

Finance Committee

Draft Budget 2012-13

Submission from Oxfam Scotland

Introduction

Oxfam's core belief is that poverty in a wealthy world is unjustifiable and unnecessary. Oxfam's UK Poverty Programme focuses on poverty here in the UK, where more than 13 million people live in poverty. Our work has five core aims: ensuring everyone has a decent living; rights of vulnerable workers; tackling women's poverty; influencing public attitudes to poverty; and building strong and diverse communities. By working with community groups and conducting research and policy analysis, we hope to create pressure for change so action is taken to eradicate poverty.

In Scotland, as in all other countries where Oxfam operates, we work with partners – organisations in communities supporting people experiencing poverty. These partners are community organisations whose expertise and innovation informs our analysis of poverty in Scotland and our view of solutions and ways forward. This response is accordingly informed by the experiences of our partner agencies.

General Comments

A state that gives priority to prevention will have a different framework for decision-making – one that recognises the value of investing in upstream measures, where benefits accrue across sectors and over the longer term...It will invest to prevent the waste of human potential by fighting inequality and entrenched patterns of unemployment. It will act to...[keep] resources circulating locally.¹

Oxfam is grateful for the opportunity to contribute to the Finance Committee's scrutiny of the forthcoming spending review and draft budget. We support the Scottish Government's statement that 'preventative intervention lies at the heart of the government's policy interventions'. Preventative intervention and, by implication, preventative spending, has attracted a great deal of support in recent years. The Finance Committee's report on preventative spending stated that 'participants have unanimously supported the concept of preventative spending, particularly in relation to the Early Years'.²

Oxfam too often sees the socio-economic distress (unemployment, marginalisation, premature mortality) that early prevention could have avoided. As much as 40% of government spending is said to be directed at 'failure demand'.³ For example, Oxfam

¹ Spratt *et al.* (2010): 51

² Scottish Parliament Finance Committee (2011)

³ Christie Commission (2011)

works with several organisations in communities which have been the subject of a series of regeneration policies over many decades. Few of these policies have delivered substantial improvement in the life chances of individuals and communities.⁴ Jobs created by new business parks and shops do not necessarily benefit local people and the type of economic activity being pursued often elevates goals that are not those of communities – image and status, for example, as opposed to caring and mutual support.⁵

Pursuit of policies that prioritise a narrow economic goal, such as welfare reforms that sanction too brutally or push people into poor quality work and lead to downstream costs on other agencies (such as debt advice, health services and the criminal justice system). This ‘failure demand spending’ is reactive and is merely dealing with the symptoms, not the causes, of growing inequalities in our society.

Oxfam urges the Finance Committee to recognise that prioritisation of Early Years, while worthy and important, risks masking the wider socio-economic structures that perpetuate poverty and inequality, and undermine any positive Early Years work, no matter how brilliantly conceived and implemented. The Finance Committee and the Scottish Government needs to utilise the preventative spending agenda to leverage wider structural change that will create a context conducive to the best Early Years experience for Scottish children as possible.

We hope the Committee finds our response useful. We would be happy to provide further input in person if required. Contact details can be found at the end of this document.

The previous Scottish Government said that: ‘Preventative action is integral to the approach to government in Scotland and delivering the outcomes set out in the National Performance Framework’. What spending commitments and priorities would you like to see in the 2012-13 draft budget and spending review in order to ensure that progress is being made on preventative spending and, in particular, Early Years intervention?

Firstly, preventative spending especially in the Early Years cannot be seen in isolation. It is important to recognise that children are not poor in a vacuum, that positive or problematic Early Years development does not take place in isolation from other factors and processes in the economy and society. In particular, structural issues in the economy and labour market (such as employment that does not lift people out of poverty) and a welfare system that makes the transition between benefits and work difficult, as well as neighbourhood processes, are part of a suite of factors contributing to family poverty and adverse Early Years experiences.

Preventative spending especially in the Early Years thus has to be seen in the context of the wider society. Children live in families, in communities. They are affected by the

⁴ Collins (2008)

⁵ Trebeck (2011)

economic and social pressures that affect both. The Scottish Government has initiated a number of initiatives to improve the life chances and Early Years experiences of children. However, the success of all these initiatives will be diluted unless we address the issue of *family* poverty in Scotland. Taking children out of poverty can only happen when we take families out of poverty.

Our partner organisations support many mothers who are making considerable sacrifices to give their children the best start in life – they need to be supported, their lives made easier and their choices made less stark. For example, half of all the children in low-income households live in families where at least one of the adults is in paid work: having a working parent does not necessarily lift children out of poverty. Instead, low pay often compels women to spend more time away from their families in an effort to earn enough to make ends meet. As the Scottish Government recognised in its discussion paper *Tackling Child Poverty* (Nov 2010):

Too many families in work also remain in poverty - more than half of children in poverty live in a household with at least one adult in employment. This can be due to factors such as low wages, under-employment and insecure and transient employment, as well as the costs and practicalities of childcare.

All the good Early Years programmes in Scotland will not change these factors. The Finance Committee needs to utilise the attention on Early Years to garner support to reduce the inequalities and economic structures which perpetuate poverty and disadvantage.

Secondly, we are concerned that it is families most dependent on local services that will bear the brunt of reductions in local authority provision. Our partner organisations have already reported an increase in demand for their services and support. Yet simultaneously they face a dramatically more straightened funding environment than previously. The Finance Committee, and the Scottish Government, needs to ensure that organisations which are most skilled at supporting the most vulnerable individuals and communities are protected so that the current economic crisis does not leave us with a Scotland characterised by wider inequality, greater community breakdown and heightened family despair. Positive Early Years will stand no chance if the communities which support families are themselves fracturing in the face of economic change and retreat of government.

Thirdly, adequate, flexible and affordable childcare provision is still a barrier to employment for parents who want to work. Estimates of average fees in the UK range from 45-75% of the costs of childcare (2-4 times more than in Finland and 4-8 times more than in Sweden). One consequence of this is reported by our partners: grandmothers increasingly spending more of their time caring for their grandchildren as mothers cannot afford the cost of formal childcare. In difficult financial times putting the resources into giving all children a good start in life through support for their parents, particularly through childcare provision, needs to be seen as a national priority.

Finally, there has to be a shift by policy makers and delivery agents away from a deficit approach to an assets-based approach that recognises the strength of communities. Community assets and the value of individuals need to be utilised and enhanced to promote social and environmental sustainability. Enlightened policy making recognises community assets and encourages them, rather than subjecting them to brutal economic competition. This requires support for community ownership; substantive community involvement; and facilitation of economic organisations which bring people together, rather than dividing them on the basis of competition or comparison. This means ensuring participation in economic activity is widespread – sharing ownership and sharing rewards. As discussed below in our answer to Question 7, participatory budgeting (founded on rich dialogue, transparency and involvement) should be used to bring local communities closer to public budget decision-making processes, to ensure local spending reflects local priorities and is directed to delivering local solutions.

The Scottish Government has emphasised an outcomes based approach through both the National Performance Framework and Single Outcome Agreements. What, if any, additional national and local indicators would you like to see as a means of supporting the shift towards a greater focus on preventative spending?

Oxfam, WWF and Friends of the Earth Scotland will be submitting our joint briefing on the NPF to the Finance Committee separately. We reiterate some of our key concerns and suggestions here.

The National Performance Framework offers an exciting opportunity for Scotland to bolster its leadership in innovation in socio-economic policy and progressive legislation. Through the NPF Scotland can develop the most coherent and forward-thinking framework for orientating and evaluating public policy in accordance with social, environmental and economic prosperity.

Rather than simply additional indicators, Oxfam calls for a re-think of the goals set out in the National Performance Framework to re-position the economy as the servant of the people so Scotland can pursue a new prosperity, a shared and sustainable future, where we are better at sharing, where there are fewer extremes of money and wealth, esteem and status, power and position.

We urge the Scottish Government to recognise that economic growth is (one of many) *means* and not an *end* in itself. The Scottish Government should recalibrate the priorities of the NPF accordingly and rewrite the single overarching Purpose to read:

Our Purpose: To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish.

Removing the words ‘through increasing economic sustainable growth’ does not undermine the need for a healthy, inclusive economy. Instead it allows recognition that a successful country, in which all can flourish, is dependent on a *range of factors* and

that when policy makers pursue economic growth as an end in itself, and rely on the benefits of growth somehow ‘trickling down’ to all, they risk neglecting other components of prosperity and flourishing. The wrong sort of growth can even undermine and threaten Scotland’s flourishing. Economic indicators should therefore be positioned as tools in attaining greater prosperity, not seen as sufficient indicators of success in and of themselves.

Moreover, the Purpose Targets (indicators and targets) are currently dominated by narrow economic considerations. There are seven Indicators – six of which reflect monetised goals and do not capture a richer measure of prosperity that encompasses quality of life, relationships, security and the natural world. For example, growth is measured by GDP; participation is measured by participation in the labour market, with no measure of job quality; population is measured by growth and increased life expectancy, without regard to reducing health inequalities; solidarity is measured by income in the lowest three income deciles, with no regard to the top deciles; cohesion is measured by labour market participation; and sustainability is measured by emissions. These Purpose Targets should instead reflect what Scottish people say is important to them. The National Performance Framework needs to resonate with Scottish people and also reflect their priorities, concerns and ambitions. Developed through widespread public consultation the Humankind Index is a useful distillation of these views (see www.oxfam.org.uk/humankindindex).

The Scottish Government’s response to the Committee’s [Report on preventative spending](#) stated that: ‘The Spending Review that will follow the Scottish elections in May will provide another opportunity for the Scottish Government to support delivery agencies in their efforts to increase the proportion of their budget dedicated to preventative activity.’ What support should the Scottish Government provide in its spending review to support delivery agencies in increasing preventative activity?

See our answer to Question 7 below.

What long term planning is carried out to fully deliver on preventative spending strategies and how do you plan for this within short term budget periods?

What baseline evidence is used to measure preventative outcomes?

In oral evidence to the Committee, COSLA stated that ‘we want budgets to be thought of as benign more part of the public purse than as belonging to the council or NHS’. To what extent are you able to pool your budget, or even reallocate budgets to other agencies, and make joint spending decisions through initiatives such as the Integrated Resources Framework?

The Committee will be writing separately to individual Community Planning Partnerships but would welcome views from other interested organisations on what elements should be in the spending review and the 2012-13 draft budget to support more effective collaborative working in moving towards a more

preventative approach to public spending? How can good examples of collaboration be encouraged and shared nationally across key agencies and what is the role for the Scottish Government here?

The Christie commission's report on *The Future Delivery of Public Services* recognised 'that effective services must be designed and for people and communities – not delivered top down for administrative convenience' and would involve 'working closely with individuals and communities to understand their needs, maximise talents and resources, support self reliance, and build resilience.'⁶

In our view, this demands a substantial cultural shift in the way that agencies have historically operated in Scotland where decisions have been taken about people and services designed for them with no account taken of what the communities want for themselves. Agencies have operated in silos and this has in the past led to duplication of services and in times of budget cuts a 'bunker mentality' that does not put the individuals or community's needs at the core of the service. Our partners often report that official narrow mindedness prevents creative, innovative and community-led initiatives from being supported, nor community agendas being followed. For example, in Govan the numerous statutory agencies did not ensure that local women felt sufficiently consulted, included or respected. In Govanhill, it has recently been reported that 'many operatives in Govanhill did not know other officers from other agencies working on aspects of often the same issue. Furthermore it is clear that many partners were unaware what the other did to any great extent.'⁷

In contrast, in a (rare) instance of official agencies joining together to give communities control of a (very small) budget, the community patiently, systematically and effectively deployed their resources. The Interim Evaluation of the Govanhill Equally Well Test Site highlights that 'the establishment of the Hub [a body for agency collaboration] has massively improved partnership working in the area for those organisations who contribute regularly to it...Partners work collectively and individually as appropriate and most services are tailored to increase effectiveness within Govanhill.'⁸

The most effective collaboration will be achieved when it extends beyond government departments to communities and individuals. This means letting communities develop agendas and participate in decisions that affect them. The Christie Report recommended that any future Community Empowerment and Renewal legislation should promote:

1. Significantly improved community participation in the design and delivery of public services; and

⁶ Christie Commission (2011)

⁷ Harkins *et al.* (2011)

⁸ Harkins *et al.* (2011)

2. Action to build community capacity, recognising the particular needs of communities facing multiple social and economic challenges

We agree with this call, but, as reflected in our previous answers, it will take more than a Bill and an Act to deliver change in practice. There needs to be an active expectation on agencies to deliver prosperity, equality and holistic policy making. We call for prevention through reducing inequalities and promoting equality to be the main priority for all agencies. Oxfam notes that all services have to have a shared sense of purpose as to their role (see our answer to Question 2). Perhaps a common code of practice for public sector workers would produce a greater degree of understanding between agencies. Oxfam suggests that the Scottish Government's laudable renewable energy targets should be paralleled by socio-economic equality targets to join-up social and environmental sustainability agendas. A Fairness Test should be used by the Scottish Government (scrutinised by a dedicated Poverty Commissioner) to ensure decisions are 'poverty proofed' and do not unfairly impact on the poorest in society.

The public sector could perhaps look to work undertaken by the voluntary sector in terms of public engagement. Oxfam Scotland itself has been engaged in a nationwide consultation process with communities across Scotland to discover what aspects of life make a real difference to them. The Humankind Index is a project to construct an index to assess Scotland's prosperity, not just in terms of the economy, but in terms of resilience, assets and sustainability. By measuring social, natural, human, physical and financial assets, a more nuanced view of prosperity can be articulated and the substantive factors that underpin prosperity can be more accurately measured, benchmarked and pursued.

In particular, there is a great deal of scope to involve communities in participatory budgeting ensuring that money is allocated to things that communities value and will use. It means directing state revenue to areas and projects that people themselves determine – real agenda setting, not just consultation on the details of a *fait accomplie*. Participatory budgeting at the local level is a mechanism which brings local communities closer to public budget decision-making processes. It enhances participation in local democracy and can improve community cohesion and delivery of cost-effective local services.

This needs to be underpinned by cultural change amongst staff to encourage equality and prosperity orientated delivery so decisions and policies are automatically pro-poor (not grudgingly so due to compulsion), reflect the connections between various aspects of poverty and go beyond isolated mitigation. Agencies also need to be flexible enough to take account of local circumstances and needs. They can only do this by engaging in a dialogue with users to find out their priorities and involve them in designing services that work. Agencies need to be aware of what each can bring to the table and to be willing to break down barriers that get in the way of effective working. It is striking that in Sweden and Denmark many of the services that people with families may need to use are accessed at a single point – through, for example, Children's Centres, health services, pre-school or advice on jobs and training.

How can good examples of collaboration be encouraged and shared nationally across key agencies and what is the role for the Scottish Government here?

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