline is 2 May, and the consultation paper can be found at www.scotland.gov.uk/Publications/2008/01/30131443/0.

4. Closing the Opportunity Gap (CTOG) Evaluation

The independent evaluation of the previous Executive's CTOG strategy was published at the same time as the new Government's strategy paper. It notes that "poverty in Scotland is falling. However, this trend pre-dates CTOG and the fall is experienced unevenly across social groups ... the key challenge is whether the persistence of poverty for some groups of children can be addressed and whether poverty among adults of working age can be reduced as CTOG impacts in the years ahead". On most of the six objectives of CTOG, the report authors think it is too early to assess results; although progress towards the ten CTOG targets is a bit clearer, it would still be "premature at this stage to reach definitive conclusions on the success of meeting CTOG targets". CTOG is not mentioned in the Scottish Government's paper, and it is expected that CTOG targets will be replaced when the new Government strategy is announced.

5. Monitoring Poverty and Social Exclusion

The Joseph Rowntree Foundation and New Policy Institute produced their tenth annual report on UK poverty levels (a summary of the indicators they use appears as an appendix to this Briefing). Overall poverty levels in 2005-06 were the same as in 2002-03; overall earnings inequalities are widening; child poverty in 2005-06 was still 500,000 higher than the target set for 2004-05; half the children in poverty are in working families; and 1.5million children in poverty belong to households paying full council tax.

One of the report's authors was quoted as saying that there is noticeably more concern in Scotland (and Wales and Northern Ireland) about poverty and inequality, and it appears that Scotland is making better progress than most other areas of Britain in tackling poverty. However, he added that "at the moment, Scotland is working completely within the UK paradigm. There is very little distinctive about anti-poverty policies in Scotland. It appears that the country - the people - would like to tackle the issue more, but that has not translated into government action or even rhetoric".

6. Theological Context & The Churches

Last year, the 25th anniversary of Church Action on Poverty (CAP) was celebrated with events in Manchester, Westminster and Holyrood, and there was much to celebrate in the contribution churches have made to tackling poverty within communities as well as in the political debate. It is the active presence of churches within the poorest communities which earns us the right to be "stakeholders" in this debate, and our contribution will come from that work. It will also reflect the clearest CAP theme over these 25 years, that there has to be a recognition that the most crucial "stakeholders" are those living with the daily realities of poverty; theirs are the voices which must be heard.

We will welcome the Scottish Government's acceptance that "it is simply morally unacceptable that over 20% of our children still live in poverty", and we will continue to see these issues as matters of the social justice reflected in Old Testament laws like the jubilee and the ban on usury, in the passionate words of prophets, in the life of Jesus, and in the lifestyle of the early church. We will debate the effectiveness of different policies, but not doubt the urgency of responding to the human need that poverty represents (in Scotland and beyond). Tackling poverty should not be an afterthought to the main thrust of economic strategy for any government, but integral to it; it should be high on the agenda of the Scottish Government's Council of Economic Advisers. While the Bible does not give us a formula to ensure the economy works to the benefit of those it currently passes by, our faith drives us to find that way, and to address the issues which people in poverty raised in "Everyone Matters?".

We will recognise that we do not live by bread alone, and it may be a significant part of our contribution to recognise that human "well-being" has more dimensions than politicians or economists sometimes allow, but that cannot be used to divert attention and policy from material need and the people who feel it daily.

The Scottish Churches Social Inclusion Network will meet with key civil servants to look at the Government's proposal, and churches will respond to the consultation; but this has to go beyond what one MSP called "an elegantly written essay", into action, and not only by governments.

7. "Get Fair"

Plans are under way for a broadly based UK-wide campaign on poverty, to be launched probably in May 2008 under the title "Get Fair". The campaign - led by Church Action on Poverty and major UK charities - already has the support of several churches, including the Church of Scotland. Designed to reflect on to UK poverty some of the wide public support that "Make Poverty History" captured, it will broadly call for (a) a decent, adequate income for all; (b) homes and neighbourhoods that secure health and wellbeing; and (c) good quality services for all. Although the timing of the "Get Fair" campaign is mainly designed to feed into the next UK election, it will also dovetail with the EU Year Against Poverty in 2010. For further information, please contact SCPO.

Appendix 1 : Key Principles

In developing the framework, the Scottish Government suggest some key principles that they will seek to ensure are at the heart of plans for the future:

- A focus on tackling the causes as well as the symptoms of poverty
- An approach that improves the internal capacity of disadvantaged individuals to lift themselves and their families out of poverty by developing their resilience, while also seeking to tackle the structural barriers (such as market failures, unresponsive public services or prejudice and discrimination) that prevent some people from accessing the opportunities available to others
- A focus on early intervention and prevention wherever possible - to break the cycle of disadvantage
- A focus on providing work for those who can work, alongside support for those who can't - this should of course be sustainable work that lifts households out of poverty and provides real personal development opportunities
- A conviction that everyone - regardless of their circumstances - should be supported to achieve their potential
- The need for gendered analyses - and, where necessary, gendered approaches
- Targeted support for the most disadvantaged - but within a framework of universal service provision and a minimum 'offer' that we expect everyone to be able to access
- The promotion and adoption of partnership working and seamless service provision which effectively connects with individuals and successfully moves them through the system (with service providers focusing on what they do best and then passing people on) in order that, as far as is feasible, they make progress at every stage and do not become stuck in the 'revolving door' of support services, circulating in and out of poverty or work
- Delivery of sustained, holistic, personalised support which is client rather than provider-focused and equips individuals to sustain themselves into the future
- The adoption of policies and services that are founded upon user involvement, consultation with people experiencing poverty, and community engagement and empowerment, so that policies and practice are informed by the real experience of those whom we are trying to help
- Achievement of the right balance between closing the gap/tackling inequality and helping the very poorest in society
- The development of more active public engagement around poverty in Scotland as an issue which should concern us all and which requires action from the private as well as the public and third sectors.

Appendix 2 : Summary of poverty and social exclusion indicators

<u>Indicator</u>	<u>Trends over time</u>	
	Over the medium term (last 5 years or so)	Over latest year of available data
Low income		
1. Numbers in low income	Improved	Worsened
2. Low income by age group	Mixed	Mixed
3. Children in low-income households	Improved	Worsened
4. Low income and disability	Steady	Steady
5. Low income and ethnicity	Improved	Worsened
6. Income inequalities	N/a	N/a
7. Low income and work	Steady	Worsened
8. In receipt of tax credits	Mixed	Mixed
9. Low income and Council Tax	Worsened	Worsened
10. Adults in low-income households by gender	N/a	N/a
11. Single adults in low-income households by gender	N/a	N/a
12. Working age composition	N/a	N/a
13. Low income by detailed age bands	N/a	N/a
Lacking work		
14. Workless households	Improved	Steady
15. Children in workless households	Improved	Steady
16. Not in education, employment or training	Steady	Steady
17. Young adult unemployment	Steady	Worsened
18. Wanting paid work	Improved	Steady
19. Work and disability	Steady	Steady
20. Benefit levels	Mixed	Worsened
21. Concentrations of low income	Steady	Steady
Disadvantage in work		
22. Numbers in low pay	Improved	Steady
23. Low pay by age and gender	N/a	N/a
24. Low pay by industry	N/a	N/a
25. Pay inequalities	Mixed	Mixed
26. Insecure at work	Steady	Worsened
27. Lacking support at work	N/a	N/a
Education		
28. Low attainment at school – 11-year-olds	Improved	Improved
29. Low attainment at school – 16-year-olds	Steady	Steady
30. Without a basic qualification at age 19	Steady	Steady
31. Working-age adults without qualifications	Improved	Improved
32. School exclusions	Steady	Steady
33. Looked-after children	Steady	Steady
34. Underage pregnancies	Steady	Steady
35. Children with a criminal record	Steady	Worsened
36. Impact of qualifications on work: young adults	N/a	N/a
37. Impact of qualifications on work: disabled adults	N/a	N/a
Ill-health		
38. Long-term recipients of out-of-work benefits	Steady	Steady
39. Long-standing illness or disability	Steady	Steady
40. Mental health	Steady	Steady
41. Child deaths	Improved	Improved
42. Premature death	Improved	Improved
Housing and exclusion		
43. Unmet housing need	N/a	N/a
44. Newly homeless	Improved	Improved
45. In temporary accommodation	Worsened	Improved
46. In mortgage arrears	Mixed	Mixed
47. Access to services with and without a car	N/a	N/a
48. Anxiety	Improved	Steady
49. Without a bank account	Improved	Improved
50. Without home contents insurance	Steady	Steady

N/a shows that the indicator is either not about change over time, or that a change in a particular direction is neither incontrovertibly good or bad.