



TAKING FORWARD THE GOVERNMENT ECONOMIC STRATEGY: TACKLING POVERTY, INEQUALITY AND DEPRIVATION IN SCOTLAND

Response to the Scottish Government discussion paper June 2008

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

- 1) By ensuring that fear of losing welfare benefits, including housing benefit and passported benefits, does not deter people from participating in education and training or taking up work. In short, by ensuring that people are better off if they take up education, training or employment.
- 2) By ensuring that social and economic exclusion is not intensified in the lowest income decile (see Q4 & Q7)

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

In theory, homelessness policy and employability policy provide an adequate framework to tackle poverty amongst people facing multiple challenges, including the risk of homelessness. However, their impact will depend on:

- 1) How they are implemented at local level under Single Outcome Agreements
- 2) Whether UK-wide welfare reforms support these measures effectively
- 3) Whether there is sufficient long-term investment in the programmes
- 4) Whether the employer side has sufficient incentives and support to underpin an employment-led anti-poverty policy.

However, the emphasis on employment outcomes in current policies could further exclude people unable to sustain employment. Supporting the most disadvantaged to ensure that their health, social and housing environment, and economic position, do not deteriorate needs to be recognised as a positive contribution to the prevention of poverty even if “hard” employment outcomes are not achieved.

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

- 1) Long term investment in programmes which provide for the most disadvantaged, rather than “cherry-picking” individuals who are close to the job market and can therefore achieve “hard” outcomes in the short term without specialist intervention.
- 2) Ensure that benchmarks are established to ensure the quality of programmes

- 3) Outcomes should be judged on whether they are tailored to the needs of the individual, and whether they measure “distance travelled” as well as employment outcomes.
- 4) Ensuring that the aims and outcomes of this policy are aligned with and support the ambitious targets of the homelessness legislation. If employability measures are to be the main focus of the anti-poverty policy, they must complement rather than conflict with homelessness legislation, and offer realistic and sustainable methods of preventing and alleviating homelessness.
- 5) This may require a clearer long-term focus on improving the economic and social position of the very poor, rather than looking to more easily achieved short-term improvements for people who are close to the job market.
- 6) Working with and offering support to employers (especially SMEs) to ensure that they have the resources to support the most disadvantaged workers into sustainable employment.

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

The main gap at the policy level is that the aims of the GES could be achieved even if the economic position of the lowest decile were to remain the same or even deteriorate, providing the position of the people in the 3rd and 2nd decile improved. In other words, the gap between the poor and middle incomes might decrease, but the gap between the poor and the very poor increase. To be judged successful, the GES should ensure that improvements are achieved across all 3 of the lowest deciles.

At programme level the following gaps are emerging, even though they are in theory provided for in Workforce Plus and other legislation. Local Authorities should be asked to evidence provision of services under SOAs which:

- 1) Support those at the very beginning of the employability pipeline, where it is hard to evidence short-term “employment” outcomes
- 2) Provide in-work support for vulnerable workers to ensure that they can sustain work.
- 3) Link to other policies such as the recently published drugs strategy, and the challenge of health inequalities
- 4) Money advice services might partially fill this gap, but there are no indications that these services will expand despite growing demands.
- 5) Economic development services need to affirm these principles as employers need encouragement and support to be able to respond to this policy

There is also a potential gap in knowledge about outcomes and impacts of these policies and programmes as there is no provision for monitoring at national level under Single Outcome Agreements. The Scottish Government could address this gap by way of research into emerging outcomes under SOAs.

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

- 1) By ensuring that work pays, and that no one is financially worse off in work than on benefits. The Scottish Government needs to work with the DWP to tackle the

- disincentives caused by Housing Benefits taper, the 16 hr rule and the single room rate for Housing Benefit (for example).
- 2) By providing incentives and support to employers to recruit from groups who find it difficult to enter the labour market, and ensuring that economic development activity supports anti-poverty measures.
 - 3) By tackling the disincentives to training and education embedded in the benefits system (eg by the provision of a further education allowance - see *Second Chances* by the Foyer Federation; the continuation/replacement of benefits for young people in temporary accommodation/relatively expensive supported accommodation, who enter full-time training or education)

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

- 1) The concept of a “living wage” would alleviate the impact of poverty, lift people out of poverty and tackle some of the root causes of poverty.
- 2) However, a policy which recognises issues of social capital as well as income would also address some of the underlying causes of poverty. We believe that the “poverty effects” of multiple disadvantage are uneven, and may be explained by individuals’ access to (or lack of) social capital and community/social support. However, more research into these effects is needed to establish policies which would have positive effects.

Q7 With respect to the set of key principles detailed at para. 33 what are your views?

The principles are in themselves admirable. However, their impact will depend on how they are implemented. SHEN/SCSH is concerned that the positive impact of their implementation may not be felt by the poorest people in Scotland, and that they may experience further social exclusion if the impact of this policy is not felt equally through all 3 deciles. We therefore find the following potential conflicts:

- 1) The Solidarity golden rule of improving the position of people in the last 3 income deciles could be achieved if the two upper deciles improved, but the lowest decile stayed the same or deteriorated. This would lead to further economic exclusion for the very poor.
- 2) Improving the position of the very poorest individuals in richer locations could work against the Cohesion indicator, as this could increase the gap between richer and poorer areas.

We are also concerned that it will be difficult to identify whether key agencies at local levels are adopting these principles, as:

- 1) SOAs do not provide for monitoring of outcomes, nor benchmark expected levels or quality of service provision
- 2) The achievement of many of these principles relies on overcoming the barriers of the benefits system, which is determined by the DWP.
- 3) Although the DWP Commissioning Strategy aims to make provision for those at the greatest distance from the job market, we are concerned that contract terms may not be adequate to ensure that people at risk of homelessness have access to flexible and holistic services tailored to their needs.

- 4) Greater co-ordination is needed to ensure that the Scottish Government anti-poverty measures, welfare reform and the *Concordat* work together to provide services which have a real, positive impact on the economic and social position of people at risk of homelessness.

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