

Poverty and inequalities in Scotland: ten years of Devolution



Political leaders,
and wider society
more generally,
must not waste
the opportunity
presented by the
current economic
recession for a
wholesale rethink
of existing norms
and structures
that diminish efforts
to tackle poverty
and inequality



Conference Report



Introduction

On 29 May 2009, Scotland's Futures Forum and Glasgow Caledonian University's Poverty Information Unit co-hosted a conference to explore the extent to which the Scottish Parliament, in its first decade, has reduced poverty and inequalities and to consider what the Parliament should be doing in the next ten years to tackle disadvantage and inequalities in Scotland. The conference was attended by 156 delegates from the public and voluntary sectors as well as the academic community. Keynote presentations were followed by interactive conversation café and 'soapbox' sessions, where ideas and research relating to different dimensions of poverty and inequality were examined. The views contained within this discussion paper are those expressed by the delegates and not necessarily the views of Scotland's Futures Forum's Board of Directors or the Scottish Poverty Information Unit.

June 2009

Key Conclusions

Delegates, coming from across Scotland, engaged in a series of high quality discussions and debates. Consensus emerged on a number of key issues, which MSPs are invited to consider:

Inequalities of income and wealth have changed little in recent decades with a corrosive effect on all sections of society. It is therefore vital that we tackle inequality as much as poverty.

Low paid workers in Scotland are twice as likely to be women than men, so tackling the gender pay gap must be given a high priority.

Opinion polls consistently reveal the general public's desire to see the issues of poverty and inequality given greater priority but this has not translated into politicians giving the issue due precedence.

There should be a move towards more participative democracy with increased involvement in key decision-making processes by citizens.

High quality public services that are accessible to all but meet the needs of the most vulnerable are crucial to ensuring a more equal society.

There is no doubt that the child poverty target has been responsible for building political consensus around the issue and delivering a reduction in children living in poverty.

The public sector should become an exemplar of best practice on income equality and better use should be made of the purchasing power of the state as a key driver of change.

We need to ask ourselves whether the goal of economic growth is compatible with more sustainable living. We should move away from a consumer and debt-driven culture to one of sufficiency and security.

The Scottish Parliament should be given greater powers to enable it to tackle these issues, for instance through borrowing and tax raising powers and the ability to regulate Scotland's financial sector.

It was felt that the general public was receptive to new ideas at this time and disappointed by the lack of imaginative solutions presented by politicians. For instance, there has been little public debate about what it means to have a state-run bank and the potential for public good

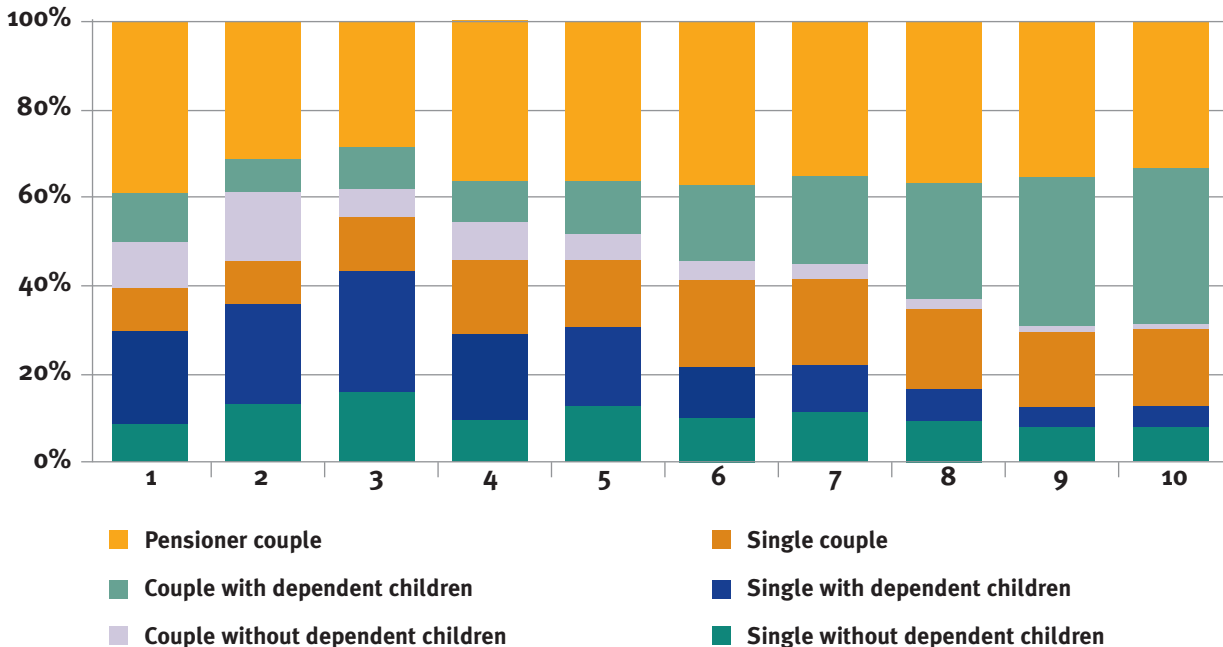
Keynote Presentations



Delegates heard from **Julia Unwin**, Chief Executive of the Joseph Rowntree Foundation and Joseph Rowntree Housing Trust. Unwin noted that the Scottish Government is choosing to focus on the poorest 30%. This is a move away from the approach of Westminster which has focused on the poorest 20%.

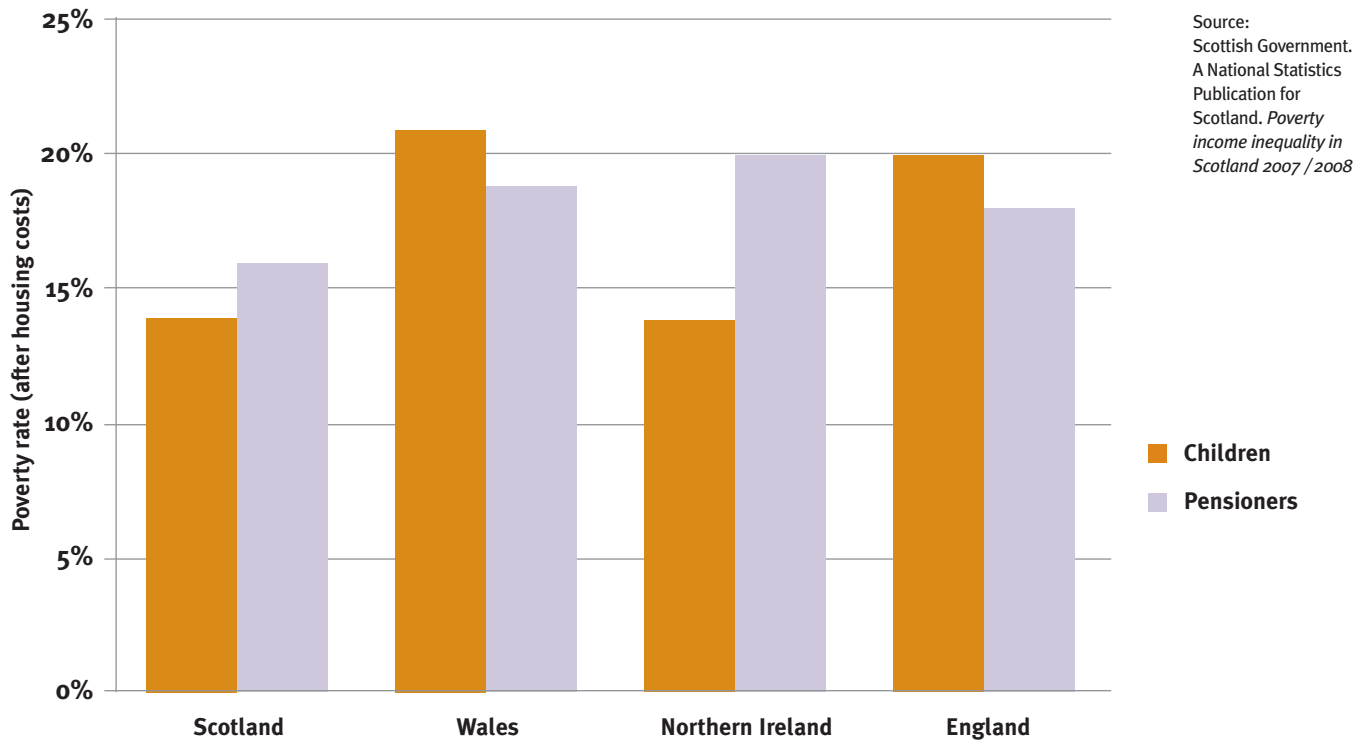
Scotland income deciles

FAMILY TYPE BY EQUIVALISED INCOME DECILE: 2007/08



Source: Scottish Government. A National Statistics Publication for Scotland. *Poverty income inequality in Scotland 2007 / 2008*

... compared with other UK nations



She also acknowledged that, whilst progress had been made over the past decade, it had slowed in recent years leaving a quarter of Scottish children and one in six Scottish pensioners still living in poverty.

The poverty rate of working age adults has also fallen to 19% but it is now only the same as it was in 1996/7. **And, alarmingly, almost half of Scottish children living in poverty have a parent in work.**

She noted the added impact of the recession on employment levels, in particular the knock-on effect of the loss of high-level jobs further down the labour chain and the disproportionate effect on women, given the effect of the downturn on the service sector economy.

Pensioners too are being adversely affected by low interest rates, as many of them are reliant on savings to fund their retirement.

Ms Unwin argued that whilst it is currently unable to make changes to the tax and benefits system (a power reserved to the UK government), the Scottish government was in a position to influence some employment practices and access to childcare, as well as public sector pay and conditions – all of which have the potential to reduce poverty and inequality.

Keynote Presentations



Anti-poverty campaigner **Bob Holman** then went on to argue that the government's definition of poverty (households living below 60% of the median income) was insufficient and bemoaned the fact that Holyrood lacks the power to raise tax and benefit levels.

Mr Holman was of the view that, on the whole, devolution had been a step for social good: free personal care for the elderly, free bus passes for pensioners, the smoking ban and Scotland's more humane attitude to asylum seekers compared with the rest of the UK.

However, he maintained that inequality is the greater problem. He cited data from the Institute of Economic Affairs which reveals that levels of inequality are at their worst since 1961, when comparable records began.

Mr Holman also noted the findings of Richard Wilkinson and Kate Pickett in *The Spirit Level: why more equal societies almost always do*

better, who found that the richest people in unequal countries fare worse in terms of mortality rates and mental health issues than the richest people in more equal countries.

He also claimed that, despite opinion polls consistently suggesting that tackling poverty and inequality are seen as important by the general public, no political party gives priority to the issue.

He suggested that we should do more to encourage community owned, co-operative and mutual organisations and embrace 'modest living' as a way of achieving a more equal society.

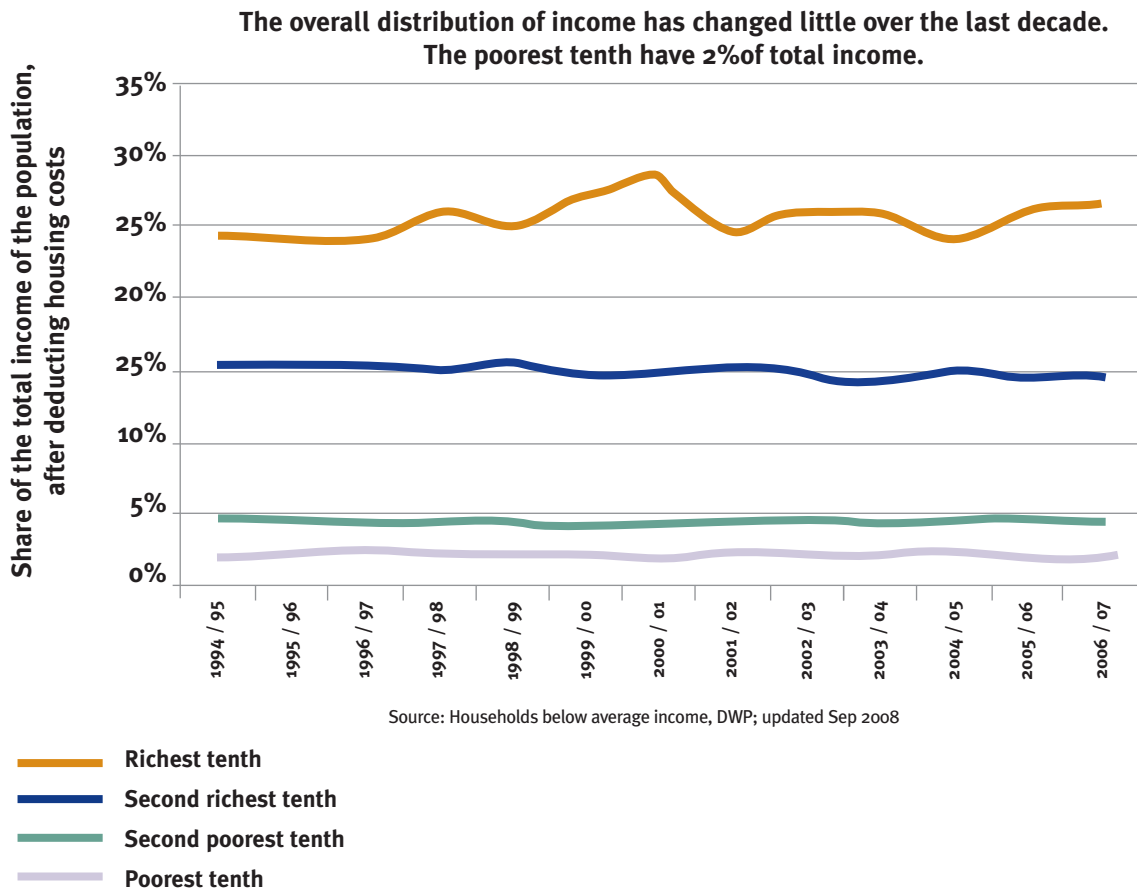
Keynote Presentations



Morag Gillespie, Deputy Director of the Scottish Poverty Information Unit, shared Mr Holman's view that tackling inequality was key but felt that we also need to understand the experiences of different disadvantaged groups in our society. She was of the view that poverty in a country like Scotland is caused by the distribution of resources and opportunities and not by a lack of resources.

She felt that, despite recent progress, there remained a gap between politicians' rhetoric and action on the ground. She also noted that the issue of equality is often a 'bolt-on' to existing structures and processes.

Disabled people and Black and Minority Ethnic (BME) groups have lower employment rates. And low paid workers in Scotland are twice as likely to be women than men, particularly if they work part-time. The gender pay gap remains a critical issue despite almost four decades since the Equal Pay Act came into force.



She acknowledged that the child poverty target had led to a reduction of the number of families with children living in poverty but that households without children had lost out.

Ms Gillespie questioned the dominance of neo-classical economic thinking that means the market is where value is expressed and, for example, work and caring roles, voluntary and unpaid work in the home are not valued. The UK and Scottish governments' singular

focus on work as the route out of poverty may be reaching the limits of what it can achieve to reduce poverty, while the effects of the recession which will be felt most keenly by those in lower income groups.

She believes that, in order to tackle poverty, we must put equality at the core and tackle discrimination, including in key areas such as education and employment.



Deliberations

Following presentations from the keynote speakers and facilitated by journalist Keith Aitken, delegates were invited to discuss their impressions of the morning's session.

It was noted that there is virtually no area of public policy on which the issue of poverty and inequality does not impinge. However, delegates were encouraged to consider realistic aspirations for the Scottish parliament, given its limited powers.

There was surprise that there had not been a greater reduction in the levels of poverty given the economic boom of the last ten years and concern about the impact of the current recession on Scotland's poorest.

That said, it was important not to lose sight of the progress made in the immediate post-war period, during which time the welfare state was created and workhouses abolished – all at the will of the nation's citizens.

Culture change

There was much debate about whether policies arise from culture or vice versa, but agreement that cultural change is necessary in order to achieve a more equal society.

Many delegates felt that the problem lay with the rich and not the poor and that we should build taboos around both extreme poverty and extreme wealth.

The goal of perpetual economic growth was called into question and delegates considered whether an equal society would be a preferable aim.

Bob Holman's notions of 'sufficiency' and 'modest living' struck a chord with many delegates. There was a desire to learn from traditions of the past, such as the Quaker movement, and their link with equality and a stronger sense of community.

It was also noted that climate change introduced another imperative for more sustainable living.

Tax and benefits system

One delegate argued that the level of state pension is a reflection of the low status of pensioners and questioned whether, where pensioners do not take up all benefits due to them, it may be because they don't have the same sense of entitlement as the younger generation.

There was discussion regarding a return to universality in welfare provision (with some targeting) as a means of solidifying social cohesion. However, it was accepted that this may prove controversial given that the public had largely accepted the notion of means-testing.

The subsidies enjoyed by private sector schools due to their charitable status were called into question.

Many delegates felt that tax rates for the rich should be increased, or at the very least that there was a need for fairer income tax rates.

Some felt that the Scottish government's tax-varying powers had been underused.

Delivery of public services

One delegate highlighted the configuration of health services and the frequent mismatch between need and supply, for example, insufficient GP practices, mental health provision and addiction services in poorer areas.

The potential impact of Single Outcome Agreements (SOAs) between the Scottish Government and local authorities was called into question. Serious concerns were expressed that SOAs could bring about postcode lotteries. For instance, the Fairer Scotland Fund is currently ring-fenced but this will cease to be the case in March 2010.

It was felt that the purchasing power of the state was a huge potential lever for alleviating poverty and inequality. A number of delegates

praised the positive impact of the 'community benefit' condition built into local authority procurement processes.

Whilst the voluntary sector's role in delivering public services was generally welcomed, delegates were keen to ensure that the voluntary sector's strengths of flexibility and creativity were not eroded.

Impact of the recession

There was a clear view from all delegates that the recession, despite its negative impact on our ability to tackle poverty and inequality, presented an opportunity for a wholesale rethink of our values and institutions.

Many acknowledged the inevitable temptation simply to tinker with the existing economic and political models and to favour 'quick wins' (e.g. getting the recently unemployed back into work) over and above tackling more entrenched poverty.

It was felt that the general public was receptive to new ideas at this time and disappointed by the lack of imaginative solutions presented by politicians. For instance, there has been little public debate about what it means to have a state-run bank and the potential for public good.

Education

One delegate expressed concern that those children who tend to get extra help in the education system are those with clearly defined needs. However, this group is too narrowly defined so many children who would benefit from support are not captured by the current system.

Another delegate felt that a great deal of resources was focussed on those who had already left compulsory education (e.g. the Scottish government's More Choices, More Chances strategy) when more support should be going into schools.



Employment

The gender pay gap continually came up in discussion as a significant factor in tackling poverty and inequality. There was a strong feeling that the public sector ought to be an exemplar on this issue.

Delegates considered whether the service sector industry had a tendency to undermine collective bargaining, unlike the manufacturing industries of the past, which promoted a greater sense of community and more collective action.

Ageing population

With more people expecting to work into their 60s and 70s, we need to incentivise business to capitalise on the skills of the older generation and encourage flexible working that fits with their other responsibilities.

There was a sense from delegates that more should be done to tackle age discrimination in the workplace.

With increasing numbers of people reliant on savings to fund their retirement and low interest rates, many delegates were of the view that we need to ensure there is adequate support for pensioners and that they take up any benefits due them.

Perceptions of poverty

Whilst there may be greater awareness of poverty and sympathy for poor people in times of recession, it was felt that politicians and the media are responsible for creating and perpetuating corrosive images of people living in poverty and of some people as less deserving as others.

Zero sum game?

Throughout the sessions, the idea that tackling poverty and inequality might be a zero sum game was raised. Some delegates were concerned that it seemed as if we were simply shifting money around those in the lowest socio-economic groups. Some groups have benefited (e.g. children and pensioners) but other groups have fallen behind contemporary average incomes (e.g. adults without children).

Others questioned whether we should simply focus our efforts on reducing inequality, given the evidence to suggest that both rich and poor suffer more in unequal societies.

Scotland's impact on international poverty and inequality

Concerns were raised about Scotland's role in fuelling poverty and inequality elsewhere in the world, given – for instance – our demand for cheap food and consumer goods. The countries suffering the greatest impact from Western consumerism are very often poor, developing countries.

Aspirations for Scotland

Delegates were asked what their aspirations for Scotland in relation to tackling poverty and inequality were by 2020.

Summary of responses:

Narrowing of income gap

Greater powers for the Scottish Parliament, e.g. borrowing powers, ability to regulate Scotland's financial sector

Higher profile for credit unions

No obstacles or barriers for people moving into work

Living wage for public sector employees

Reduction in educational inequalities

A more progressive tax system

A reduction in inequality of wealth as well as income

High quality public services accessible to all

Higher tax rates for the rich

Child poverty goal achieved

A greater emphasis on sufficiency and security and a less consumer and debt-driven society

An economy that is less reliant on the exploitation of others elsewhere in the world

Short and Medium Term Solutions

Delegates were asked what medium and short term actions should be taken in order to realise these aspirations.

Summary of responses:

- Improved advocacy for vulnerable individuals to enable access to services
- Localisation of services
- Greater use of local referenda to gain political will for key issues
- Adding the issue of social justice to education curriculum
- Incentivise business to capitalise on skills of older people
- Encourage flexible working for all employees
- Better matching of healthcare resources to needs
- Improved policing of the minimum wage
- Abolish private schools or strip them of charitable status
- Promote a better social mix in deprived areas through education and housing policies
- Improve and increase the number of outdoor spaces
- Encourage more 'home-grown' businesses, self-employment and social enterprises
- Coordinate government policy to encourage people to save for their old age
- Greater celebration of community leadership
- Encourage volunteering
- Consider setting a target for reducing inequality of income, starting with the public sector
- Better engage young people
- Look at micro-credit schemes used in the developing world as a model for supporting those who want to set up small businesses
- More qualitative perceptions of public services used as measures of success
- Freeing public servants to seek innovative solutions
- More local facilitation of house building and food production in communities

Scotland's Futures Forum and the Scottish Poverty Information Unit are grateful to the following for leading the discussions:

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- Bob Holman, Poverty Campaigner
- Morag Gillespie, Deputy Director of the Scottish Poverty Unit
- Keith Aitken, Facilitator
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- Yvonne Coull, Director, Centre for the Older Person's Agenda, Queen Margaret University
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- Bobby Park, Access Consultant, Glasgow Access Panel
- Sofi Taylor, Learning Disability Partnership
- Anne-Marie Ward, Fullarton Community Health House
- Dr Ailsa McKay, Reader, Gender and Economics, Glasgow Caledonian University
- Fariha Thomas, Company Secretary, BEMIS (The Black and Ethnic Minority Infrastructure in Scotland)

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For more information on the work of the Forum please contact:

Donald Jarvie
Head of Business, Scotland's Futures Forum

donald.jarvie@scottish.parliament.uk
0131 348 6698
www.scotlandfutureforum.org

Louise Dobbie
Scottish Poverty Information Unit,
Glasgow Caledonian University

spiu@gcal.ac.uk
0141 331 3765

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