ELECTION SPECIAL: POVERTY - A POST ELECTION PRIORITY?

AFTER THE ELECTION: WHAT THE FUTURE HOLDS
ERADICATING CHILD POVERTY: WHAT NEXT?
IT’S WHAT YOU OWN THAT COUNTS
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Submissions and comments on the Review are welcomed, please see the guidelines below.

Microsoft Word or text files
Articles: No more than 2500 words (including title, references and notes)
News: no more than 1000 words (including title, references and notes)

Submission and comments are accepted by email to:
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ABOUT THE POVERTY ALLIANCE
The Poverty Alliance is a network of community, voluntary, statutory and other organisations whose vision is of a sustainable Scotland based on social and economic justice, with dignity for all, where poverty and inequalities are not tolerated and are challenged. Our aim is to combat poverty by working with others to empower individuals and communities to affect change in the distribution of power and resources. To do this we:
• Work with people and communities experiencing poverty to empower them to address poverty
• Work with organisations to build a strong anti-poverty network in Scotland
• Support the development of policies which promote social justice and combat poverty
• Raise awareness about poverty and encourage debate

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WELCOME

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TACKLING POVERTY AFTER THE ELECTIONS

It is something of a cliché for politicians to state that the forthcoming elections are the ‘most important in a generation’. Given the current standing of many politicians it not surprising that many people greet such statements with little more than a disinterested shrug. It’s not surprising, but it should be a real cause for concern. The loss of faith in our politicians and the political process amongst a significant proportion of the population has implications for those who want to see a more socially just and equitable Scotland. Regardless of what some of the political parties may say, the state remains the most important tool in the fight against poverty, and how those that are responsible for its administration are held to account should be of vital importance to all anti-poverty activists and organisations.

Much of the criticism of modern British politics is that there is very little difference between what the main parties say. To an extent this is undoubtedly true. When one considers some of the key areas that will affect anti-poverty policy the broad themes highlighted by the main parties do appear to be very similar. On issues like cutting public spending, the changes needed to the welfare state, the role of individual responsibility, some of the approaches are comparable. However when we go beyond a superficial analysis of the party manifestos, when we look at the policy statements and key speeches, we find that there are real differences in approaches.

Issues such as how the deficit will be dealt with, for example, have very different implications for efforts to tackle poverty. There is agreement on the need for cuts but where these cuts will fall and when will make a significant difference to how effective any response to poverty will be over the next few years. With regard to welfare reform, the two main parties are not slow to state that they will make cuts to benefits to those who do not, in their view, do enough to find work. However the emphasis given to issues around responsibility and rights, to notions of welfare dependency, to the links between low pay and poverty, are all areas where we can begin to see different approaches beginning to emerge.

One area where there is some degree of unanimity is on the parties stated desire to continue to make efforts to reach the 2020 child target. The specific policy mix, or indeed how progress would be measured, is not stated with the same clarity by all the parties. This is worrying, but the commitment by all of the main parties should give campaigners an opening to ensure that even in the difficult financial context there will still be opportunities to press whoever is in power to do more to tackle poverty.

As the three main articles in this edition of SAPR show, cutting poverty rates in the current context will not be easy. Peter Kenway is clear that for those in the anti-poverty movement, and for anyone who wishes to see a more socially just Scotland, difficult decisions will have to be made. These decisions will be about how we attempt to prioritise those parts of the fight against poverty that will have the biggest impact. However, whilst these difficult decisions may have to be contemplated, we also need to retain a focus on some of the more fundamental issues. For whilst it is true that the public finances need to be sorted out, it was not poor people that created the problem. It would seem grossly unfair then, that they should be the ones who would have to pay the price for sorting out the crisis.

So anti-poverty campaigners will need to engage with debates about how we prioritise certain needs. Without our engagement in such debates it is more likely that poorer people and the services they rely on will suffer. Paper commitments to ‘protecting the most vulnerable’ or defending frontline services will disappear if there is not a strong coalition to ensure that these commitments are delivered.

But we need to go further. Our engagement in these debates must also be about reminding our political leaders and the public of the long-term costs associated with not addressing poverty, of pressing for a fairer and more efficient tax system that collects what is owed and distributes it more equitably, and for employers to take on a greater share of the responsibility for tackling poverty and inequality.

The elections that will take place on May 6th are therefore vitally important for the fight against poverty. The Poverty Alliance is therefore calling on all our members, supporters and readers to ensure that they take every opportunity to question the candidates of all the parties on what they intend to do to address the problems that condemn more than 900,000 Scots to live in poor households.
SCOTTISH LIVING WAGE CAMPAIGN UPDATE

More employers have moved to be Living Wage Employers. The Unite union and Employers in Voluntary Housing (EVH) have negotiated a deal that sees 101 housing associations, employing 2000 staff, from the Highlands to the Scottish Borders become living wage employers.

Jackson Cullinane of Unite said

“The inclusion of our request for a Living Wage as part of Unite’s wage claim to EVH was based on our union’s firm commitment to address low pay and pay inequality. It’s achievement will benefit women and young workers in particular. When faced at the end of our negotiations with a choice between a percentage rise for all or prioritising the Living Wage, our members opted to forego 0.15% of a general inflation based increase to ensure that those on the lowest levels of pay received the uplift. The introduction of the Living Wage in over 100 Housing Associations is, therefore, a testimony to the collective principles and values our union’s organisation in the sector.”

The Scottish Living Wage Campaign are delighted that the living wage is being used in such key pay negotiations.

In March Scottish Enterprise (SE) received an award from the Scottish Living Wage Campaign (opposite). Scottish Enterprise is the agency responsible for the development of business in Scotland. A ‘Stage 1 Scottish Living Wage Employer Award’ was made to SE on 19 March 2010 as a result of a deal negotiated with the PCS trade union, which ensures that all directly employed staff at SE are paid above £7 an hour. This latest award sends out a strong message to businesses in Scotland that paying a decent wage to all employees is possible, despite the recession.

On 27th May the campaign will hold a conference called ‘The Road to a Living Wage Scotland’. The event will be held at the STUC in Glasgow and will be an opportunity to hear from other living wage campaigns in the UK including London. The campaign will also be unveiling new research on low pay in Scotland.

For more information contact Kathryn McTurk at the Poverty Alliance at: kathryn.mcturk@povertyalliance.org

SCOTTISH CAMPAIGN ON WELFARE REFORM LAUNCHES A MANIFESTO FOR CHANGE

The Scottish Campaign on Welfare Reform have launched their Manifesto for Change which sets out key policy changes which are urgently needed in order to build a welfare system which lifts people out of poverty and treats all with dignity.

Commenting on the need for reform, Maggie Kelly, SCOWR Co-ordinator said:

“The value of basic benefits, around £65.00 per week is so low that it falls well below the UK government’s own definition of poverty leaving many people struggling to adequately feed, clothe themselves and pay their bills. In a prosperous society like ours, this is simply not acceptable.”

The Manifesto sets out five key policy demands which are to:

- Increase benefit rates to a level where no one is left in poverty and all have sufficient income to lead a dignified life
- Make respect for human rights and dignity the cornerstone of a new approach to welfare
- Radically simplify the welfare system
- Invest in the support needed to enable everyone to participate fully in society
- Make welfare benefits in Scotland, suitable for Scotland.
Commenting on SCOWR’s priorities after the election, Peter Kelly Director of the Poverty Alliance, said:

"Any party that wants to improve services will find that we will work constructively with them – and that includes reform where reform is sensible and where it benefits the people in need. But we will vigorously oppose any attempts to cut services, limit opportunities or heap blame on the most vulnerable in our society. And that is what is happening too often under the current raft of reforms."

SCOWR is a unique coalition of over 40 key third sector organisations, faith groups, unions and charities from across Scotland who have been campaigning on welfare benefit policy since 2006. Members include Action for Children Scotland, Capability Scotland, Child Poverty Action Group in Scotland, Citizens Advice Scotland, Inclusion Scotland, One Parent Families Scotland, Oxfam, Poverty Alliance, Save the Children Scotland, Scottish Council for Voluntary Organisations, STUC and many more.

You can download a copy of the SCOWR Manifesto at http://www.povertyalliance.org/campaigns_detail.asp?camp_id=8

SCOWR is open to both organisations and individuals. To find out more about SCOWR or get involved in the campaign contact: Maggie Kelly, SCOWR Co-ordinator, C/O The Poverty Alliance at maggie.kelly@povertyalliance.org

Detailed proposals of what these principles mean in practice include: raising basic benefits levels to match Minimum Income Standards, (currently calculated by the Joseph Rowntree Foundation as £166.00 per week); an urgent review of employment and support allowance and changes made to move lone parents off income support, with the aim of ensuring that reforms which fail to treat claimants with dignity are rolled back; substantially upgrading the earnings disregards to remove barriers to paid work; extending the proportion of non means tested benefits as a key step towards simplification and investing in accessible, high quality childcare focused on the wellbeing of the child, as a right for all parents enabling them to engage fully in society.

The Manifesto states that ‘Of course, raising benefit levels to Minimum Income Standards would represent a sizable investment ... However this would lead to significant savings in the longer term, slashing the costs of poverty to society and removing barriers to paid employment. The immediate costs would also be substantially offset by the savings generated by a radical simplification of the current system. In addition, insuring against the risks of ill health, disability or unemployment is something which everyone benefits from and for which we should all, as a society, take collective responsibility for; ensuring that costs are met in a fair and equitable way.”

UK GOVERNMENT PUBLISHES WHITE PAPER ON CARE

In March the UK Government published the White Paper on care Building a National Care Service. Of course whether they will have the opportunity to take this forward or not will depend on the election - but regardless of who forms the next Government they will have to deal with this critical issue as a matter of urgency.

In the previous issue of SAPR we reported concerns about the lack of consultation which had taken place in Scotland on the Green Paper - despite the fact that the proposals outlined in the Paper would have a critical impact in Scotland. In the absence of any face to face consultation in Scotland the Poverty Alliance undertook our own consultation exercise. One of the key messages that came out of that consultation was that people were very much opposed to proposals to scrap attendance allowance or other disability benefits. There was also support for the idea of funding care out of general taxation.

The White Paper notes the widespread opposition to the proposals to scrap disability benefits and has shelved those plans as a result. However, the Paper continues to rule out any consideration of a new system funded out of general taxation despite noting support for this from some respondents.

A recent paper from the Joseph Rowntree Foundation also found that of 18 services user consulted, almost all thought general taxation was the best way to fund social care. They also rejected any withdrawal of existing universal disability benefits, to fund social care.

The White Paper Building the National Care Service is available from http://www.dh.gov.uk/en/PublicationsandStatistics/Publications/DH_4122399

The Poverty Alliance Consultation Response is available from http://www.povertyalliance.org/consultations_detail.asp?con_id=28

The JRF paper Funding social care: what service users say is available from http://www.jrf.org.uk/publications/funding-social-care
IFS PRODUCES ELECTION BRIEFINGS

In the run up to the election IFS have produced a series of Election Briefings which examine in detail, Labour Party policy and practice and draw some interesting comparisons with previous Conservative administrations.

Living standards, inequality and poverty: Labour’s record
This assesses changes to living standards under the first 11 years of the Labour government, setting out how average incomes, income inequality and poverty have changed between 1996-97 and 2007-08 and comparing these changes with what happened under previous governments.

What has happened to ‘Severe Poverty’ under Labour?
This surveys a range of data sources and finds strong evidence of an increase in the rate of severe poverty since 2004-05, mirroring a rise in the official poverty rate, although the rate of persistent poverty (i.e. where people remain poor for a number of years) does seem to have fallen under Labour, at least until 2007. However, it finds the evidence is less conclusive about whether severe poverty is now higher than when Labour came to power.

Environmental policy since 1997
This examines Labour’s record on environmental policy since 1997 including an overview of their environmental record and key outcomes on environmental taxes, expenditures and emissions. It looks in detail at energy, transport and waste management and assesses the coherency of current environmental policy.

The public finances: 1997 to 2010
This looks at how overall levels of borrowing and debt have changed between 1997 and 2010. It describes how public finances evolved between 1997 and 2007 (prior to the financial crisis) and compares this to the period of Conservative governments from 1979 – 97, and trends in other industrial countries. It then carries out the same analysis for the period between 2007 – 10, after the onset of the recession.

The tax burden under Labour
This examines the evolution of the tax burden over the last 60 years. It includes an examination of how the composition of tax revenues has changed since Labour came to power and compares this with when

IS VOTING POWER A POSTCODE LOTTERY?

The Voter Power Index (www.voterpower.org.uk) is a new website set up using data for the new economics foundation. It reveals how under the UK’s first-past-the-post system, not everyone’s vote is of equal influence.

It shows that voters in the most powerful constituency have over 5 times more power than the average voter, who has just ¼ of a vote. Under the current system, voters in very safe seats have the equivalent of one hundredth of a vote, while voters in the most variable swing seats get the power of up to 1.31 votes each. In other words voters living in the most influential postcodes have over 500 times as much power as those living in the least influential. In the 2005 election, the majority of voters did not vote for the MP that represents them (over 52%). This means that over 14 million votes were effectively discarded.
FIRST SCOTTISH ASSEMBLY TO TACKLE POVERTY

The first Scottish Assembly to Tackle Poverty took place on 5th February in Glasgow. Part of the Poverty Alliance’s Evidence Participation Change project, the event brought together more than 200 people to discuss how to create a more sustainable and socially just Scotland.

People with experience of poverty came together with representatives from community and voluntary groups, MSPs, local councillors and policy makers from local and national Government, to discuss with experts on some of the challenges we face addressing poverty. Keynote speakers included Ann McKechin MP, under Secretary of State for Scotland and Alex McNeil MSP, Minister for Communities and Housing. The afternoon sessions focused on ‘The Right to a Decent Standard of Living’, ‘A New Economy’, ‘The Right to Health’, ‘The Right to Education’, ‘Alternatives to a Welfare System based solely on Employment’ and ‘Financial Inclusion’.

A priority making session was held at the end and the overwhelming message that participants voted strongly in favour for were actions linked to redistribution. In 5 out of 6 groups the actions that got the most votes were those that spoke about redistribution and the need to push for a more equal society.

The report from the event will be finalized in the coming weeks and key action points will be followed up over the coming year. The Poverty Alliance will be working with its members and participants at the Assembly to ensure that the action points are followed up with MPs and MSPs.

If you would like to find out more or take part then please contact Sarah Welford, Policy and Parliamentary Officer sarah.welford@povertyalliance.org
Regular readers of the Scottish Anti-Poverty Review will be aware that the current European approach to tackling poverty is contained within the Lisbon strategy and that this strategy comes to an end this year. Since late 2009 discussion has been underway regarding the successor strategy that will guide economic and social reform for the next 10-year period. The European Anti-Poverty Network, and other members of the European Social Platform, have seen this as an important opportunity to correct some of the deficiencies in the Lisbon strategy, particularly its failure to deliver on the commitment to make a decisive impact on poverty by 2010.

The European Commission produced the new draft strategy at the beginning of March 2010. This draft strategy is intended to lay the basis for ‘smart, sustainable, inclusive growth’. The strategy contains, amongst other things, a number of key ‘flagship’ initiatives covering issues such as jobs and skills, reduction in resource use, young people, innovation and poverty. The poverty flagship ‘a European Platform Against Poverty’ was also linked to a target to reduce poverty across the EU by 25% by 2020, thereby lifting 20 million people out of poverty. The inclusion of this target was broadly welcomed by the EAPN.

The draft strategy was discussed at the meeting of the heads of state (The European Council) on the 25th and 26th of March 2010. Unfortunately, this meeting did not come to a firm conclusion on the inclusion of the poverty reduction target in the new strategy. The European Council agreed to have a headline target on ‘the promotion of social inclusion through the reduction of poverty’. It also concluded that ‘further work was needed on the appropriate indicator’ for this target and that ‘the European Council will revert to this issue at its meeting in June 2010. For EAPN the failure to agree the proposed target is a cause for major concern.

One of the concerns expressed at the meeting of the European Council in March was whether there was a sufficiently robust indicator of poverty that could be used to measure progress towards the target in all member states. However, it is difficult to imagine that in the space of the three months reflection leading up to the June Council, that a more appropriate indicator can be developed. EAPN has written to all Heads of State to remind them that the relative poverty indicator (60% of median income) is supported by a broad range of experts working in the social and economic field, that it has been developed through extensive work in the field of social science, is well known in public discourse and EUROSTAT public perception surveys show that it corresponds well to perceived levels of poverty in the EU. Indeed the indicator has been in use as the key indicator of ‘at risk of poverty’ since 2001.

There is a perception that this indicator is ‘just a monetary indicator’ and therefore does not capture the multi dimensional nature of poverty and social exclusion. But of course, the 60% of household income indicator is also complemented by the development of a set of ‘deprivation indicators’. Since the adoption of these indicators, common methodologies have been used to monitor developments in relation to these indicators across all Member States. The adoption of the headline poverty reduction target, based on the relative poverty indicator, will not in any way reduce the need to continue to monitor progress based on the
full set of agreed indicators. Therefore the argument that this is just a monetary indicator is not valid. It is interesting to note that the arguments at the European level reflect many of those that were aired when the UK Government was developing its own approach to measuring progress in tackling child poverty. These are arguments which may well be rehearsed again following the outcome of the general election in May.

Some at the European level have argued that having an indicator on employment levels is sufficient to monitor whether we are making progress in addressing poverty. EAPN argued in the letter to Heads of State that this argument “fails to recognise the genuine concerns of millions of citizens in the EU about the precarious nature of the society we are creating. It reinforces the image of European cooperation as a ‘market project’ and not a ‘citizens project’ and is therefore damaging for building the essential trust needed for the EU Institutions and the EU project.”

Of course, the adoption of a target will not of itself do anything to improve the situation of the 84 million people who live facing poverty and social exclusion in the EU. Therefore of equal importance is to give real content to the Commission’s proposal to establish a ‘platform against poverty’. A key element of this Platform must be to deliver on previously agreed commitments to an autonomous, but strengthened Open Method of Coordination on Social Protection and Social Inclusion. This also requires follow up of already agreed priorities such as action to implement the Active Inclusion Recommendation (including the adequacy of minimum income schemes) and follow up of the commitments to tackle child poverty and homelessness.

EAPN is calling for the ‘Platform against Poverty’ to go further by ensuring:

1. That the poverty reduction target is reflected by specific social guideline/s in the revised guidelines for the Europe 2020 strategy and progress on meeting the target is part of the reporting, monitoring and evaluation of the Europe 2020 strategy.

2. That there is a stricter application of social impact assessment, in line with the new horizontal social clause in the Lisbon Treaty.

3. In order to defend Fundamental Rights and promote high level social standards, legislative proposals should be considered such as, a framework directive on the adequacy of minimum income schemes.

4. That a European Programme to support the Platform against Poverty (a revised PROGRESS programme) should support a strengthened participation of all relevant actors in the implementation of the strategy.

Over the next few weeks EAPN in the UK, including the Poverty Alliance, will be writing to NGOs to ask for their support to lobby the UK Government on these issues. It is vital that we build pressure to have the target included in the new strategy and the new UK Government will be key to ensuring that this happens.

For more information visit: www.eapn.eu

With official poverty statistics being published at least 18 months late, the near-future news about the recent past may well be good, so much money having gone into tax credits in the last two years that it is entirely possible that child poverty actually fell during the recession.

But the real future, which presumably begins on 7 May, will not be good at all. The world we have lived in for eleven years – not since the election of the first Scottish Assembly, that is, but since New Labour turned on the spending taps two years into government – has gone.

In the old world, the struggle over government money was about how much more each year each cause could secure. Even if anti-poverty did less well in that struggle than, say, health, it could still take comfort from the fact that it did better than the year before. In the new world, by contrast, there will be a struggle even to hold what it had – and if it wants more, something else must have less.

How can such a formidable challenge be met?

Child poverty in the recession

Forecasting what is going to happen to the headline child poverty statistic is a mug’s game – but whether the next figures, for the year that ended in March 2009, are up or down, there is no doubt that tax credits and Child Benefit have played an important part in cushioning low income families from the worst effects of the recession.

At the start of the recession in early 2008, the maximum amount of Child Tax Credit payable for each child, along with Child Benefit, was put up by about £5.20 a week. A year later, the combined amount went up by another £3.75 a week. The first increase was by some way the biggest seen in Child Tax Credit since it was introduced in 2003. The second, though smaller, was double what had been given in each of the three years 2005 to 2007.

With around a quarter of a million UK children belonging to families whose incomes are below the poverty line by no more than £5 per child a week, these increases could have a big impact on the headline statistic. No date has yet been announced for their publication – immediately after a General Election looks the most likely bet but it still could come before – and other factors, notably the recession, will certainly serve to push the numbers up. The only thing for sure right now is that the net effect of all the factors could go either way. Nothing should surprise us.

Whatever happens to the headline figure, however, tax credits have played a major role in supporting families through the recession. Tax credits don’t just help those who have lost their paid work altogether. They also help those who have kept their jobs but have been forced by the recession to work fewer hours.

The evidence for the importance of tax credits is there in the Budget. While the value of tax credits went up on average by about 6% in April 2009, the amount actually spent on them by government went up by 15% or £3bn, to a total of £23bn, in the year to this March. It is more than a little ironic that something that was supposed to help people into work, introduced by a government that claimed to have abolished boom and bust, has actually played its greatest role in cushioning families from the effects of the worst recession in 60 years.

The relentless rise in public spending

But the money now going on tax credits is big clue as to why the foreseeable future is going to be so different from the past 11 years. In the seven years since their introduction, the money going on child and working tax credits has doubled in real terms (that is, after allowing for the effects of inflation).

Although this very rapid growth is unusual, public spending as a whole has been growing faster than the economy for a long time. Going back to 1999, total public spending is up by more than a half in real terms while the economy has grown just a fifth. Although the recession has pushed it up even faster, public spending was growing steadily long before it.
All the major spending areas have seen big increases. Over the period since 1999, UK spending on health has gone up by four fifths in real terms while that on education has gone up by three fifths. Spending on what is called social protection (benefits, tax credits and personal social care) has gone up by two fifths.

The effect is that new records have now been set. Excluding investment, what is called current public spending accounted for a record 43% of all spending in the economy in 2009/10. It is a record, though, that will only last a year since the share in 2010/11 is expected to rise yet further, to 44%. The last time we came near such a level was in the depths of the recession in the early 1980s. To have surpassed it now is a measure both of the severity of the recent recession, but also of the relentless rise in public spending over the whole of the previous decade.

Pressure ahead for a decade

All political parties seem agreed that public spending must be cut. For those who fear this prospect, the history of the last 40 years offers one comfort: contrary to what politicians of all stripes seem to believe, total current spending by government has never been cut in cash terms. Even after allowing for inflation, it has only come down in real terms on four occasions. None of those four years was in the immediate aftermath of a recession. A government intent on making real cuts in public spending must not just emulate Mrs Thatcher but must surpass her.

But even if cuts in total are rare, cuts in particular budgets are inevitable. Budgets that escape cuts are likely to be frozen and not just for a year or two but conceivably for the best part of a decade. The difference between this and the largesse that we have been used to now for so long will be stark. For those committed to the ending of poverty it poses a huge threat.

That threat comes in three parts. First, extra money than before in one area will mean less money than before in another. Accounting for one third of the total, social protection (benefits, tax credits and social care), is by far the largest single area of UK current public spending. Health and education, the next biggest two, take up a further third together. This means that cuts to other budgets, even when desirable, will yield relatively little whereas cuts to these budgets will always look tempting. From now on, social protection, health and education will in effect be locked in a struggle with one-another. And the UK government has already announced that the latter two are, for the time being, to be ring-fenced.

Second, the anti-poverty campaign has long allowed itself to be divided, with an explicit prioritisation for children and an implicit one for pensioners. Working age adults have been squeezed for at least a generation. One sign of this is that tax credits and benefits for children are now worth much more than for working-age adults, a reversal of the historical position.

Another sign is that the money devoted to providing incomes for out-of-work adults (IS along with income-based JSA and ESA) is now just 5% of the total amount spent on social protection. However hard this is squeezed, it cannot yield much. In future, the much bigger sums spent on children and pensioners could be pitted against one-another.

Third, a lot of spending in all the big areas is driven by demographic pressures, notably the rising number of pensioners. Even if total spending stands still, areas where government does have discretion would need to be cut back simply to accommodate the population-driven growth elsewhere.

What can be done?

That choices will be made between the things we hold most dear is not in doubt. The only question is whether anti-poverty campaigners are going to have any say in the matter. To stand a chance, three things are, I think, required.

The first is honesty. This includes honesty about the problem, about the goal and about the wider situation in which this takes place. In particular, we have to recognise that poverty cannot be reduced in a way that does not impinge adversely on others. That conflict may be with the provision of certain public services, or with the living standards of other people. Others will weigh our arguments against contending claims, so must we.

Second, we need unity across different groups. For that, an objective basis for the measurement of poverty is essential. The now properly-established Minimum Income Standard can provide it. That standard must be embraced consistently. In particular, if it shows that some benefits are now adequate or better, we must acknowledge the fact. Such a measure is the only basis on which we can weigh and reconcile competing claims among ourselves.

Third, we need to pursue vigorously all those partial solutions to poverty and its attendant problems that do not require extra public money. In-work poverty, where the employer is as important as the government, is on key area. But so, too, is the quality, effectiveness and value-for-money of the public services that are offered to poor people. Even if these have always been part of what the campaign against poverty has been about, they have not been central. With all the money that has gone in, now would be a very good time to make them so.
In September 1999, then Prime Minister Tony Blair pledged that his government would halve child poverty by 2010 and eradicate it by 2020. This ambitious commitment followed a significant rise in child poverty in the 1980s and 1990s. There has been much progress since the pledge was made, with more than 500,000 children being lifted out of poverty. But the 2010 target of halving child poverty will almost certainly be missed and the 2020 target is also vulnerable.

On the eve of a general election, against the backdrop of the economy showing signs of recovery, and as we brace ourselves for public sector cuts; there is an opportunity to reflect on the child poverty agenda and to consider ways that the next government could progress to achieve lasting and sustainable change.

With the exception of the last few years, the last decade can be categorised by almost unprecedented growth. But since 2004, child poverty rates have begun to creep up. And whilst the recession may not affect the number of children living in poverty, it “will worsen the profile of child poverty,”¹ with more children likely to be living in severe poverty.

Child poverty is a concept with different measures that extend beyond simply measuring income. The Labour Government has opted for a combination of measures based on income and material deprivation. The headline measure has been a relative one of income poverty: households with an income of less than 60% of median household income are defined as experiencing poverty. This measure has been complemented by two additional indicators; one measuring absolute poverty, and another using a combined measure of material deprivation and low income. Child poverty decreases only when all of these measures are falling. The Child Poverty Act has placed the goal of eradicating child poverty into legislation. It has also added a fourth dimension of persistent poverty to measure and reduce the length of time that children spend in poverty. Although all of these complementary measures make child poverty complex to measure, they do recognise that poverty is more than simply income at a particular point in time.

During the 1980s, child poverty rapidly increased across the UK, both in historical terms and compared to other industrialised countries. Figure 1 shows the trajectory of child poverty (as measured by relative income poverty) since 1979. After rising from the end of the 1970s to the early 1990s and then levelling off, the proportion of children living in poverty began to fall from 1997/8. However, rates of poverty began to creep up again from 2004/5. In her new book, Britain’s War On Poverty, Jane Waldfogel highlights the substantial progress that the UK Government made particularly in the early years of the child poverty target.² Waldfogel calculates that by 2007/08, absolute poverty³ had fallen by 1.7 million children (a 50% reduction), relative poverty⁴ by 500,000 (a 15% reduction) and material deprivation⁵ by 400,000 (also a 15% reduction).

Figure 1: Trends in child poverty in Great Britain/UK, 1979 – 2007/8

Note: Data source changed in 1994/5, with a further small change in 1998/9, so figures are not exactly comparable. Data between 1994/5 and 1996/7 excludes Northern Ireland. Data before 1994/5 was not collected annually, hence breaks in the series. Poverty is measured as household income below 60% of contemporary mean household income, before housing costs. Source: DWP 2009

³ Absolute poverty is income <60% median in 1998/99, uprated for inflation
⁴ Relative poverty is income <60% contemporary median
⁵ Material deprivation combines an index of lacking basic necessities and low income.
But despite this progress, the 2010 target to halve child poverty is almost certainly going to be missed leaving the 2020 target of eradicating child poverty fragile. And whilst there is a broad commitment across the political spectrum to tackle child poverty, there is not necessarily consensus on how.

The next government has a significant challenge on its hands to meet the goal of eradicating child poverty by 2020. Alongside Alistair Darling’s 2010 budget, the Government published Ending Child Poverty: mapping the route to 2020 which aims to ‘inform a new UK-wide Child Poverty Strategy’ – a requirement of the Child Poverty Act. The document clarifies the measures for 2020, presents the Government’s achievements to date, and argues that if the Government had not acted on the child poverty agenda, two million more children would be living in poverty. It further outlines that the strategy will: continue to promote employment as the best route out of poverty; transform children’s life chances with a strong focus on early intervention and Sure Start; and tailor provision to local needs. It suggests that a Labour Government would continue in a broadly similar direction of a tax and benefit system that supports families, promoting employment and early years provision. But there will also need to be differences given the huge financial pressures and the new duty (enshrined through the Child Poverty Bill) on local authorities (in England) to tackle child poverty.

To date, the Conservative Party has been less explicit about a child poverty strategy with the focus being more on strengthening families. The Conservative draft manifesto on families says ‘strengthening families will also increase social mobility, and play an important part in helping us work towards our aspiration of ending child poverty by 2020.’ Proposals on ending the couple penalty in the tax credit system and focusing on early interventions through increasing the number of health visitors are outlined as contributing towards this aspiration. The Centre for Social Justices’ Breakdown Britain reports which have seemingly been well received by the Conservative leadership present a comprehensive analysis of how factors such as family breakdown, substance misuse and debt often interact. This again recognises that poverty is broader than income. Personal responsibility resonates as a strong theme throughout the analysis as well as the recommendations. Together with David Cameron’s ambitions to decentralise and localise power; differences emerge between these two main political parties about the role of the state, local government, the voluntary sector and individuals.

The economic crisis and the Child Poverty Act mean that policy will have to be different. In addition, three challenges are considered below that will be critical for any government committed to tackling poverty: supporting the working poor; devolving power locally and personalising support; and challenging underlying inequalities – notably the widening of income and wealth inequalities.

Almost all of the fall in child poverty has occurred among workless households, and over half of poor children now live in working households. For many families, work simply does not pay and it is clear that the government must tackle low pay and in-work poverty if it is to meet its child poverty and employment goals. There is also a need to focus more attention on families where there is no one in work as rates of child poverty in these families are also high. Addressing areas where there are high rates of child poverty would begin to mitigate the risk of poverty. Being disabled, having a child with a disability, or being from a particular ethnic group still stand out as characteristics that increase the likelihood of living in poverty.

The framework of devolving power needs to also be considered carefully. To date, the UK Government has largely failed to devolve power to act on child poverty; most of the power has rested with central government departments, particularly HMT, and to a lesser extent DWP and DCSF. We can’t expect central government to fix poverty, and central government should recognise that it can’t fix poverty on its own. The Child Poverty Act places a duty on local authorities (in England) to tackle child poverty. It is possible that this will be adopted across devolved governments too. But it is important to note that a significant part of the Government’s child poverty strategy remains reserved (i.e. tax, benefits and most welfare to work programmes), meaning that it can be difficult for local authorities and devolved governments to understand their role and genuinely share the agenda. In addition, the agenda needs to respond to the needs of families; more personalised services that are designed with communities and families. Holistic interventions that join up a range of support are more effective that those which address employment in isolation.

Tackling in-work poverty and more localised and personalised support are practical ways that families can be better supported. But it is simply not enough. Underlying inequalities, such as income and wealth have widened over the last few decades. The National

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Equality Panel\(^8\) and the Marmot Review\(^9\) published recently are the latest in a long list of Government reports that provide robust and rigorous data outlining growing inequalities. The National Equality Panel report highlights the difficulty in reversing income and wealth inequalities that widened so significantly in the 1980s, and it outlines how inequalities accumulate over the life course. Few other industrialised countries live with such income and wealth disparities.

The upcoming election, on the back of a recession provides an opportunity to genuinely rethink how to tackle underlying inequalities and how to reverse them. It is about re-shifting power to citizens in ways that are empowering; reassessing how we pay and reward people in different jobs; and looking towards creating sustainable long-term economic growth beyond measures of GDP and towards genuine measures of well-being. The eradication of child poverty by 2020 will be one of the key measures by which this will be judged.

There is a certain degree of consensus across the main political parties that tackling child poverty is important for this generation and for the future. Whilst there are differences in approaches, there is also consistency on work being the best route out of poverty, early intervention being critical and a supportive tax and benefits system (albeit with different priorities). Other notable differences centre on the role of the state (national, devolved and local) and how it should best support people in poverty; what should government be doing and what should individuals be doing. But this is not a question about the size of the state; rather it is about the effectiveness of government.

In 1997/98, 11.2 million people were living in poverty; 3.4 million of them were children; in 2007/08, there were 10.9 million people living in poverty, 2.9 million were children. How will the next government make sure that these numbers reduce significantly over the next decade?


Max Wind-Cowie of the Progressive Conservatism Project at the Demos think tank argues that anti-poverty debates have for too long focused on income as a measure of poverty, at the expense of assets, and outlines some proposals for tackling poverty including measures to ‘re-capitalise’ the poor.

Whichever party wins the forthcoming UK election they will be promising, however vaguely, ‘progressive’ policies. Even the Conservative Party – not traditionally perceived as a hotbed of progressive values – has affirmed its commitment to governing in a progressive vain, not least when it comes to the issue of poverty. The Progressive Conservatism Project, working within the think tank Demos, aims to put meat on the bones of the Conservative Party’s rhetorical progressivism – to devise policies that live up to the words. Disadvantaged families and communities are a key area of concern for us.

But, just because the leadership of the Conservative Party is now committed to many of the same ‘progressive ends’ (such as the elimination of child poverty in the UK) as the Labour Party, that does not mean that they also agree wholeheartedly with the means by which they have been pursued under Labour. Although this might be worrying for many of the activists and campaigners who have spent the last 13 years promoting their view in Westminster and elsewhere, it should also be seen as a very real opportunity. Because now is the time to get involved with a conservative movement that has changed and, possibly, to drive the agenda in a new and exciting direction.

One area where the Progressive Conservatism Project has been working hard to change minds is in how we look at poverty.

There is a tendency, when it comes to discussions of poverty and welfare, to concentrate our attention on the income that people receive. This preoccupation, with the day-to-day resources that people have, is understandable. After all, an abject lack of income leads families swiftly into deprivation, is more acutely and quickly felt than other forms of poverty and restricts people’s ability to buy in to the resources and opportunities that mark out the wealthy from the poor. What is more, income is considerably easier to measure accurately and provides a ready and robust metric for analysing disadvantage.

But this preoccupation with income has artificially restricted both our view of poverty in the UK and our choice of weapons in combating it. What is more, a fixation with income can lead to closed-mindedness about who is actually poor. Public attitudes in this country have often revealed deep ignorance about the levels of in-work poverty, associating deprivation almost exclusively with worklessness. We know that this is not the case – 22.1 per cent of our working population lives in poverty – we also know that it needn’t be so. In France, for example, only 12 per cent of workers are materially deprived. The key, for progressive Conservatives, is not simply to bring down the number of people who are in poverty, it is to do so by radically recapitalising them, giving them the assets that will make them more secure, making work really pay and helping poor families to build their way out of deprivation in the long term.

For progressive conservatives, material poverty is fundamentally about assets – houses, savings and pensions – or, more to the point, the absence of assets. There are those who have and those who don’t, and while income is relevant it is by no means the only factor we need to address.

An example; two people might have the same job and earn the same salary, but the person who owns their home or has substantial savings is better placed to deal with the unpredictability that characterises life. Assets are property that can be used to generate money for further training and education or to insulate yourself from unemployment; they are a personal resource. Because of this, asset owners are more resilient and less vulnerable. In the end, our wealth is not measured by what we earn but by what we own.

The poorest quarter of the UK’s population own less than 1 per cent of the UK’s total assets. Within that tier, 11 per cent own assets of a total worth less than £500. This group’s total worth per head isn’t even enough to pay off their council tax. At the other end of the scale, 3 per cent of people own a sixth of the country’s wealth. The recent report from John Hills’ National Equality Panel demonstrated the levels of wealth inequality starkly – he found that ‘wealth’ was distributed far more unevenly than any other outcome they considered. For the health of capitalism and the war on poverty, this is a dangerous status quo, as it excludes a significant proportion of the population from participation and makes affluence and ownership the luxury of the very few.
A dramatic overhaul of our relationship to wealth should address three key ideas.

**First**, a “grand recapitalisation act”, on the model of the US Community Reinvestment Act, in order to promote ethical, fair credit in poor communities. Such an act would compel banks to end their long-standing discrimination against poor communities and to either offer their services directly or invest in community banks and mutuals. Such an act is important to ending the postcode discrimination that still exists against residents with the ‘wrong address’ who are seeking credit to better themselves and their families. Now that the UK Government owns so much of the banking sector we should seize the opportunity to change the way in which financial services are offered to the poorest and start making our so called wealth-creators work for everyone, not just the lucky few.

**Second**, a progressive government should ensure a return to real national insurance. Government should ringfence a proportion of our poorest workers’ taxation and use it to help them build for their futures through pensions and long-term savings. Evidence from other countries (including the US and Singapore) shows that using compulsion to drive up savings and long-term investment amongst poor workers can have profoundly positive effects. It builds financial literacy, erodes the intergenerational transfer of disadvantage and it insulates the ‘in-work poor’ from the worst effects of our unpredictable labour market.

**Third**, we need a more flexible welfare system. This means turning some of the principles that have underpinned welfare in the UK on their head. People should be able to use their benefits to purchase a stake in their home, invest in training or start out in business. By allowing those who wish to build their way to ownership to use money to which they are already entitled, we can help to end the culture of dependency and aggressively attack poverty in the UK. One way in which we can achieve a more flexible and long-termist welfare system is to radically reform Housing Benefit. HB is too often simply a subsidy for slum landlords – drip fed to keep roofs over people’s heads but never a route out of dependence. By allowing some residents to capitalise their HB, in order to enter into co-ownership schemes with Housing Associations, we could turn an ameliorative subsidy into a real solution for low income families – providing them with an asset base, greater security and greater investment in their home.

Whichever party forms the next government tough decisions lie ahead. The economic uncertainties we face are not news to anyone and it would be naïve to imagine that there are lavish new investments on the horizon. But, with progressivism now the dominant force in British politics, none of the parties have any excuse for hesitation in the ongoing war on poverty. Progressive conservatives believe that this war must be fought with a view to victory, that we must have ambitions beyond simply stemming the tide of deprivation. In order to achieve that we need to ensure that we’re not just keeping people’s heads above the water; that real, long-term solutions are found and utilized to keep people out of poverty. Radical and imaginative thinking is therefore required, and that means using the state in a different way, using it to build for people’s futures. Capitalised welfare, state sponsored saving and real, ethical credit will all contribute to that end.

When I launched our recent report, Recapitalising the Poor, I was asked whether it was a mistake to see the poor as “people like us, who just own less”. This question gets to the heart of the matter. Any serious attempt to win out over poverty in the UK will mean taking individuals seriously, giving them responsibility and showing them respect. Of course there are wider social issues at play, but we should acknowledge people’s aspirations and their desire to participate in economic life. Yes, the poor are people “like us”, and they should have the opportunities and responsibilities that are available to the rest of the population.

*For more information on the Progressive Conservatism project visit http://www.demos.co.uk/projects/progressiveconservatism*
MEMBERSHIP:

JOIN US!

The Poverty Alliance is a national anti-poverty development agency for Scotland which seeks to combat poverty through collaborative action, bringing together workers and activists drawn from the public sector, voluntary organisations, community groups and other agencies.

The Alliance’s wide range of activities provide many opportunities for members to exchange information and expertise which benefit the anti-poverty movement.

The benefits of membership include regular mailings, Scottish Anti-Poverty Review, opportunities to become involved in working groups and access to a wide range of organisations and activists who have the potential to influence the direction of anti-poverty policy in the future.

MEMBERSHIP APPLICATION

Name and designation of contact person:

Name and address of organisation:

Telephone:

Fax:

Email:

MEMBERSHIP FEES:

Ordinary Members: Local Authorities, Health Boards, Enterprise Companies: £500.00 | Voluntary Organisations: Income under £10,000: £25 | £10,000-£75,000: £50 | £75,000-£175,000: £75 | Over £500,000: £100

Associate Members: Local Authorities, Health Boards, Enterprise Companies: £200 | Unwaged Individuals: £5 | All other categories: £25

I/We wish to apply for *Ordinary/Associate Membership for the year: ________________________________

* Please delete as appropriate. NB Membership of The Poverty Alliance runs from 1st April to 31st March. Applications for new membership received after April 1st are charged on a pro rata basis.

Signature: ________________________________  Date: ________________________________

Please send the completed application form to the address below - thank you.