

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council: 25 June 2008

Subject: Taking forward the Government Economic Strategy: Tackling Poverty, Inequality and Deprivation in Scotland – Council Response

1. Purpose

- 1.1 This report is to inform Council of the result of the consultation process within the Council on a Scottish Executive discussion paper entitled '*Taking forward the Government Economic Strategy (GES): A Discussion paper on Tackling Poverty, Inequality and Deprivation in Scotland*'.
- 1.2 This report gives a brief outline of the proposed actions to tackle poverty and draft principles contained in the Government's discussion paper and also detail the results of the consultation.
- 1.3 The discussion paper also presents an opportunity for the Council to establish a dialogue with the Government about issues of poverty, inequality and deprivation within our area and about measures and responses to these issues in West Dunbartonshire.

2. Background

- 2.1 The Scottish Government issued 'Taking Forward the Government Economic Strategy: A Discussion Paper on Tackling Poverty, Poverty, Inequality and Deprivation in Scotland' in January 2008. The Government are seeking consultation responses from a wide range of stakeholders with a deadline set for written comments at 30 June 2008.
- 2.2 The consultation is part of a wider exercise across Scotland to assist the Scottish Government to develop a framework for delivering the Government Economic Strategy related to tackling poverty, inequality and deprivation.

3. Main Issues

- 3.1 The principle subject of the discussion paper is about the development of a Framework to take forward the Government Economic Strategy (GES) with an appendix which reviews the evidence base for the way we currently describe poverty

3.2 The Framework is intended to:-

- Improve co-ordination across the Scottish Government, Government Departments and agencies and Councils partners to deliver services which will tackle poverty, inequality and deprivation.
- Provide a clear overview of how the wide range of policies being pursued by Government will come together to provide a coherent and unified approach to tackling these challenges.
- Audit and review Government policies: identify gaps, set potential courses of action for work on tackling poverty in Scotland within the context of the GES.
- Provide an exposition of how national policy connects to local policies and how these are delivered at a local level.
- Examine how we can get the most from partnership working to maximise the impact of what we do to alleviate poverty and especially child poverty.

3.3 The discussion paper makes particular mention of the use of Community Planning Partnerships, the Concordat between the Scottish Government and Scottish Local Authorities and the overarching role of the Single Outcome Agreement arrangements in the delivery of work to tackle poverty, deprivation and inequality.

3.4 The discussion paper also recognises the strategic role of local authorities in utilising their own policy priorities for tackling poverty and providing services for those in the community who are the most vulnerable. In recognition of the role of local authorities COSLA and the Government have agreed to work together to develop the framework.

3.5 The discussion paper provides us with a wider understanding of poverty, including both the causes and consequences, and this is to be welcomed. The report states 'In seeking to reduce poverty and inequality we want to improve the wellbeing of people in Scotland. However, we need to think about poverty more broadly than merely in terms of income. As well as having an adequate income tackling poverty involves ensuring those individuals and the communities they live in have access to other key material and non-material resources such as education, health and housing. Breaking down structural barriers to these opportunities is key to the task. It is also about ensuring that all individuals and communities have the capacity to access these resources and the opportunity to develop their potential – to equip people with the capabilities to maximise their life chances, as defined by their health, education and skills, physical environment, working status and so on'.

3.6 The Government has used a standard technical definition of poverty as being when an individual's household income (adjusted for size and composition of household) fall below 60% of the UK median income. There are 670,000 adults and 210,000 children in Scotland who are within the lowest two income deciles.

- 3.7** Within the GES the Government consider that increasing incomes of households within each of the lowest three deciles should have a positive effect on tackling poverty and that this will contribute to the UK target to eradicate child poverty by 2020. Within the GES the Government has set a specific target “to increase overall income and the proportion of income earned by the lowest three income deciles as a group by 2017”.
- 3.8** The discussion paper puts forward the argument that poverty is a barrier to economic growth, and argues that poverty acts as a drag on local economies. As well as raising issues about those people who are out of work and principally those who are in receipt of incapacity benefits, there is also a discussion on the large number of people who are in work, but who have few or no skills and whose earnings are not sufficient to lift them out of poverty. This group is now commonly referred to as the working poor and 50% of all poor children now live in a household where at least one adult is in work.
- 3.9** The paper continues by discussing the considerable impact that dealing with poverty has on the public purse. The paper lists the additional costs in providing education, children’s social services, free school meals, primary and acute healthcare and housing. The paper also lays out how the effects of poverty in childhood can often act as blight on an individual’s whole life, as poor children often become poor adults experiencing a higher incidence of unemployment, and therefore have greater call on public money in the form of benefit payments and in fewer tax contributions. There is also a greater likelihood of them being involved in crime, having low educational achievement, of becoming a lone parent, or having poorer health, becoming involved in drug or alcohol misuse and in becoming homeless.
- 3.10** The paper also argues that a lifetime of poverty means a life of financial struggle, reduced life chances and much higher chance of suffering poor physical and mental health. The paper recognises that children from poor households often grow up to be poor adults themselves.
- 3.11** The discussion paper recognises that tackling poverty is not solely about increasing income. But also includes the notion that individuals have access to other key material and non-material resources such as education, health and housing. Together with ensuring that individuals and communities have the capacity to access these resources and the opportunity to develop their potential and maximise their life chances.
- 3.12** The Government have committed themselves to supporting the UK targets on halving the incidence of child poverty by 2010 and to eradicating child poverty by 2020.
- 3.13** The discussion paper seeks to investigate the most successful ways of reducing poverty including child poverty.

3.14 The paper states that the Government has three options available to them under the current devolution settlement to tackle poverty which are

- **Prevention of poverty and tackling the root causes** – including addressing educational disadvantage and underachievement; tackling poor health; providing more choices and more chances for vulnerable young people at risk of disengagement; tackling worklessness – especially intergenerational worklessness; providing the best start in early years and regenerating our most disadvantaged communities.
- **Helping to lift people out of poverty** – by improving employability through more and better employment and through ‘one-door’ employability services that offer a joined up approach with Job Centre Plus, economic development, health, social and childcare services. Providing enhanced advice and information services, promoting benefit take-up; helping people through key transition points in their lives for example leaving school, returning to work, or leaving the care system; tackling substance misuse and homelessness and reducing re-offending.
- **Alleviating the impact of poverty on people’s lives** - by increasing entitlement and encouraging the uptake of free school meals; by abolishing prescription fees; by funding free personal care for older people; tackling fuel poverty; and developing the concept of a living wage.

3.15 The discussion document asks specifically how the Scottish Government and its partners should balance their efforts between the three main areas above.

3.16 The document puts forward ‘12 key principles’ which are to replace the existing Social Justice Milestones and these will centre of any future plans.

1. A focus on tackling the causes as well as the symptoms of poverty.
2. 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.
3. A focus on early intervention and prevention whenever possible – to break the cycle of disadvantage.
4. 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.
5. A conviction that everyone – regardless of their circumstances – should be supported to achieve their potential.
6. The need for gendered analysis – and where necessary a gendered approach.

7. 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.
8. 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.
9. Delivery of sustained, holistic, personalised support which is client rather than provider-focussed and equips individuals to sustain themselves into the future.
10. 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.
11. Achievement of the right balance between closing the gap/tackling inequality and helping the very poorest in society.
12. 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.

The Government are asking us to respond to the following questions:-

- Are the key principles the right ones?
- Are there other key principles that the Government should be adopting?
- Is there potential for some to be in competition with others
- How does the government ensure that they are adopted by key delivery bodies and agencies?
- Given that there are finite resources to deliver on these aims; realistically what can we deliver, and should the Government prioritise the aims of the strategy?

3.17 The discussion paper also asks for views on:-

- ❖ Where the Scottish Government can contribute most to tackling poverty;
- ❖ How we maximise the impact of those policies and programmes that would come from the key actions;
- ❖ Where there are gaps in policies and programmes that need to be filled and how they should be filled;
- ❖ The balance of activity by the Scottish Government between the 3 key areas outlined above;
- ❖ How well reserved and devolved programmes currently complement each other and any areas where co-operation can be improved;

- ❖ The key barriers to greater partnership working and examples of how these can be effectively overcome;
- ❖ Any areas where it is believed enlargement of the devolution settlement could improve the seamless provision of support and achieve a greater impact on poverty and income inequality;
- ❖ The constituencies within Scotland, such as employers, with whom the Scottish Government should do more to influence thinking and action on tackling poverty;

3.18 The discussion paper makes clear that the process should include gathering in opinion from Community Planning Partners, Council Departments, and the local community. To facilitate this consultation process we are hosting a local one day Anti Poverty Conference with invited speakers to be held in July. Officers from the relevant Government offices will be in attendance on the day to gather in local opinion which will then feed back into the development of the framework document.

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 None at present.

6. Risk Analysis

6.1 It was not necessary to carry out a risk assessment.

7. Recommendations

7.1 Council is being asked to consider the content of this report and issues raised and decide on any further action which it might wish to take.

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Date: 17 June 2008

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Appendix: Response to consultation.

Background Papers: Scottish Government discussion paper: "*Taking forward the Government Economic Strategy (GES): A Discussion paper on Tackling Poverty, Inequality and Deprivation in Scotland*".

Wards Affected: All

Appendix 1

The Scottish Government: A Discussion Paper on Tackling Poverty, Inequality and Deprivation in Scotland

Consultation Questions

Q1. Where can the Scottish Government contribute most to tackling poverty?

The Council supports the key principles as set out in the discussion paper and in particular the emphasis on developing the individual while at the same time recognising that social mobility will always be constrained by market failure, lack of services, prejudice and discrimination. Partnership initiatives are continuing to build across a range objectives and this will be enhanced through the development of the single outcome agreement. From a policy perspective greater integration and the development of a jointly agreed set of measures that are consistent across all of the services which impact on poverty i.e. education, health improvement, economic development, would be welcomed. The Council welcomes the opportunity to open a dialogue with the Government and to have the opportunity to be involved in the development of the national framework on tackling poverty, inequality and deprivation.

Q2 To what extent are current policies and programmes fit for purpose?

Measures to alleviate poverty are often in conflict with other policies and practices, and it would be useful if Councils were given the opportunity to poverty proof their policies. For example in setting targets for Debt collection Councils should be obliged to have a full set of arrangements already in place to ensure that people experiencing indebtedness are fully supported and have sufficient income to enable them to pay. For those who are paid on or near the national minimum wage the changes that will be introduced by the implementation of the Bankruptcy and Diligence Act 2007 will offer an alternative route out of debt and perhaps an Amnesty on historic council tax debt might be offered by Council as an option.

There are a number of structural issues that are problematic around people who are moving back into the job market especially those who have been supported by Incapacity or related benefits for example 'better off' calculations, and delays in processing claim forms which in turn can lead to the accrual of rent arrears.

Q3 How should the Scottish Government maximise the impact of these policies and programmes?

Government departments need to speak to each other, as a huge amount of time is taken up reporting the same information to different Government Departments. Likewise much conflict arises in Local Government by the conflicting demands placed on it by Central/Scottish Government.

Q4. Do you consider there are any gaps in these policies and programmes that need filling? If so, how should they be filled?

Any opportunities for Local Government to provide services directly instead of the large number of agencies that currently provide services which were once within the remit of Local Authorities would be welcomed. This would lead to less duplication and friction, more responsive delivery and a clearer line of responsibility.

The gaps and administrative boundaries between welfare and social security are often historical and arbitrary. The 'National Conversation' invites areas for discussion where devolved or UK led matters need further debate. In significant areas of Social Work and related services there are issues about income maintenance that could be explored to consider whether devolved benefits and programmes could work better for vulnerable people. To take some examples:

- The initiative in 'Kinship' care requires the engagement of the UK benefits and social security system. They should make a contribution to local government costs and the Scottish settlement.
- In Free Personal Care the role of the missing Attendance Allowance payments should be re-visited.
- Across worklessness programmes DWP funding should be directed to local authority led schemes.
- The ILF budgets should be considered within a Scottish context.

Q5. How best can the Scottish Government achieve both economic growth and reduce poverty and income inequality?

This question hinges on the idea that society faces a trade-off between equity and efficiency, between social justice and economic growth. The premise is that promoting an equal distribution of income or wealth distorts the necessary function of the inequality generating market economy. In economic terms this function is part of a system of rewards and penalties necessary to encourage effort. The key mechanism to redistribute wealth and achieve social equity is through the tax system. However doing so reduces incentives to work, save or invest and can lead to labour market problems and unproductive dependencies. However the central question is, do measures that promote greater equality of income such as policies to redistribute taxes in turn diminish total output and income – does sharing wealth result in less wealth being generated and therefore there being less wealth to share around. Further, in introducing policies of greater wealth distribution or downward harmonisation of taxes economies also run the risk of losing mobile high-income earners who are needed to boost growth and productivity but who work in an ever more globally integrated market.

However throughout the 1990's despite a strongly growing economy, income inequality in Scotland has increased. So, the question is, is strong economic growth and job growth a good trade off to increased income inequality? Or should we accept weaker growth associated with higher taxes and more labour market regulation?

The only other option is that in order to share progress in economic growth we need high levels of employment in a job market which provides relatively equal wages, backed by a tax system that is sufficient to provide a decent income for those who are excluded from the job market because of their age, disability, caring responsibilities or vulnerability.

Means Tested benefits and credits provide the safety net. By definition they also create the potential for stigma which can erode the effective take-up of the programmes. They also add complexity in an area of life choices where many people are not well placed to understand benefits and their inter-relationships. Ignorance, complexity, and stigma mean that many eligible claimants do not pursue their entitlements.

More radical re-distribution of wealth seems to be inevitable if the gaps in solidarity and cohesion are to be realised. This may well be the price of a more compassionate society.

Q6. How should the Scottish Government and its partners balance their efforts between the three areas for action outlined at paragraph 43 of the discussion paper?

Each of these 3 areas has an important function to perform. Prevention looks at tackling both the causes and consequences of poverty; lifting people out of poverty attempts to create the conditions to help people to help themselves while still providing a safety net for those who cannot; and Alleviating the impact of poverty recognises the impact on the lives of individuals who live in poverty. If a choice has to be made then the Government should focus more on the prevention of poverty. In so doing the cycle of poverty and the intergenerational transition of poverty can be tackled most effectively. Therefore creating the best possible start in life for our children which would allow them to develop the skills necessary to grow into confident adulthood would be the most effective way forward.

Q7. With respect to the set of key principles detailed at paragraph 33 of the discussion paper what are your views on the following:

- Are they the right principles?
- Are there others that the Scottish Government should be adopting?
- Is there potential for some to compete with others?
- How should the Scottish government ensure that they are in turn adopted by key delivery bodies and agencies?

- With regard to the finite resources available, what would you consider as feasible expectations in tackling poverty, inequality and deprivation, and should some key principles be prioritised over others?
- We support the key principle that we should focus on the causes as well as consequences of poverty and that this is important in breaking the cycle of poverty. In order to ensure that these principles are adopted by all relevant agencies there should be a set of common standards and performance measures for all agencies involved in the delivery of anti-poverty measures. The introduction of the SOA has made a good start and if it is fully supported by Government in the development it could be useful in integrating partner agencies policies and objectives. The nomination of a single Lead Organisation responsible for delivery would also create more transparent lines of responsibility and accountability. A reduction in cross reporting would also help create buy-in to any new proposals. Finally, anti-poverty work should focus on measures which prevent people from falling into poverty, this could be based on helping people through key transition points in their lives for example leaving school, returning to work, or leaving the care system; tackling substance misuse and homelessness and in reducing re-offending.