

Taking forward the Government Economic Strategy: response to the discussion paper

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1. This response to the discussion paper has been prepared by Professor Paul Spicker, who holds the Grampian Chair of Public Policy in the Robert Gordon University, Aberdeen. Professor Spicker is the author of several books on poverty, including *Poverty and social security* (Routledge, 1993), *Poverty and the welfare state* (Catalyst, 2002) and *The idea of poverty* (Policy Press, 2008). He was also editor, with S Alvarez Leguizamón and D Gordon, of *Poverty: an international glossary* (Zed Books, 2008). He has acted as an adviser on projects for the States of Guernsey and was recently Special Adviser to the House of Commons Work and Pensions Committee on benefit simplification. His work on poverty in Scotland has included research for Dundee, Aberdeen and Glasgow councils, six reports for Shelter (Scotland), evaluation of third-sector organisations, mentoring participative research into poverty by Dundee Anti-Poverty Forum and Moray against Poverty, and the preparation of Dundee Council's Anti-Poverty Strategy.

Poverty

2. Poverty is a diverse, multi-dimensional concept. There are hundreds of competing definitions, but the main elements include

- *material deprivation*, including for example physical needs, ill health, bad housing, fuel poverty and patterns of multiple deprivation;
- *economic circumstances*, including economic inequality, occupational status, employment and the structure of opportunities; and
- *social relationships*, including problems of social exclusion, marginality, dependency, powerlessness and the inability to participate in society.

The idea of poverty also has an important moral dimension; it is implicit in the idea that it refers not just to problems, but to serious hardship. See P Spicker, S Alvarez Leguizamón, D Gordon (eds) *Poverty: an international glossary*, London: Zed, 2008.

3. Poverty is a much broader concept than a lack of resources. The consultation paper strongly identifies poverty with economic position, and particularly with income. We are told that poverty is “technically defined” as 60% of median income. This is a misunderstanding. Poverty is often identified for convenience with particular issues, like low income or benefit receipt. Indicators of poverty should not, however, be confused with definitions or measures. They are - as the name “indicators” suggests - signposts or pointers. They are used to stand for a much more complex set of problems. Headline indicators show only a small part of a much wider picture. That is why the UK government series *Opportunity for All* (<http://www.dwp.gov.uk/ofa/reports/latest.asp>) uses a bank of indicators rather than a single headline figure.

4. The concepts of solidarity, inclusion and cohesion, referred to in the Government's Economic Strategy, are a crucial aspect of social relationships, and should be distinguished from the issue of inequality. *Solidarity* refers, in most of Europe, to mutual responsibility. *Social cohesion* is brought about by the integration or inclusion of people into networks of solidarity. People are said to be *excluded* when they are not protected by relationships of solidarity (the term can be attributed to R Lenoir, 1974, *Les Exclus*, Paris: Seuil). Poverty is one of the routes by which people can be excluded, but it is not the only one; people can be rejected (like members of minority ethnic groups), barred (like migrants) or simply left out (like many older people, or those with disabilities). Indicators of exclusion need to refer not just to inequality, but to evidence about social networks, participation and social protection.

Anti-poverty strategy in Scotland

5. Understanding poverty as a multi-dimensional issue poses challenges for policy. All the problems of poverty are important. Strategies against poverty have to be complex, varied and inclusive. Because it is never possible to do everything at once, however, some priorities have to be identified, and that inevitably means that some pressing issues have to be set aside. The best way to begin to choose between them is to consult with the people affected. This is now the approach favoured by the major international organisations engaged with poverty (the World Bank, the IMF and leading NGOs) and expressed throughout the developing world in the consensual, partnership-based Poverty Reduction Strategy Papers.

6. The Scottish Government has restricted powers, and although it can respond to some aspects of poverty, there are many others where its scope is very limited. It has no responsibility for the distribution of income, benefits, and limited control of fiscal policy. Although it can make a significant contribution to the structure of the economy, employment, and exclusion, its role is necessarily restricted. Several of the questions asked on the consultation form refer to the role of the Scottish Government, but the responses to those questions are as likely to reflect the demands of the very important issues referred to in the question - tackling poverty, achieving growth, reducing inequality - as they are to refer to the specific issue of what the Scottish Government can actually do. Even if it cannot tackle the problems sufficiently, it can help to establish a framework for tackling poverty, and it can make a significant contribution. It can provide the information that is needed to identify problems and assess the impact of policies, and it can supplement and complement the range of existing services, for example by identifying and responding to the needs of those marginal and excluded people who are not currently receiving adequate services either from local authorities or from the UK government.

7. Question 8 of the consultation asks: "*Do you think that reserved and devolved programmes currently complement each other effectively and are there any areas where co-operation can be improved?*" This is a difficult question in a field where significant reserved powers do not currently complement each other at all. There is no effective coordination between rules for social security benefits and tax credits; there are glaring anomalies and inconsistencies between Jobseekers Allowance, Income Support and the rules for Housing Benefit. In that context, whatever the Scottish Government might do in relation to its fields of operation, like employment, housing or council tax, could not be fully consistent with other UK government activity.

8. The Department for Work and Pensions (DWP) is currently seeking to set up arms-length employment training which until now has mainly been the responsibility of local agencies. It is questionable whether the reforms of employment policy inspired by the Freud report (<http://www.dwp.gov.uk/publications/dwp/2007/welfarereview.pdf>) are appropriate to the situation in Scotland, but the principle of regionalised employment training and support seems to have brought the DWP squarely into the field of devolved rather than reserved powers. There is a strong argument for devolution of that aspect of the DWP's work.

“Key principles”

Responses to poverty

9. There are four crucial problems with the proposed approaches to poverty. First, they are individualistic. The principles include

“An approach that improves *the internal capacity of disadvantaged individuals* to lift themselves and their families out of poverty by developing their resilience”

“Delivery of sustained, holistic, *personalised support* which is *client* rather than provider *focused*”, and

“The promotion and adoption of ... service provision which effectively *connects with individuals*.”

Poverty is a social issue. It is not primarily the result of individual failings or conduct, and there are considerable limits to how far people can escape poverty through individual effort. The idea that what needs to be developed is poor people's “resilience” is deeply questionable.

10. The second problem is the focus on the “most disadvantaged” population. There seems to be an assumption that this population is stable, consistent and can be “targeted” for programmatic intervention. This applies to relatively few poor people. The nature of poverty is inconsistent, fluctuating and unpredictable, and the poorer and more disadvantaged they are, the more unpredictable their life becomes. . The most effective strategy to deal with these circumstances is to reduce the level of uncertainty by stabilising external factors - for example, by ensuring the availability of health care, housing and regular incomes.

11. Third, the list of principles suggests that there should be “a focus on tackling the causes as well as the symptoms of poverty”. Because poverty is complex, and influenced by many factors simultaneously, explanations of causes are inevitably partial. People who imagine that they know what the causes of poverty are usually wrong, and the history of the subject is littered with examples of ill-conceived policies which have had a very limited effect because they were focusing on “causes”. But causes do little to help with policy in any case. If you fall into a hole, what you know about gravity is going to do very little to get you out. The most successful policies established to respond to poverty have been economic growth, social protection and collective empowerment. None of them depends on a causal analysis.

12. An example of this misconceived emphasis on causes is the suggestion that there should be “a focus on early intervention and prevention wherever possible - to break the cycle of disadvantage.” Exactly the same arguments were made in the 1960s and 1970s; the expansion of social work in the 1970s was partly intended to respond to the “cycle of deprivation”. The cycle of deprivation has been shown repeatedly to be a myth. Although many people are convinced that they know “problem families” that have been poor for

generations, this is a false impression. When three generations of a family are poor, it is not because poverty is inherited; all it shows is that people who live together are sharing hardship now. Each generation has had, and each will have, a different range of experiences. Poverty is generally an experience for part of people's lives, not for all of it. People move through dependency, and most poverty in adult life is temporary. Crucially, despite their disadvantages, most poor children do not grow up to be poor adults. See Coffield, F, and Sarsby, J, (1980) *A cycle of deprivation?*, London: Heinemann; Kolvin, I, Miller, F, Scott, D, Gatzanis, S, and Fleeting, M, (1990) *Continuities of deprivation?*, Aldershot: Avebury.

13. Fourth, too much weight is attached in UK government policy to employment as a response to poverty. Employment can only ever be a partial response. There will never be enough jobs, and wherever there is competition for jobs, some people will not be chosen for work by employers. Compared to the OECD, Britain already has relatively high participation in the labour market. There is certainly particular scope to improve the prospects of women with child care responsibilities, but it should be understood that even when we had "full employment", there were still people excluded from the job market or marginal to it. Some patterns of work do not guarantee adequate income, security or opportunities. Parts of the Scottish job market are based in marginal employment, also called "sub-employment". This is based in casual, temporary and short term employment, typically interspersed with periods of unemployment. It differs from the idea of a "dual labour market" because the jobs are not necessarily low-paid; they are, however, insecure.

14. The multi-dimensional character of poverty demands a much more varied set of responses. In relation to material need, we need to provide or secure the provision of the essentials of life. Scotland's lamentable public health record is not the product of inadequate health care, but of problems with nutrition, housing, energy and insecurity. In relation to economic circumstances, the emphasis has to fall on economic development, financial inclusion and the labour market, not just on individual employment. And in relation to social inclusion, we need policies not just for poor communities, but for families, for the development of social capital, and for marginal and excluded groups.

Methods of work

15. There are also serious problems with the methods of work proposed as "key principles", where some popular phrases have unthinkingly been allowed to drive the formation of services. They include this, for example:

"Partnership working and seamless service provision which effectively connects with individuals and successfully moves them through the system".

Coordination is never "seamless". Effective service delivery depends on services having a clear, defined task. So-called "seamless" services invariably lead to uncertainty, confused boundaries and conflict between agencies.

16. Another fundamental problem with this principle is the idea that people can be processed sequentially, as if they are on a conveyor belt. The experience of individualised, conveyor-belt services is that they are expensive; they are inefficient, suffering from "deadweight", where people are included who do not need the service, and "spillovers", where people continue to receive the service after they no longer need it; and they fail to reach the people who could most benefit from them. Poor people are often in unpredictable, fluctuating,

uncertain, sometimes chaotic circumstances. They are not eggs, to be processed, stamped and packaged – and the process does not become not more appropriate or sensitive just because the eggs are hand-painted. Many of the failures of the benefit system stem from assumptions about the ability of services to categorise people’s circumstances. The most successful services for poor people are those which do not try to keep pace with changes in those circumstances, but instead offer a stable basis for social protection - services like pensions, child benefit or medical care.

17. A similar set of problems rests in the idea that people should be delivered “sustained, holistic, personalised support”. This idea is drawn from programmes like the New Futures Fund (<http://www.scottish-enterprise.com/newfuturesfund>). The central problem here rests in the idea that support should be “holistic” - dealing with the whole person. The clients of social services are currently faced with a barrage of services and professions - social work, health and voluntary sector - who all claim simultaneously to be working holistically. Effective coordination depends on a clear, agreed division of labour. Where there is no division of labour, the partners will duplicate work, they leave gaps in the expectation that someone else is doing things, and they spend their time dancing on each other’s feet. Any service which claims to be working holistically should be treated with scepticism. It has failed to identify its role in relation to other services.

Alternative principles

18. Anti-poverty policy should be guided by three principles.

- i. The idea of poverty is complex. All aspects of poverty have to be taken into account, so the understanding of poverty needs to be inclusive and anti-poverty policy needs to be wide-ranging. Priorities have to depend on the issues and concerns of the people affected by poverty. Anti poverty policy consequently needs to empower people who are poor and to promote.
- ii. Poverty is multi-dimensional, and responses need to be varied. Because poverty refers to material need, the aims of anti-poverty policy should include support to those who are poor. Because it refers to social relationships, so anti poverty policy should promote social inclusion their capacity to participate in society. It refers to economic circumstances, and anti poverty policy has to foster improvement of economic situation of the poor.
- iii. The role of the Scottish Government is to do what it can, both by itself or in partnership with others, to improve the situation of people in poverty.

Current gaps

19. The consultation asks: *Q4 Do you consider there are gaps in these policies and programmes that need filling?* There are important gaps in provision. This stems from the limited conception of poverty that is being addressed, and the disproportionate emphasis on specific aspects of policy, including employment policy and area-based policy, at the expense of other issues, such as economic development, family policy and social protection. There are further gaps in provision for people who are relatively isolated or unusual - such as those in minority groups, young people, homeless people and so forth. This kind of provision has up to the present depended strongly on central funding for local authorities. The shift to single outcome agreements means that local authorities have to review whether such programmes are consistent with their core activities, and the relatively small numbers in most authorities imply that they do not. Equally, there are few initiatives dealing with social inclusion in the full sense of the term - that is, promoting solidarity, social cohesion and participation in society.

20. There are also serious deficiencies in existing services which need to be met as a precondition for further development. They include:

a. *Deficiencies in the information base.* Despite marked improvements in recent years, Scottish statistics have consistently lagged behind other parts of the UK. Compare, for example, what is available for any Scottish local authority at Scottish Neighbourhood Statistics (<http://www.sns.gov.uk/AnRep/AreaTree.asp>) with what is available at the ONS Neighbourhood Statistics website for English local authorities (<http://www.neighbourhood.statistics.gov.uk/dissemination/>)

b. *Inadequate information about the impact of public policy.* The focus on headline indicators and targets disguises both problems and achievements. Question 2 in consultation's questions is: "*To what extent are current politics and programmes fit for purpose?*" It is difficult to answer that question in the current environment. There is a need both for more detailed information, for a broader range of targets, and the development of some mechanism for identifying the distributive impact of policy.

c. *Lack of adequate information about the structure of services.* It is plausible to suggest that there are some general deficiencies at local level. Many local authorities seem to have focused on area-based initiatives, when poverty is widespread. Provision for people who are of working age but who are not participating in the labour market is very limited; nearly all the provision in Scotland is geared to getting people into work - not seeking to protect them while they are out of work. The evidence for this kind of contention, however, needs to be examined in greater detail. Without the information base that is needed, it may be premature to make claims about what is, and what is not, available for poorer people in Scotland. We need an audit of existing anti-poverty initiatives, identifying both gaps in service and areas where there might be overlap or duplicate provision.

There is consequently a need for major investment in and improvement of Scotland's statistical capacity, an audit of existing anti-poverty measures, and the development of distributive impact analyses as a standard element in public policy-making.