

FINANCE COMMITTEE

DRAFT BUDGET 2014-15

SUBMISSION FROM OXFAM SCOTLAND

1. Oxfam works to overcome poverty all over the world, and believes that in a rich country such as the UK the existence of poverty is completely unacceptable. Our UK poverty programme has been operating since 1996, with specific country programmes in Scotland, England and Wales.

2. Oxfam welcomes the opportunity to respond to the Finance Committee call for evidence into the draft budget 2014-15. In particular we welcome the link to the Scottish Government's National Performance Framework. Oxfam have been involved in a series of Round Table meetings chaired by the Cabinet Secretary for Finance, Mr. Swinney. These have been informal gatherings of interested and relevant individuals and organisations to share views and ideas on Scotland Performs. Oxfam, the Carnegie Trust, nef, Scottish Environment LINK and members from all parties across the Chamber have been involved. The group is exploring ways in which the presentation and coverage of Scotland Performs can be improved along with considering how best to engage with both the public and the Parliament. There have been two meetings to date and the next is due to take place in October.

3. We hope that through the work of the Finance committee, the scrutiny process of both the Budget and the National Performance Framework can be strengthened and improved.

4. Key points:

- The National Performance Framework is a useful starting point in setting out the objectives of Government and tracking progress towards this. Yet unless key aspects of it are amended, particularly the overarching focus on sustainable economic growth, then we risk chasing the wrong goals.
- The overall purpose of Government should be amended to focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, *through reducing socio-economic inequality and poverty* rather than through increasing sustainable economic growth.
- Better indicators are needed for *work quality*. Scotland needs to follow a different model of economic development premised on good jobs, as opposed to low paid, insecure jobs.
- The Oxfam Humankind Index, developed in consultation with almost 3000 Scots, shows us what people in Scotland value as important to live well in their communities. The latest assessment, gives an insight into Scotland's progress against these factors of prosperity.
- The Budget should be amended to reflect the priorities of the Humankind Index. Within this, how the money is spent – ensuring that Government funding delivers social and environmental benefits as well as financial benefits - may be as important as which Budget line it is spent on.

The National Performance Framework and the purpose of Government

5. Oxfam welcomes the National Performance Framework as a useful starting point in setting out the objectives of Government and tracking progress towards this. Yet unless key aspects of it are amended, particularly the overarching focus on sustainable economic growth, then we risk chasing the wrong goals. At the highest level, we believe the overall purpose of Government should be amended to focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, *through reducing socio-economic inequality and poverty* rather than through increasing sustainable economic growth. In Oxfam's view, decades of economic growth have failed to change the lives of too many Scots who still face premature mortality, economic inactivity, mental and physical ill-health, and poor educational attainment. In the communities where Oxfam works the economic and social policies pursued in recent years have largely been ineffective in reducing deprivation, while unquestioningly prioritising economic growth has produced social and environmental damage - perhaps most evident in our large and growing health inequalities.ⁱ We need a much more nuanced debate about the type of economic growth and the type of business that will assist people to live better lives. The growth of a business in Scotland that pays poverty wages, on zero-hour contracts, while polluting the local environment is not equal to the growth of a business that builds high-skilled, well-paid employees undertaking meaningful work.

6. Given the increasing evidence that inequality is a major determinant of social progress¹, a focus on reducing poverty and inequality would be a more appropriate focus for Government than that of economic growth.

Assessing progress towards a flourishing Scotland

7. The Oxfam Humankind Index, created through a participatory consultation involving 3000 people, sets out 18 factors of prosperity which the people of Scotland deem important to live well in their communities. The latest assessment of the Oxfam Humankind Index was published in June 2012. The assessment sets out progress between 2009/10 and 2010/11 (the last year for which data is available) across each of the 18 factors. Overall, while the Index is estimated to have increased by 1.2% because this is within the margin of statistical error, and because of varying progress across different factors (self-reported health satisfaction is responsible for a large part of the increase, while satisfaction with housing is down), our analysis suggests a society where progress is largely flatlining. Importantly the poorest communities continue to lag behind the rest of Scotland, although the gap has narrowed slightly from 11- 10%.ⁱⁱ

8. While we acknowledge the Index is not perfect, we do believe it reflects what people value. We hope the learning from the Oxfam Humankind Index can help inform considerations as to how the National Performance Framework is used and presented.

The need for better indicators around good quality work and social capital

9. The National Performance Framework does not currently deal with the *quality of work* in the labour market. As Oxfam knows from our work on the Humankind

¹ See for example the Christie Commission as well Pickett and Wilkinson 'The Spirit Level'

Index, people value satisfying work (whether paid or unpaid) as well as secure and suitable work.ⁱⁱⁱ As we have seen with the rise of zero-hour, low paid, part-time and temporary contracts in recent times, this is an increasingly important area. While recent Scottish Government announcements around zero-hour contracts are encouraging,^{iv} the participation targets do not deal with the quality of labour market participation. In a similar fashion the national indicators to 'increase the number of businesses' does not take into account the type and quality of those businesses.

10. As well as the need for better indicators around the quality of work, we also need better indicators (and strategic objectives) for how we assess the quality of our relationships with family and friends. This is the fourth most important factor within the Oxfam Humankind Index but is not represented in the National Performance Framework.

The National Performance Framework and resource allocation in the 2014-15 Budget

11. Because the Oxfam Humankind Index sets out 18 weighted priorities, it offers a tool to Government and Parliament to ensure the Scottish Government Budget allocates resources to those areas that really matter to people. Because the National Performance Framework covers such a large number of indicators, there is a risk that what is perceived to be at the top of the tree – sustainable economic growth – is emphasised at the cost of all else. In previous years the Budget has been announced with a 'relentless focus on economic growth'. Similarly, recent Scottish Government legislation such as the Regulatory Reform Bill and planning policies have emphasised economic growth. In our view this is misguided. With the focus solely on economic growth, it is not clear how the other important parts of the National Performance Framework are reflected in spending priorities.

The Oxfam Humankind Index and priorities for the 2014-15 Budget

12. Given decent, safe, secure and affordable housing tops the list of Oxfam Humankind Index priorities, investment in affordable housing is crucial. While funding increased in the last Budget, funding was significantly down in previous years, so we hope that investment in this area is prioritised.

13. Often however, the way in which money is spent is as important as the total amount in any given Budget line. Because the Oxfam Humankind Index emphasises the importance of living in a clean and healthy local environment where people can enjoy going outside, we need to think about the services that go alongside new affordable housing. A recent SURF recent study shows that cuts to basic physical maintenance of streets and local areas can have a disproportionately negative impact.^v Similarly, because the Oxfam Humankind Index emphasises the importance of relationships and feeling part of a community we need to look at the models of housing being built and the wider regeneration that goes along with it. Consideration should be given to more communal approaches such as co-housing and the sharing of white goods, similar to that in Denmark.

14. We also believe that Government spending intended to boost the economy, should ensure it delivers on a range of social and environmental considerations. Given alternative business models such as cooperatives deliver a wide range of social and environmental benefits beyond the bottom line, these should be

prioritised. Government support should be contingent on payment of taxes, employing staff on a living wage, and not using zero-hour contracts. Unfortunately this is not the model that we see at the moment. Our recent publication 'Our Economy' deals with these considerations in-depth.^{vi}

15. We also believe that we need to see more participative approaches to public policy, including participatory budgeting. An evaluation of a pilot project Oxfam was involved in - distributing £200,000 to a range of community groups and causes in Govanhill - showed extremely positive outcomes.^{vii} We believe consideration should be given to top slicing local budgets for participatory budgeting schemes.

16. Finally, with substantial cuts to the welfare Budget from Westminster, we believe the Scottish Government should do all it can to mitigate these cuts. The worth of Scottish welfare fund should be maintained in real terms – uprating the fund to account for inflation. The council tax reduction scheme should be maintained and the Government should invest in passported benefits. Given the social return on investment offered from welfare rights centres, a financial security change fund could also ensure individuals and local communities are benefiting from all available benefits.^{viii}

17. The money for this investment could come from large infrastructure projects that are not designed with local communities at the heart of them. This may include new road schemes, such as the second Forth Road Bridge, as well as large-scale regeneration projects such as the Buchanan quarter in Glasgow.

The National Performance Framework going forward

18. From our work on the Oxfam Humankind Index and the National Performance Framework it is clear to us that there is substantial cross-party support for the existence of the National Performance Framework. Having said this, there is clearly a need for wider consultation to create a Framework that reflects what the people of Scotland value. We hope that such a process would learn from the participative and deliberative nature of the Oxfam Humankind Index consultation.

19. While the framework is important it must inform policy development and spending decisions. Oxfam have developed a Humankind Index policy screening tool that we will be launching in the Autumn. The tool will allow policy makers and members of the public to subjectively assess any given policy against its impact on the Oxfam Humankind index. We would be happy to share this with the Committee once launched and hope the learning from this tool can be used for the National Performance Framework.

ⁱ Up until 1981 the gradient of poor health in Glasgow mirrored that of similarly-sized UK and European regions. Since then health inequalities have deepened - premature male mortality which is 30% higher than in these comparable cities; suicide is 70% higher; there are 32% more violent deaths and 225% more alcohol-related deaths. These excesses emerged at a time when the Scottish economy grew by almost 2% each year.

ⁱⁱ Oxfam Humankind Index, second results (2013): <http://policy-practice.oxfam.org.uk/publications/oxfam-humankind-index-the-new-measure-of-scotlands-prosperity-second-results-293743>

ⁱⁱⁱ For a full list of the factors of prosperity that make up the Oxfam Humankind Index, see: Humankindindex.org

^{iv} 'Ministers consider zero-hour contracts clampdown', Herald: <http://www.heraldscotland.com/news/home-news/ministers-consider-zero-hours-contracts-clampdown.21800300>

^v SURF study (2013): <http://www.scotregen.co.uk/projects/reality-resources-resilience/> and Carnegie (2012): <http://www.carnegieuktrust.org.uk/publications/2012/pride-in-place--tackling-environmental-incivilitie>

^{vi} Oxfam Scotland Our Economy report (2013): <http://policy-practice.oxfam.org.uk/publications/our-economy-towards-a-new-prosperity-294239>

^{vii} Participatory Budgeting – learning from Govanhill Equally Well test site (2012): http://www.gcph.co.uk/publications/321_participatory_budgeting-learning_from_govanhill_equally_well_test_site

^{viii} Jim McCormick report for SCVO (2013): www.scvo.org.uk/wp-content/.../01/welfare-reform-report-part-11.pdf