

# A Framework to tackle poverty and income inequality in Scotland

# ACHIEVING OUR POTENTIAL

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# ACHIEVING OUR POTENTIAL - A FRAMEWORK TO TACKLE POVERTY AND INCOME INEQUALITY IN SCOTLAND

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# **1. FOREWORDS**

Poverty has blighted Scotland for generations – and continues to hold too many of our people back from achieving their potential.

It is unacceptable that, in Scotland, the wealth of a child's family should determine their chance of enjoying the kind of positive future that should be their right. It is also unacceptable that, because of a lack of income, older people can be deprived of the right to live in dignity – or that families can be dragged into a cycle of deprivation.

The time has come for sustained action to address this huge waste of potential in our people and society. Many of our closest neighbours have combined higher levels of social equity, economic growth and a good quality of life for their citizens – while, in Scotland, our poor have remained poor and their opportunities have remained limited.



This Government has a new level of ambition for Scotland and is determined to address the root causes of poverty once and for all, and to bring about the change that our nation and our communities need.

The overarching Purpose of this Government is to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. Delivering on that Purpose will mean delivering greater Solidarity in Scotland – a fairer distribution of wealth which we believe is key to tackling poverty. That is why we have set a national target to increase the proportion of income received by the poorest 30% of households by 2017.

This is a challenging target – and, it is one that the Scottish Government cannot achieve alone. However, this Framework – agreed with COSLA – provides a focus for our public, private and third sectors to work together in a concerted effort to deliver greater Solidarity for all. By leading this broad coalition for change, Government will champion community empowerment and deliver large increases in funding and support for the Third Sector in Scotland.

While we have focused on those actions we can take within our existing powers, we have also set out some principles by which we believe a more effective benefits and tax credits system could operate. These contribute to the National Conversation and will serve as the basis for renewed discussion and collaboration between our local authorities, the Scottish Government and the UK Government.

We believe that the balanced approach taken in this Framework – encouraging work by removing barriers to employment; supporting those who cannot work for example through income maximisation; and making work pay – will ensure its continuing relevance over the years ahead.

We are determined to provide opportunities for all people to flourish and to work with others to tackle the injustice of poverty in modern Scotland. With this Framework, and with the collective will of the people of Scotland, there is no reason why we cannot eradicate the worst effects of poverty and deliver greater Solidarity for all. Progress can now be tracked at a national level through the Scotland Performs website. In addition, the Single Outcome Agreements between the Scottish Government and Community Planning Partnerships will provide the vehicle for describing how poverty is being tackled at a local level. I encourage civic society in Scotland to hold us to account for delivery.

Zila Strongen

Nicola Sturgeon MSP, Deputy First Minister and Cabinet Secretary for Health and Wellbeing Poverty stands in the way of our society achieving its full potential. This Framework represents a new approach to tackling poverty, where we will work together as two spheres of government to achieve common outcomes.

Shared National Outcomes have been agreed by COSLA and the Scottish Government as part of our historic Concordat – they include tackling the significant inequalities in Scottish society. This Framework, along with the *Early Years Framework* and *Equally Well*, the report of the Ministerial Taskforce on Health Inequality, expresses our commitment to a new approach of collaborative working, and investment in the prevention of social ills including through early intervention.



It is now our task to link together the principles and priorities laid out in these frameworks and work together with communities and other stakeholders to ensure that these priorities are implemented through Single Outcome Agreements at the local level.

The current economic conditions serve to remind us that poverty isn't something that only affects a few. While 17% of Scotland's population are living in poverty at the moment, many people are vulnerable to poverty at different times in their lives. I have a particular hope that the action on fuel poverty highlighted in this Framework will be supplemented by local level long-term interventions to help those who are struggling with soaring bills.

Let us all take this opportunity to play our own role in solving this problem. Let us tackle poverty and income inequality together.

Councillor Harry McGuigan, Community Safety and Wellbeing Spokesperson, COSLA

# 2. INTRODUCTION

# Why poverty and income inequality matter

We want a Scotland which is wealthier and fairer. We want to provide the opportunities – and the incentives – for all to contribute to Scotland's sustainable economic growth. All the evidence tells us that reducing poverty and the gap between the richest and the poorest support increased economic participation, improved social cohesion and stronger communities. By reconnecting large numbers of people in disadvantaged groups and communities to the mainstream economy, and encouraging work that pays fairly, we will help more people in Scotland to fulfil their potential; increase economic growth and participation in our labour market; and create greater social equity across Scotland.

We are clear that economic growth is about releasing Scotland's entrepreneurial and creative talents and sharing our increased prosperity to ensure that all of our citizens, whether in work or out, can flourish. That is why the Government made Solidarity one of the Golden Rules in our *Government Economic Strategy* and why it set the following target to reduce income inequalities in Scotland:

# "...[To] increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017".

Our focus on poverty and income inequality reflects their importance to the life chances and outcomes of people in Scotland. We can only prosper as a nation if we remove the structural barriers that prevent so many of our people from prospering.

# A fresh approach

Poverty in all its forms has blighted Scottish society for generations. We are determined to tackle the root causes of poverty rather than tinkering at the edges. Scotland can and must do better. Countries such as Finland, Norway and others have combined high levels of economic growth with significantly lower levels of income inequality than Scotland. They have shown that greater Solidarity is not just an outcome of economic growth, but a driver of that growth.

This is at the heart of our new approach. Delivering Solidarity will mean working across Government and public services in a joint national effort to create the conditions for more and better paid jobs in Scotland; to provide the skills needed to participate and progress in the workforce; and to remove the barriers that stand in the way of individuals realising their full potential. However, we must ensure that those who cannot participate in the labour market are not left behind.

Our National Performance Framework underpins this new way of working. The whole of Scottish Government and the public sector has moved to an outcome-based approach to performance. We are clear on our goals and how our progress to achieving these goals can be measured. Consequently, we have set the following National Outcome:

"We have tackled the significant inequalities in Scottish society;"

which will be tracked through a set of National Indicators, including:

# "Decrease the proportion of individuals living in poverty;"

and

"Increase healthy life expectancy at birth in the most deprived areas."

This can only be achieved collectively. Our joint approach is founded on a new relationship of mutual respect and partnership between the Scottish Government and local government, as set out in the Concordat agreed in November 2007. Single Outcome Agreements now lay down our goals and targets including those for tackling poverty and income inequality for every area of Scotland. These have been developed between the Scottish Government and each local authority or Community Planning Partnership and they are critical to our approach.

This new flexibility for local partners and the move away from ring-fenced funding provides greater opportunities for local partnerships to develop policies and approaches which work in the local circumstances. For instance, the experience of poverty in rural areas differs in important ways to those in urban areas, and the services and responses put in place to deal with them must also differ.

We are committed to an approach which supports empowering people to make a difference to their own lives. We must adopt an approach that improves the capacity of individuals and their families to lift themselves out of poverty by developing their resilience. Tackling structural barriers is also important, for example market failures, unresponsive public services or prejudice and discrimination – that prevent people from accessing opportunities available to others.

# How our policies work together

This Framework does not exist in isolation. It complements the *Early Years Framework*, and *Equally Well*, the report of the Ministerial Taskforce on Health Inequalities, all of which taken together form a coherent approach to addressing disadvantage in Scotland. There is a strong positive relationship between having the best start in life, enjoying good health, a good education, and having enough money to provide for yourself and your family. These approaches recognise these relationships. They set the context for future investment decisions for the public sector in Scotland, as over time we shift resources from dealing with failure to tackling its root causes.

This Framework has been developed in the context of our overall commitment to equality and tackling discrimination. Inequality and poverty are closely linked. We also remain committed to doing what we can to contribute to the UK target of eradicating child poverty by 2020. Our approach is based on the view that child poverty is best tackled as part of a broader effort to reduce poverty and inequality in Scotland, and that our income inequality target supports our focus on improving outcomes for our citizens.

# What this Framework will do

This Framework builds on the good work already underway across Scotland and illustrates progress with actions in support of our shared objectives. On the basis of the available evidence and the response to our extensive consultation, the Framework sets out further priorities for action and investment to deliver improvement across four main areas:

- reducing income inequalities
- introducing longer-term measures to tackle poverty and the drivers of low income
- supporting those experiencing poverty or at risk of falling into poverty
- making the tax credits and benefits system work better for Scotland.

The Framework provides the context for future action while setting out some immediate steps. It sets out the ways in which the Scottish Government will support partners and strengthen the infrastructure necessary for successful action, and it sets out the contribution needed from wider Scottish society.

# 3. INCOME INEQUALITY AND POVERTY IN SCOTLAND – WHAT THE EVIDENCE AND THE CONSULTATION TOLD US

# Poverty

The key measure of poverty used by Scottish, UK, and European governments considers relative income. Those with incomes below 60% of the UK median are considered to be poor as their incomes are so far from the norm that they face problems participating effectively in society. The Scottish Government and its partners will continue to use that definition.

In 2006-07, relative poverty affected:

- Around 840,000 individuals 17% of Scotland's population
- 210,000 children
- 440,000 working age adults
- 180,000 pensioners around 20% of all pensioners in Scotland.

The evidence also tells us that of all households, those headed by lone mothers with dependent children are most vulnerable to persistent poverty, and by far the most frequent route out of poverty for working age adults is through well paid and sustained employment. The quality of employment people are able to access is therefore crucial, as is removing barriers to that employment.

To tackle poverty effectively we need to tackle it across the board. Poverty is most visible in disadvantaged communities in urban Scotland, but it is no less real in rural areas.

We do not see the same concentrations of deprivation, but it exists nonetheless and is often exacerbated by issues of isolation and accessibility. The quality of employment is a particular issue in rural Scotland, where employment rates are high but jobs are often low-paid, seasonal, part-time and in low productivity sectors.

We also need to direct our attentions not just to those who are in poverty now, but those who live close to the margins and are in danger of falling into poverty. That is why we have set a challenging target of reducing income inequality and increasing the income of the poorest 30% in Scotland. We are committed not only to dealing with the symptoms of poverty now, but to lifting people out of poverty in a sustainable way, and to tackling poverty's root causes over the longer term.



# **Income inequality**

The Government's Solidarity target makes the commitment to increase the share of income received by the poorest 30% of the population in Scotland by 2017.

This group contains:

- 1,500,000 individuals in 850,000 families;
- 370,000 children;
- 370,000 pensioners; and
- 760,000 people of working age.

In 2006-07, these households collectively received only 14% of Scotland's income, whereas the richest 30% received over half. Families in the three lowest income deciles had an average weekly income of around £220, whereas those in the highest three received around £630 per week.

A number of countries, which are similar to Scotland in scale and geographically close, such as Finland and Norway have greater equality of income and significantly lower rates of poverty than Scotland. We need to continue to learn from them.

Much of the evidence gathered as we developed this Framework will be of interest to those engaged in action on reducing poverty and inequality. We will publish a summary of that evidence on the Scottish Government website.

# What the consultation told us

We received 138 individual responses to our *Discussion Paper on Tackling Poverty, Inequality and Deprivation in Scotland.* We also asked the Poverty Alliance to hold a series of focus groups around the country, culminating in a major Ministerial event in Glasgow which was designed to ensure that those most directly affected had their voice heard.

Many respondents expressed the view that paid employment for those who can work is the most effective route out of poverty but emphasised that jobs had to be good quality, with good pay and an opportunity for workers to develop their skills and progress. Respondents felt that barriers to employment such as benefit disincentives and access to appropriate and affordable childcare would have to be addressed along with greater focus on promoting equality. We were also given some important messages about the perceived lack of responsiveness of public services to the needs of those who are living in poverty in Scotland.



A number of respondents also recognised that paid employment is not an option for everyone, and that those who rely on benefits should not live in poverty as a result. Many respondents felt that the benefits system and Jobcentre Plus did not effectively help people back into work or alleviate poverty. Of the many who expressed an opinion, a majority believed that poverty could be more easily tackled if control over the benefits system was passed to the Scottish Parliament.

The analyses of our consultation exercise can be found online at: http://www.scotland.gov.uk/Topics/People/Social-Inclusion/ConsultationResponse

# 4. WHAT WE HAVE DONE ALREADY

There is much that this Government and its partners have already done to tackle poverty in Scotland.

# Key actions by Scottish Government

We have created the *Fairer Scotland Fund* for community planning partnerships. The fund is worth £435 million over three years to target investment at the root causes of poverty in Scotland.

Over 2008-11 we are investing £87 million in the network of six Scottish Urban Regeneration Companies (URCs) to provide the momentum necessary to bring local assets into use and stimulate economic growth.

We have allocated £36 million over three years for the Wider Role Fund which supports work by Registered Social Landlords to reduce poverty and financial exclusion in the communities they serve.

We are supporting young people through our **More Choices, More Chances** strategy, by ensuring **Curriculum for Excellence** provides flexible opportunities tailored to individual need and clear pathways from school to learning post-16, with appropriate support throughout. Encouraging all young people to stay in learning post-16 is the best way of ensuring their long-term employability and contribution to society.

Under Workforce Plus, we have developed and supported local employability partnerships within Community Planning Partnerships across Scotland to align services for those furthest from the labour market to increase employment rates in their areas.

The role of Community Planning Partnerships in meeting their corporate parent responsibilities for young people in care and leaving care was set out in *These Are Our Bairns – a guide for Community Planning Partnerships*, published in September 2008. We also published a summary of good practice by local authorities in their use of discretionary powers to provide financial and other support to young people leaving care.

We have also widened access and participation in Further and Higher Education by addressing student hardship through a £38 million package of **grants for part-time learners** in higher education and **abolishing the graduate endowment tax**.

We have taken steps to remove taxes on ill-health by progressively **abolishing prescription charges and some hospital car parking fees**. The Ministerial Taskforce on Health Inequalities has produced its *Equally Well* report, and we are preparing our implementation plan.

Our drugs strategy *The Road to Recovery* requires services to place service users' needs and aspirations at the centre of their care to help them move on from their problem drug use, towards a drug-free life as an active and contributing member of society.

This Framework outlines our response to the recent report of the National Fuel Poverty Forum. However much work was already underway, including the delivery of a **benefits health check** through our Central Heating Programme by the Pension Service, which secured £1 million in extra benefits for older people in Scotland in 2007-08. Now, as a result of a contract awarded in September 2008 every caller to our fuel poverty programmes is offered a free benefits check.

These examples illustrate that tackling poverty and income inequality is already at the heart of our activity. Perhaps the most important change we have made is establishing the new relationship between the Scottish Government and our local authorities. The move away from micro-management from the centre and "one-size-fits-all" national solutions, coupled with an outcomes based approach, provides local authorities with the freedom they need to take effective and decisive local action.

# 4. What we have done already

# Key actions by local government

As the tables below illustrate, our local partners' initial Single Outcome Agreements (SOA) are already addressing some of the key issues:

### Addressing income inequalities

**Angus Council** has prioritised its SOA around providing more and better employment opportunities for the people in its area. The Council is taking forward specific programmes to get people off incapacity benefit and back into work and is providing a mentoring service for people entering or returning to employment. It is also taking forward initiatives to provide school leavers with more training and benefits options.

**City of Edinburgh Council** is taking an approach which improves family support and employability. It is working with schools and employers to ensure that potential jobseekers are better matched to employers' needs. It is also measuring the impact of this approach on local employment rates; on youth unemployment; and on the opportunity gaps within the city.

# Addressing the major, long-term drivers of poverty

**Dundee City Council** is clear in its SOA that its highest priority is increasing the educational attainment rate of young people through a range of integrated services that support young people in their early years. This will be achieved by developing more integrated approaches to children's services including improving schools and the services they offer to the local community, raising pupil attainment and increasing achievement through more vocational opportunities.

Dundee is taking a multi-agency approach to assisting those children and families most disadvantaged across the city. This includes those young people not in education, employment or training who are more likely to be at risk of living within households on benefits/low incomes.

**Glasgow City Council's** SOA also focuses on action to tackle the root causes of poverty. For example, the Council has allocated £4.5 million from the Fairer Scotland Fund in 2008-09 to improve childcare services, including the particular needs of vulnerable children and young people.

Glasgow City Council recognises that if its young people are to be successful learners, confident individuals, responsible citizens and effective contributors and it is to reduce the poverty gap, then the right environment must be in place at birth. The Council is therefore committed to high quality education and to improving participation rates as a route out of poverty. For example, by 2010-11, the Council aims to increase primary and secondary school attendance across the city by 2% and reduce exclusions by 2%. A range of challenging targets have also been developed to improve educational attainment by 2010-11. These include increasing S2 attainment in reading by 7% and mathematics/writing by 6%.

### Supporting those experiencing poverty

**South Lanarkshire's** SOA demonstrates how people who are experiencing poverty will be assisted. For example, partners will target financially excluded people through a range of activities including money advice and a welfare to work programme. The number and range of vocational training opportunities for school pupils will also be increased to help improve leaver destinations. South Lanarkshire's health improvement agenda has moved from a lifestyle focus to a broader definition to tackle the underlying inequalities that restrict people's range of healthier choices. The focus of activities is on implementing actions to address the problems of poverty and deprivation by reducing smoking and heavy alcohol consumption, improving diet, encouraging breastfeeding and increasing levels of physical activity.

In the 15% most deprived areas, by 2011, the Council and Community Planning Partners aim to:

- Increase the percentage of survey respondents with access to a bank account from 87% to 90%.
- Increase level of attainment (stages 5-14 and exam achievement levels for S4-6) by 0.5%.
- Reduce the gap in positive school leaver destinations compared to the rest of South Lanarkshire.
- Increase the proportion of babies being breastfed at 6-8 weeks from 12.8% to 18%.

By 2011 the Council and Community Planning Partners aim to cut the number of claimants in receipt of Job Seekers Allowance in the 15% most deprived areas. The Council also aims to increase the percentage of residents in these areas with access to a bank account to 90%, and maintain credit union membership above the South Lanarkshire percentage average.

**Dumfries and Galloway Council's** SOA is clear that if people, and particularly those most vulnerable, have access to employment, health, education, and housing and have the opportunity to maximise their individual potential this will collectively help tackle inequalities.

The Council is tackling child poverty through the key worker model. The aim is to increase the number of vulnerable young people progressing to positive destinations by 2010. The Council will carry out an additional 500 independent benefit checks/50 outreach clinics with the aim of enhancing benefits uptake by more than £850,000 by 2010.

# 5. OUR APPROACH

# i. Tackling income inequality

The *Government Economic Strategy* has set an ambitious target to deliver greater Solidarity in Scotland by reducing the nation's relatively high levels of income inequalities. Our aim is to reconnect more people to the mainstream economy and provide the opportunities – and incentives – for all to contribute to Scotland's economic growth.

# What the evidence says

The evidence points to a number of key drivers of income inequalities in Scotland. These key drivers can be particularly acute for some groups in society. People from minority ethnic backgrounds, disabled people and those with caring responsibilities, for example, can be at a particular disadvantage:

# Low educational attainment and a lack of training

A lack of qualifications can severely limit a person's likelihood of accessing, sustaining, and advancing in employment – and, indeed, of earning a decent wage. For adults on low pay or benefits, good quality vocational training and training within the workplace is a well-established route into jobs which provide a better wage.

Substantial differences in life chances, quality of life and social inclusion are evident between those with low levels of literacy and numeracy and others at higher levels. Low level skills are associated with lack of qualifications, poor labour market experience and prospects, poor material and financial circumstances, poorer health behaviours and prospects, and lower social and political participation.

## Low pay

The evidence tells us that most of those in the three lowest income deciles who are in work receive low hourly pay. In-work poverty is a very real problem in Scotland and can act as a disincentive to people who are looking to make the transition from benefits into work. Many women are concentrated in low paid employment and some minority ethnic communities, and in particular women from these communities, are disproportionately affected by low pay and occupational segregation, i.e. are over-represented in traditionally low-pay sectors.

## Caring responsibilities and other barriers to work

The evidence tells us that families with caring responsibilities can face particular disadvantages in accessing and sustaining employment. Parents can face difficulties balancing the time burden of care and work – and can lose confidence and skills if they take time out of the labour force to care for their families. A lack of high quality reliable childcare can also discourage those furthest from the jobs market in seeking to take initial steps toward employability.

## A lack of incentives in the benefits system

Evidence suggests that the threat of sudden benefits withdrawal can act as a real disincentive for many people who are looking to move from benefits into work. Currently, the tax credits and benefits system does not provide adequate support for people making these important transitions.

To respond to these root causes of income inequality the Scottish Government, local government and their partners need to take an approach which:

- **Makes work pay** by providing people with the skills and training they need to progress in or into work and realise their potential; by supporting economic development and the creation of better employment opportunities; and by encouraging the enforcement of statutory workers' rights;
- Maximises the potential for people to work by removing any barriers to their employment, including through the provision of more accessible and affordable childcare, and learning the lessons from projects such as *Working for Families*.

 Maximises income for all – so that everyone – including those who cannot enter the labour market – is well supported by income maximisation services and have a decent living standard whether or not they are in work.

# What more we will do

The approach taken by local authorities in addressing income inequalities through the Single Outcome Agreements will support real improvement across Scotland – but, clearly, more needs to be done. Working with its partners across the broader public sector, Government will therefore take further, and more focused, action across the following areas:

# Making work pay

- To help more people realise their potential and to encourage more employers to deliver learning in the workplace Government will provide additional funding through the *Individual Learning Accounts Scotland* scheme for in-work learning and ensure that it is targeted at those in the three lowest income deciles.
- The Scottish Government will press the UK Government to transfer responsibility for personal taxation and benefits to Scotland, to allow the development of an approach to equity and boosting economic activity that fits with Scottish circumstances. Specifically, the Government will press for a simplification of the tax credits scheme and the promotion of greater availability of childcare vouchers. Moreover, it will continue to make the case for a single, progressive and accessible system for supporting parents with childcare costs and making work pay for low income parents.
- The creation of stronger, more dynamic and sustainable communities is integral to the work of the enterprise agencies. This is particularly challenging in the fragile areas of the Highlands and Islands and in other rural communities, and both Highlands and Islands Enterprise (HIE) and Scottish Enterprise will continue to support rural growth businesses and aid rural economic diversification. HIE will tackle the equity challenges through a new *Growth at the Edge* approach. This will bring together a range of activities including community capacity building, leadership development, acquisition and development of assets for communities to generate economic growth and create the conditions for population retention and growth.
- The Scottish Government will publish in 2009 an analysis of the scope for further action on income inequality in Scotland through pay across the public sector, taking into account the interaction with the tax and benefits system.
- The Scottish Government will with the Poverty Alliance, the STUC and Third Sector partners launch a campaign in 2009-10 to raise awareness of statutory workers' rights in Scotland in relation to the minimum wage, paid sick leave, holidays and maternity or paternity leave.
- The Scottish Government will press the Department of Business, Enterprise and Regulatory Reform and Her Majesty's Revenue and Customs to step up their efforts in Scotland to raise awareness, increase enforcement with employers and ensure that all workers in Scotland get what is rightfully theirs.

# Maximise the potential for people to work

- The Scottish Government will work with local authorities to identify and disseminate examples of projects which successfully remove barriers to employment, including the evaluation of the successful Working for Families project.
- We will continue to roll-out Workforce Plus and early in 2009 we will launch and facilitate an Employability Learning Network. This will enable employability partnerships within CPPs to learn from the experience and best practice of others in Scotland and elsewhere in supporting the most disadvantaged in the labour market into work.
- We will work with the Third Sector in 2009 to develop initiatives focused on fast-track entry into work, with transitional placements in the third sector and in-work support all with the aim of addressing the gap that so often exists between those who are out of work and employers.

- 5. Our approach
- We will work with NHS Boards, Jobcentre Plus and others to provide better support for those with mental and physical health needs who are currently receiving benefits but who might be able to join the workforce. Many of Scotland's citizens who currently receive Incapacity Benefit would like to work, and this targeted support will help them make that important step.
- We will work with the Third Sector to ensure that people are equipped with the financial skills that they need to help them manage their money during the transition into work.
- We will set out plans in 2009 for improved employability and skills services to Scotland's black and minority ethnic communities, working with community organisations.
- In line with our commitment in the *Government Economic Strategy* to improve the life chances of those at risk, we will extend our approach on inclusive employment for people with learning disabilities so that other disadvantaged groups are able to benefit from this too.
- NHSScotland is one of the largest employers in Scotland. Territorial Boards are required to offer
  pre-employment training and opportunities for employment for people on benefits, through Health
  Academies or similar schemes. Many Boards are signing up to Local Employment Partnerships with
  Jobcentre Plus, committing to providing opportunities for people identified as on benefits and wishing
  to return to work. Some local authorities are working in partnership with their local health boards to
  extend the scope of the schemes and efforts will be made to make the approach more widespread.
  The Scottish Government will work with COSLA in 2009 to promote to local authorities a common
  public sector recruitment approach to develop pools of appropriate individuals from which smaller
  public sector recruiters could also draw.
- We will use the evaluation of our 14 existing pilots to support those with multiple and complex needs to focus investment on a smaller number of approaches aimed at supporting those with multiple and complex needs such as disability or mental health issues overcome barriers to employment and will announce plans for this in 2009.

# Maximising income for all

• We will make significant new investment in 2009-10 and 2010-11 in income maximisation work. This will include a focus on benefits uptake for older people and other key groups, building on our existing pilots with Age Concern Scotland, and work to increase people's net disposable income – helping their money go further. We will build on what works and develop new approaches to boost the income of those in poverty or at risk of poverty. This will be linked to implementation of the income maximisation recommendations in the *Equally Well* report and from the National Fuel Poverty Forum.

# ii. Longer-term measures to tackle poverty and the drivers of low income

# What the evidence says

The evidence suggests that, while dealing with the root causes of low income, we must also adopt an approach which breaks the inter-generational cycle of poverty and which addresses the following, major longer-term drivers of poverty in our society:

# Inequalities in attainment of our children and young people

There is compelling evidence which shows that – despite the best efforts of Government, local authorities and others so far – many children and young people are still held back by social and economic barriers which hamper their development and make it much more likely that they will experience poverty in later life.



### Inequality resulting from discrimination and bias

Despite the legislation to provide protection from discrimination, many people still experience disadvantage and limited opportunities because of their gender, race, disability, sexual orientation, faith, age or social background. Whilst huge progress has been made in making society fairer, discrimination still exists and institutions, public bodies, private enterprises and voluntary organisations can sometimes conduct their business in a way that may, unwittingly, disadvantage particular groups of people. The barriers and limited opportunities that arise as a result can lead to poverty and disadvantage.

### **Health Inequalities**

The gap in life expectancy in Scotland has increased consistently over the past 10 years. Problems from drugs and alcohol abuse; from mental ill health and from other key health problems are far more pronounced amongst our poorer citizens. The distribution of poor health has an impact upon income inequality and can pass from generation to generation.

# A lack of good quality, accessible and affordable housing – particularly, within our more deprived areas

It is clear that housing supply must be increased in many parts of Scotland over the longer term if we are to meet the nation's future housing requirements, ensure greater fairness and stability in the housing market, and help regenerate our most disadvantaged communities. In particular a strong supply of affordable housing is essential to support the country's social housing needs and encourage labour mobility from disadvantaged areas to areas with greater demand for labour.

Responding to these longer-term drivers of poverty in our society, therefore, the Scottish Government, Local Government and their partners need to take an approach which:

- **Provides all children and young people with the best start in life** by putting parenting at the heart of policy, providing better access to spaces to play, and making every pre-school and school a family learning environment, so that all can realise their potential and avoid poverty in later life.
- Supports the broader effort to deal with the health inequalities in our society by implementing the recommendations of the *Equally Well* report, including the development of financial inclusion activity within mainstream public services and promoting the evidence of the health benefits of employment and by taking a holistic approach to social issues such as violence so current and future generations are able to live healthy working lives that are free from poverty.
- **Promotes equality and tackles discrimination** by challenging stereotypes, building on public sector equalities duties, and supporting individuals so that all can reach their potential.
- **Delivers good quality affordable housing for all** investing in house-building and protecting the housing stock so that everyone in Scotland has the opportunity to live in a decent house that they can afford in a place where they can access services and employment.
- **Regenerates disadvantaged communities** promoting the lasting transformation of places for the benefit of the people that live there by: targeting investment; creating the right environment for private and public investment and devolving power to the local level.

# What more we will do

The approach taken by local authorities in addressing the major, longer-term drivers of poverty through the Single Outcome Agreements will support real improvement across Scotland – but, clearly, more needs to be done. Working with its partners across the broader public sector, the Scottish Government will therefore take further, and more focused, action across the following areas:

# Providing children and young people with the best start in life

- We will introduce an early years framework to address many of the root causes of disadvantage through a focus on supporting parents and communities to provide the nurturing, stimulating environment for children. This will involve shifting the focus from crisis intervention to prevention and early intervention.
- By 2010-11, we will put in place arrangements for a weekly allowance to be paid to kinship carers of looked after children. This will be at an equivalent rate of the allowance paid to foster carers subject to agreeing with the DWP that this will not negatively impact on the benefit entitlements of these carers.



- Central to **Curriculum for Excellence** is the ongoing entitlement for all our young people to develop their skills for learning, skills for life and skills for work in whatever type of provision is best suited to their needs and aspirations. **16+ Learning Choices** is our new model for ensuring that every young person has an appropriate, relevant, attractive offer of learning made to them, well in advance of their school-leaving date. We expect this to be a universal offer across Scotland by 2010; a specific focus will be needed by local authorities and their partners on the most vulnerable young people.
- We will build on our abolition of the Graduate Endowment fee by progressing wider plans to ensure that access to higher education is based on the ability to succeed rather than the ability to pay.

# Supporting the broader effort to deal with the health inequalities in our society

- We will implement the key recommendations from *Equally Well*, the report of the Ministerial Taskforce on health inequalities and tackle the shared underlying causes of health inequalities and poverty. This will include the establishment of test sites for the task force's approach to redesigning and refocusing public services, using the best available evidence to inform good practice.
- Violence affects all of Scotland but it does not do so equally. We know that the death rate from assault in the most deprived communities is nearly four times that of even the Scottish average, and over ten times that in the least deprived communities. The Scottish Government will support the Violence Reduction Unit to deliver its 10 Year Violence Reduction Action Plan – launched on 17 December 2007 – in order to reduce significantly violence in Scotland.

# Promoting equality and tackling discrimination

We will continue to progress a range of activities to advance equality and to tackle discrimination including:

- Work with the public and third sector and the Equality and Human Rights Commission (EHRC) to embed and progress equality, building on the public equality duties.
- Activities to raise public awareness and challenge the stereotypes and attitudes which limit the opportunities for particular groups.
- The development, in concert with the EHRC and the UK Government, of a framework for measuring progress on equality.
- Working with disabled people, COSLA and the EHRC in shaping a programme to improve the opportunities for disabled people to live independently.
- Developing guidance for CPPs on the Equality Impact Assessing of Single Outcome Agreements.

We will set out the detail of these proposals with our partners in 2009.

# Delivering good quality affordable housing for all

To deliver good quality affordable housing for all, the Scottish Government will implement the approach set out in *Responding to the Changing Economic Climate: Further Action on Housing* by:

• Providing over £1.5 billion for affordable housing investment across Scotland during the period 2008-11 – with £100 million of that being brought forward to accelerate the building of affordable housing;

- Legislating to exempt new social housing from the Right to Buy, to protect the stock for future generations of tenants;
- Making £25 million available to Councils to encourage them to build new homes for rent; and
- Making £250 million available over the period 2008-11 to increase the funding for the Scottish Government's Low-cost Initiative for First Time Buyers (LIFT) programme to help first time buyers get a foot on the property ladder.
- Funding an awareness campaign in 2008-09 to encourage those with financial difficulties to seek advice from the national debt-line to avoid home repossession.
- Establish a home owner support fund of £25 million over 2 years to support mortgage to rent and mortgage to shared equity transfers.

# **Regenerating disadvantaged communities**

- We will continue to support the six Urban Regeneration Companies (URC) throughout Scotland to help transform our most deprived areas, and to lead improvements in employability, educational attainment, community safety and health in those areas.
- Scottish Enterprise will engage with URCs and others delivering projects of a national or regional scale, to make regenerated areas attractive to inward investment and other business opportunities. New businesses and indigenous business growth will create further employment opportunities in high unemployment areas.
- As indicated in our *Government Economic Strategy*, we will support social enterprise as part of our wider investment in the third sector to provide start-up assistance and to provide supported employment to those furthest from the labour market.
- CPPs are seeking to use the Fairer Scotland Fund to accelerate the achievement of real outcomes for the most disadvantaged areas and vulnerable people. We will support them in this process by developing a community regeneration and tackling poverty learning network in 2009 to share best practice across Scotland.
  - The 2014 Commonwealth Games will provide individuals, groups and organisations across Scotland with a range of opportunities and has the potential to act as a catalyst for economic, physical, and social regeneration in Scotland. The Games will create an estimated 1,200 new jobs in Scotland of which 1,000 will be in Glasgow. Glasgow City Council is placing appropriate community benefit clauses in tenders relating to the 2014 Games.
  - Preparations for the Games are closely linked to the work of the Clyde Gateway URC in the east end of Glasgow and neighbouring South Lanarkshire, into which we are investing £62 million. The Gateway has the potential to transform one of the most deprived communities in Scotland.

# iii. Supporting those experiencing poverty

# What the evidence says

Evidence suggests that, to help those experiencing poverty, the Scottish Government, Local Government and our partners must adopt an approach which:

- **Delivers a fairer system of local taxation** based on ability to pay, to bring much-needed relief to Scottish household budgets.
- Supports those who face hardship as a result of rising energy prices by implementing key recommendations from the National Fuel Poverty Forum and developing measures to make our citizens' money go further.
- Puts in place measures to provide greater financial inclusion to help people avoid falling into hardship, whether as a result of economic downturn, or health, family and personal problems as well as to address the stigma of poverty, particularly among our children and young people.

# What more we will do

The approach taken by local authorities in supporting those experiencing poverty through the Single Outcome Agreements will make a difference to many thousands who are currently experiencing poverty – but, clearly, more needs to be done. Working with its partners across the broader public sector, the Scottish Government will therefore take further, and more focused, action across the following areas:

# Replace the Council Tax with a fairer Local Income Tax

• The Scottish Government will legislate to replace the regressive, unfair Council Tax with a fairer system of local taxation, based on ability to pay. This change will help to lift an estimated 90,000 people out of poverty. This will provide a vital financial boost to low and middle-income households across the country as the biggest tax cut in a generation. Eight out of ten families living in Scotland will be better or no worse off, with, for example, the average married couple with children saving £182.00 per year, and the average single pensioner £369.20 per year.

# Supporting those who face hardship as a result of rising energy prices

- The Scottish Government re-established the Fuel Poverty Forum to advise us on how best to tackle fuel poverty in future. We will implement their recommendation of a redesigned Energy Assistance Package for the fuel poor. This will provide more help and advice on all aspects of fuel poverty checking those vulnerable to fuel poverty are on the best fuel tariff and maximising their income and improving the energy efficiency of their homes. Energy companies have agreed to work with the Government on providing a package of insulation measures, funded under Carbon Emissions Reduction Target, to fuel poor households, and the Government will fund enhanced energy efficiency improvements to those households hardest hit by higher fuel bills. We expect many rural homes that are hard to insulate and not on the gas grid will be able to benefit from energy efficiency measures under the new Energy Assistance Package.
- The Scottish Government will press energy companies and UK Ministers to take action to minimise the impact of high fuel prices, particularly on our most vulnerable people.
- The Scottish Government will continue to call for action on fuel prices at a UK level, seeking greater consistency and clarity around the social tariffs being offered by energy companies and pressing the UK Government to reconsider its decision not to put social tariffs on a mandatory legal footing, and for more progress on data sharing which would help energy companies target help at those most in need.

# Put in place measures to provide greater financial inclusion and address the stigma of poverty

- The Scottish Government will introduce legislation to extend entitlement to free school meals to all primary school and secondary school pupils whose parents or carers are in receipt of both maximum child tax credit and maximum working tax credit. This will increase entitlement to around an additional 44,000 pupils.
- The Government will introduce legislation to enable local authorities to provide free school meals to P1-P3 pupils by August 2010.
- We will increase availability and usage of money advice services and ensure they are appropriately targeted at and accessible to people from minority ethnic and faith communities, for example by being Sharia compliant for Muslims who seek it.
- For the first time, all young people will be taught how to manage their money and understand their finances as a result of *Curriculum for Excellence*. To ensure that teachers are adequately supported to deliver financial education the Scottish Government will provide additional support and funding to the Scottish Centre for Financial Education.
- There is strong evidence that problems with health, employment, housing or in the family put people at risk of falling into poverty, and can trigger further problems. Carefully targeted advice and representation can prevent this happening. We will work with advice providers and the Scottish Legal Aid Board to better integrate and so improve advice and support for people at risk of poverty.

- The Scottish Government and COSLA will carefully consider the recommendations of the short life working group on the School Clothing Grant.
- The findings of recent research carried out on behalf of the Scottish Government into the experience of poverty in rural areas and how that may differ from the experience in urban areas will be useful for service providers, including local authorities. We will publish that research and arrange an event at which we can share findings with relevant partners.

# iv. Making the Benefits and Tax Credits system work better for Scotland

In the *Government Economic Strategy*, the Scottish Government pledged that it will continue to make the case for Scotland to have fuller, and eventually full, responsibility for personal taxation and benefits, to allow the development of approaches that better fit with Scottish circumstances. Over the months and years ahead, therefore, the Government will make the case for a benefits and tax credits system which provides security of income, supports transition to employment and allows those who cannot work to live with dignity.

The Scottish Government and Scotland's local authorities believe that Scotland's benefits, tax credits and employment support systems must act to protect our people from poverty and help them fulfil their potential. Irrespective of the administrative arrangement governing tax and benefits, the following **key principles** must guide benefits and tax credits policy if poverty and income inequalities in Scotland are to be eradicated:

- Individuals must have a strong degree of confidence around the security of their income. This means that the benefits system must be fair, transparent and sympathetic to the challenges faced by people living in poverty.
- The benefits, tax credits and employment support systems must work in harmony to support those who are capable of pulling themselves out of poverty through work. The financial benefits of working for those who can work must be significant, sustained and clearly signposted.
- Successful transitions into employment should never be undermined by financial uncertainty. This means that the system of transitional support must be transparent, responsive, quick and effective.
- For some, work is not possible. It is essential that the benefits system does not relegate such people to a life of disadvantage, financial uncertainty and poverty. Benefits must provide a standard of living which supports dignity, freedom and social unity. This must include female pensioners disadvantaged under the current system for time spent caring for dependents.
- The administration of benefits and tax credits should be as swift, streamlined and customer focused as possible to avoid administrative complexity leading to confusion and uncertainty about entitlement and support, particularly where individuals are trying to make a successful transition back into work.



# What more we will do:

# To make the benefits and tax credits system work better for Scotland's people, we will:

- Seek to establish a high-level biennial meeting involving Scottish Ministers, COSLA leaders and Ministers from the Department for Work and Pensions, to examine ways of developing and co-ordinating policies that will work in the best interests of Scotland.
- The Scottish Government will work in 2009 to develop these principles in the context of the National Conversation, and will present a range of policy options for tackling poverty and income inequality in the event of additional fiscal autonomy or independence.
- Scottish Government and partners will encourage local DWP officials to engage in each of Scotland's Community Planning Partnerships, in line with current best practice.

# v. Supporting partners and engaging wider society

We can only deliver significant and lasting improvements to the lives of those experiencing poverty through collective action with all parts of Scottish society playing a role. The Scottish Government is committed to supporting our partners in local government and the public sector, but also wider civic society in Scotland, to reduce poverty and income inequality in Scotland.

# **Support for Community Planning Partnerships**

Community Planning is a process which helps public agencies to work together with the community to plan and deliver better services which make a real difference to people's lives. Community Planning Partnerships (CPPs) have been formed across the country to deliver these benefits. Those partnerships were clear in their response to our consultation that the Scottish Government needs to provide them with more guidance on how to tackle poverty and income inequality in their local areas through a Framework such as this one.

The Scottish Government will respond to CPP requests that we provide more information and support to their local level planning efforts, by:

- Developing an online Tackling Poverty Toolkit in 2009 which will set out the national context within which CPPs' work will take place; a series of policy papers setting out the evidence of what works; links to the available data and guidance on interpretation; and a library of best practice examples of successful interventions.
- Establishing learning networks in 2009 to support CPPs to access expertise on community regeneration and tackling poverty.
- Work with the EHRC and COSLA to provide guidance to CPPs on equalities issues, including legal obligations and Equality Impact Assessments.
- Recent guidance for CPPs on preparing SOAs provides advice to CPPs on how this Framework and its sister documents can support their SOAs, and stresses the importance of tracking inequalities on a cross-cutting theme for all SOAs.

# Learning from our neighbours

Respondents to our consultation were impressed by those countries which have managed to combine economic growth with lower levels of poverty and income inequality, for example Finland and Norway. The Scottish Government will develop stronger links with all levels of government and public services in these countries and use the resultant learning. The Scottish Government and COSLA will also do more to engage with and learn from the European Anti-Poverty Network.

# Supporting the Third Sector

The Third Sector can play an important role in connecting with individuals and communities. Social enterprise can create opportunities for employment and income in areas where the private sector might not choose to operate. The third sector is a key partner, bringing experience of practical issues and multiple and complex need to the design of public services, particularly through their contribution to Community Planning.

We will provide training and funding to support the Third Sector in their contribution to tackling poverty and income inequality. To support the creation of the right environment for growth the Scottish Government has announced that it will:

- Provide training for public sector purchasers to help open all markets to the third sector;
- Invest £30 million in the Scottish Investment Fund. This will support enterprise in the Third Sector through strategic investment in individual organisations in combination with integral business support and management development.
- Invest in a £12 million Third Sector Enterprise Fund aimed at building capacity, capability and financial sustainability in the Third Sector.
- Provide funding, through Firstport, for social entrepreneurs to establish new social enterprises.
- The Scottish Government will continue to support the social economy to increase access to affordable credit and other services offered by Third Sector financial services.
- The Scottish Government and COSLA will work to ensure the structured engagement of the community and voluntary sector with local authorities and the Scottish Government. This will complement existing work to improve the engagement of Third Sector organisations with CPPs.

It is critical that the Third Sector contribution to Community Planning is strengthened – that its voice is heard as SOAs are developed.

# **Community empowerment**

We are working with the Third Sector to identify ways we can provide greater support to communities, allowing them to make change happen on their own terms. By harnessing their energy and creativity to identify solutions to local challenges and by giving them responsibility for delivering that change, we can make a lasting impact on poverty and income inequality.

• The Scottish Government and COSLA, will publish a community empowerment action plan by April 2009, building on the learning from the use of the National Standards for Community Engagement.

# **The Private Sector**

The Private Sector must play a key role if we are to successfully reduce income inequalities and tackle poverty in Scotland. Regeneration and economic development are dependent on the contribution of this sector.

Private Sector involvement in CPPs must be strengthened. This will allow perspectives and experiences from this sector of the community to be more widely heard than they have in the past.

- The Scottish Government will seek to further engage the Private Sector in delivering Solidarity at the national level through the work of the National Economic Forum in 2009.
- COSLA will work in 2009 with national representative business organisations to investigate how businesses can be better engaged in the CPP process in all parts of Scotland.

# **Monitoring progress**

The success of the Framework should be judged by the extent to which it influences investment decisions and action in all parts of the public sector in Scotland, and engages with and supports action by other parts of Scottish society.

Information on becoming involved in local CPPs for individuals, businesses and the Third Sector can be found at http://www.scotland.gov.uk/library5/localgov/cpsg-00.asp and at Scotland's Community Planning website: http://www.improvementservice.org.uk/community-planning

Citizens in Scotland will be able to track progress on poverty and inequality at a national level through the Scotland Performs website: http://www.scotland.gov.uk/About/scotPerforms/performance

The Scottish Government will consider with COSLA how The Poverty Alliance's National Forum can be best used to inform the national debate on progress with poverty and inequality.

# National Outcomes and Indicators

Progress against the National Outcomes we have agreed with our partners, for example:

### "We have tackled the significant inequalities in Scottish society."

Can be tracked through our basket of National Indicators, and local indicators adopted by CPPs. Those National Indicators include the following which are relevant to efforts to tackle poverty and income inequality in Scotland:

- Improve people's perceptions of the quality of public services delivered;
- Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training);
- Increase the proportion of schools receiving positive inspection reports;
- Reduce the number of working age people with severe literacy and numeracy problems;
- Decrease the proportion of individuals living in poverty;
- 60% of school children in primary 1 will have no signs of dental disease by 2010;
- Increase the proportion of pre-school centres receiving positive inspection reports;
- Increase the social economy turnover;
- Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing scale by 2011;
- Increase Healthy Life Expectancy at birth in the most deprived areas;
- Reduce alcohol related hospital admissions by 2011;
- Reduce mortality from coronary heart disease among the under 75s in deprived areas;
- All unintentionally homeless households will be entitled to settled accommodation by 2012;
- Reduce overall reconviction rates by two percentage points by 2011;
- Increase the rate of new housebuilding.

Local partners have also developed a range of relevant local indicators as part of the first Single Outcome Agreement process. These include:

- Reduce work-related benefit claimants per 1,000 of the population;
- Reduce under-16-year-old pregnancies per 1,000;
- Increase percentage of adults rating neighbourhood as 'very good' or 'fairly good';
- Increase percentage of social housing above quality standard;
- Reduce percentage of children in benefit dependent households;
- Increase number of affordable homes.

These indicators and others give us a strong platform from which to observe progress and drive change. Reducing poverty and inequality will support a narrowing of the gap in outcomes between the poorest and most affluent members of society across a range of areas – including health, education – but it must also be driven by a narrowing of that gap. We will therefore continue to work with our partners, including the Improvement Service, to develop indicators which drive improvements fastest for our most deprived citizens.

Information on each Local Authority's Single Outcome Agreement can be found at: http://www.improvementservice.org.uk/component/option,com\_docman/Itemid,43/task,cat\_view/gid,561/

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