

# **POVERTY AND INEQUALITY COMMISSION'S RESPONSE TO THE SCOTTISH BUDGET 2019-20**

**May 2019**



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# POVERTY AND INEQUALITY COMMISSION'S RESPONSE TO THE SCOTTISH BUDGET

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## Executive Summary

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The 2019-20 Scottish Budget is an important one. It was set in the context of continuing UK austerity and against a backdrop of an uncertain Brexit. It is also a timely Budget in terms of the Scottish Government's commitment to tackling poverty. It is the first Budget since the Tackling Child Poverty Delivery Plan was published and since poverty became a National Outcome. It is also the third Budget which can utilise powers provided through The Scotland Act (2016) around tax and social security – both of which are significant levers in the fight against poverty. Therefore, it is an opportunity to see how the Scottish Government's priority to tackle poverty and inequality is reflected in how it plans to manage its money.

The Poverty and Inequality Commission analysed various aspects of the Budget:

- What is being spent in the Budget to tackle poverty and inequality, and the extent to which this reflects the Scottish Government's commitments.
- How effectively tax policy is being used to raise revenue to fund public services, particularly those aimed at tackling poverty and inequality.
- How evidence is used in the Budget to make decisions around tackling poverty and inequality.

The Commission also sought the views of those with lived experience of poverty. This is brought together with the above analysis to assess the extent to which this is a Budget which is serious about tackling poverty and inequality.

The Commission's scrutiny of the Budget was hindered by the lack of transparency within the Budget around how much is being spent on different policies. Therefore, it was impossible to accurately calculate how much the Budget is spending on addressing poverty and inequality and whether this has increased from previous years in line with the new commitments. There also needs to be more done to measure the impact of spending.

The recently published statistics show that poverty and inequality continue to rise and are predicted to continue to do so. If the Scottish Government is to have any chance of tackling poverty effectively and meeting its statutory targets on child poverty, it will need to take sustained action and invest considerably more than current levels. Future levels of funding **must** meet the scale of the challenge.

The Commission believes that investment in social security, work and earnings, and reducing housing costs will have the most impact on tackling poverty. During the budget event organised by the Commission, participants with lived experience of poverty expressed some important points which the Government could consider when making decisions in these areas. These included:

- Additional social security payments will only make a difference if the amount provided is meaningful.
- Employment support programmes will only work if jobs exist and if it is decent, fair work.
- Childcare is one of the most important routes to support parents into work and out of poverty. As such, it may be beneficial to start thinking beyond investment in early years childcare and how this can be extended to other age groups.

The Commission undertook further analysis to confirm that the commitments laid out in the Tackling Child Poverty Delivery Plan and Programme for Government were reflected in the Budget. Encouragingly, this found a high degree of crossover between all three documents.

The Scottish Government has ensured that Scottish tax policy is more progressive than the equivalent parts of the UK, which is welcome. However, as well as considering progressivity of the tax system, consideration also has to be given to the question of how much revenue is raised.

The Commission has a number of suggestions for the Scottish Government in how it can better use the Budget in the fight against poverty:

1. There needs to be more funding directly targeted at tackling poverty and inequality. Protected budgets around health, education and policing means that other areas are squeezed. However, if tackling poverty is a priority of the Government then this needs to be matched in the spending plans.
2. Money remains tight and the Government has difficult decisions to make around funding priorities. The Government should consider the opportunities it has to raise revenue through taxes. Consideration should also be given to the balance of revenue raising across different sources.
3. In terms of where to direct the money, the Commission considers the areas of social security, work and earnings, and reducing housing costs as having the biggest impact on poverty.
4. There needs to be more done to measure the impact of spending. In particular, there is a need to assess the anticipated impact of the budget on the child poverty targets. The poverty related chapters in the Equality Budget Statement provide an opportunity to include such information.
5. The Government should consider how it can make better use of evidence in the Budget process. In particular, further attention should be given to how people with lived experience of poverty can be involved.
6. There needs to be greater transparency to allow more detailed scrutiny of the Budget. At the very least, it is vital to be able to follow spend through the years and to be able to assess how much money is being spent on tackling poverty and inequality.

## INTRODUCTION

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The Scottish Budget has a direct impact on people's lives. It is where decisions are made about investment in public services, strengthening the economy and providing support for people who need it most. Essentially, it is where money is raised and spent and where we get to see the extent to which a government's vision and priorities align with its spending plans and tax policies.

The 2019-20 Scottish Budget is an important one. It was set in the context of continuing UK austerity and against a backdrop of an uncertain Brexit. It is also a timely Budget in terms of the Scottish Government's commitment to tackling poverty. It is the first Budget since the Tackling Child Poverty Delivery Plan was published and since poverty became a National Outcome. It is also the third Budget which can utilise powers provided through The Scotland Act (2016) around tax and social security – both of which are significant levers in the fight against poverty. Therefore, it is an opportunity to see how the Scottish Government's priority to tackle poverty and inequality is reflected in how it plans to manage its money.

This is also the first Budget to include detailed information on child poverty and socio-economic disadvantage as part of the Equalities Budget Statement. These chapters provide information on the evidence used to inform strategic decisions and understanding the impact of spend.

As part of implementing the Budget Process Review Group recommendations, the Budget is also introducing a number of changes to the Budget *process*. There is now an improved approach to budget scrutiny, and parliamentary Committees will be scrutinising spending plans throughout the year.

In this report, the Poverty and Inequality Commission consider the extent to which the Budget tackles poverty and inequality. The Commission has analysed various aspects of the Budget. These are:

- What is being spent in the Budget to tackle poverty and inequality, and the extent to which this reflects the Scottish Government's commitments.
- How effectively tax policy is being used to raise revenue to fund public services, particularly those aimed at tackling poverty and inequality.
- How evidence is used in the Budget to make decisions around tackling poverty and inequality.

### **Views of people with lived experience**

To inform its view on the Budget, the Commission also sought the views of those with lived experience of poverty.

On 27<sup>th</sup> March 2019, the Oxfam-UWS Partnership, alongside the Poverty and Inequality Commission and The Poverty Alliance, hosted a policy forum on how the Scottish Budget could be used to tackle poverty. The event brought together anti-poverty campaigners, those with lived experience, those involved in service delivery, and the participants of Oxfam's Future Skills programme, to engage in participative workshops and explore how spending decisions could be made more inclusive and

transparent. The event report is published on the UWS-Oxfam partnership website<sup>1</sup> and is also available in Annex A of this report.

During this event, participants heard presentations on the Budget process and poverty in Scotland. Following the presentations, the participants took part in an activity where they were asked to indicate how they would prioritise spending to tackle poverty and inequality. The second activity asked participants to imagine they were in control of £100 million and to allocate spend to different policy options.

The event finished with a discussion around how people could be better involved in the Budget process.

The evidence from this event is brought together in this report with the Commission's other analysis to help inform the assessment on the extent to which this is a Budget which tackles poverty and inequality.

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<sup>1</sup> <http://uwsoxfampartnership.org.uk/policy-forum-your-moneys-worth-how-would-you-spend-scotlands-budget-to-tackle-poverty/>

## DOES THE BUDGET DO ENOUGH TO TACKLE POVERTY AND INEQUALITY?

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The Scottish Government has made clear that tackling poverty and inequality is a priority. This is a challenge that will require significant and sustained investment. This section looks at the difference this Budget will make to poverty and inequality. This involves understanding how much is being spent on poverty and inequality in this Budget, what it is being spent on, and whether previous commitments are being met. The second stage is to understand the impact of that spending. This is covered in the section on the use of evidence in the Budget.

### How much is being spent on tackling poverty and inequality?

IPPR Scotland previously conducted some analysis for the Commission to calculate the costs of meeting the child poverty targets by 2030 through social security payments.<sup>2</sup> This was calculated to cost £2.6 billion per year. Of course, there is more the Scottish Government can do to tackle poverty and inequality than make changes to social security, but this does give some indication of the sheer scale of the challenge and what will be required to meet it.

However, we found it to be very difficult to calculate how much this Budget is spending on addressing poverty and inequality.

First, there are a range of policies which are specifically targeted at reducing poverty or alleviating the effects of poverty. These should be relatively easy to identify and add up the amount of spend. However, exact spend is not always provided in the Budget documentation. It is sometimes given as spend across a number of years or not provided as it is too detailed a level of spend. Second, there are a great number of policy areas which are not directly targeted at reducing poverty but will have an impact. These can be identified but exact spend is not always clear and the extent of the impact they will have on targeting poverty is unknown. This lack of transparency hinders any attempt to assess whether enough is being spent.

Nevertheless, there has been an attempt to calculate the amount spent on child poverty. The Joseph Rowntree Foundation and Fraser of Allander Institute allocated costs to each of the policies that either directly or indirectly target child poverty. Of the £42.5 billion that is spent in this Budget, around £172 million (0.4%) of the total Budget spend is directly targeted at low income households.<sup>3</sup>

A total of £1.9 billion (5%) is not directly targeted but likely to help efforts to tackle poverty to some extent. Of this, £826 million is investment in building 50,000 affordable homes, £477 million is investment in childcare which is available to all families and £211 million is spent on concessionary fares which benefit people aged over 60 years and disabled people. There are further measures like the Council Tax

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<sup>2</sup> <https://www.ippr.org/research/publications/child-poverty-in-scotland>

<sup>3</sup> <https://fraserofallander.org/scottish-economy/budget/how-does-the-scottish-government-assess-the-impact-of-its-budget-on-tackling-child-poverty/>

Reduction Scheme and Employment Support Programme where the exact spend is not included in the Budget document so do not appear in these calculations.

These are rough calculations. Nevertheless, it does appear that the current level of spending directed at tackling poverty is falling well short of what is needed.

It would also be important for the Budget to provide an understanding of the anticipated impact of spend on poverty and inequality. However, as covered in the following section on the use of evidence in the Budget, this is currently lacking.

The case for more action and more investment is also highlighted by the recently published statistics on poverty and inequality.<sup>4</sup> The message is clear: poverty is rising, inequality is rising, and projections from both the Resolution Foundation<sup>5</sup> and Scottish Parliament Information Centre<sup>6</sup> suggest that child poverty will continue to rise if no further policy action is taken.

The scale of spend required was also a common theme from the Budget event. When discussing the different types of spend which may make a difference to poverty, the clear line of thinking among participants was that it would take considerable and sustained investment to truly make a difference.

### **What is the money being spent on?**

The Commission has previously outlined three areas of focus where it would expect to see investment:

1. Social Security.
2. Work and earnings
3. Reducing housing costs

#### **1. Social Security**

The Commission welcomes the funding that has been allocated to new benefits and the continued efforts to deliver a social security system based on dignity and respect.

The Tackling Child Poverty Delivery Plan committed to introducing a new income supplement for families by 2022. The Commission understands that it takes time to put such a measure in place, however, as stated in its scrutiny of the progress in meeting Naomi Eisenstadt's recommendations on tackling poverty, it strongly feels that many families need additional money in their pockets now. The Scottish Government urgently needs to consider how they can progress this quicker or, if this is not feasible, what interim measures could help. The Commission looks forward to hearing an update on the work to introduce an income supplement in the Government's progress report in June.

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<sup>4</sup> <https://www.gov.scot/publications/poverty-income-inequality-scotland-2015-18/>

<sup>5</sup> <https://www.resolutionfoundation.org/publications/wrong-direction-can-scotland-hit-its-child-poverty-targets/>

<sup>6</sup> <https://digitalpublications.parliament.scot/ResearchBriefings/Report/2019/4/9/Child-poverty-in-Scotland--forecasting-the-impact-of-policy-options>

During the Budget event, participants were asked to imagine they had control of £100 million of the Scottish Budget and could spend this on tackling poverty. They were given a range of options for spend and this included options around making additional social security payments. Across most participants, there was agreement that a small additional payment to everyone living in poverty would make very little difference. People were keen to express that “being poor is expensive” and this would be a “drop in the ocean”. There was more support for additional social security payments when it was clear that this was targeted towards families, with some emphasising that it should be further targeted at those who were “deeper in poverty”. The important take home point here is that in order to make a difference, the amount has to be meaningful.

Some recently published analysis is also helpful to consider in relation to social security. The Resolution Foundation<sup>7</sup> recently highlighted the important role that the “generosity, design and funding” of the new income supplement, could play in reducing poverty rates in Scotland. This was in response to their projections suggesting that the child poverty rate in Scotland is likely to be higher in 2023-24 than in 2016-17.

The Scottish Parliament Information Centre also conducted analysis which suggested that improving the social security offering would help reduce relative child poverty. The analysis shows that if a sum of £0.8 billion was to be spent on changing the child related elements of universal credit, this would be expected to reduce relative child poverty to 22% by 2023-24. Although this is still higher than the interim target of 18%, it is more effective than the other policy options they looked at, i.e. reducing the starter rate of income tax from 19% to 0% or increasing child benefit by £18.45 per week per child.

## 2. Work and Earnings

There are a number of areas in the Budget which impact on work and earnings of those on low incomes. For example, the Scottish Government has reiterated its commitment to investing £12 million up to 2022 to provide intensive parental employment support. However, it is not clear how much is being spent this year or how many people this programme aims to help. There is also intention to invest £5 million over 3 years to help 2,000 women into work after a career break. Given there are almost half a million women of working age that are currently economically inactive, this raises the question of whether the Scottish Government’s plans in this area are ambitious enough.

The Budget event also probed support for investment into employment programmes. This was found to be mixed. Some groups were critical, arguing that helping people into jobs didn’t necessarily mean that they would be good quality sustainable jobs, and others said that investing in childcare would be a better use of funds, or even investing in economic development to ensure that jobs existed. Other groups were

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<sup>7</sup> <https://www.resolutionfoundation.org/app/uploads/2019/03/Wrong-direction-briefing-note.pdf>

more positive and expressed support for employability focused policies as long as they were combined with policies, such as the living wage, to ensure decent work.

It is encouraging to see investment maintained around childcare in the Budget. However, the focus is mainly on Early Learning and Childcare. As both Naomi Eisenstadt and the Commission have previously made clear, childcare for school aged children is also crucial for encouraging more women into work. This was one of the strongest messages that came from the Budget event. Almost all the groups were consistent in thinking that investment in childcare was essential in getting parents into work and also that it helps some of the groups most vulnerable to poverty (i.e. single parents, women). However, it was also pointed out that investment so far has focused on pre-school children and, although welcomed, investment should also be extended to under twos and school aged children. Currently, there is no mention of childcare for these age groups in this Budget.

### 3. Reducing housing costs

The Commission welcomes the spend that has been directed towards building affordable homes and tackling fuel poverty. The spend on building affordable homes has increased from £756 million in 2018-19 to £826 million this year and on fuel poverty from £116 million to £119 million.

#### **Are previous commitments being met?**

The Scottish Government has emphasised that tackling poverty and inequality is a key priority. In the past year alone, it has featured prominently in the Programme for Government and 50 actions were set out in the Tackling Child Poverty Delivery Plan. Given that spend does not appear to be high enough to meet this priority, the Commission undertook further analysis to confirm that the commitments laid out in the Tackling Child Poverty Delivery Plan and Programme for Government were reflected in the Budget. Encouragingly, this found a high degree of crossover between all three documents.

All the major commitments made in these documents are included in the Budget. This is true for direct measures to tackle poverty and inequality and indirect measures (e.g. childcare, attainment, affordable homes etc.). For the ones that were not included, this was either because the Budget did not provide the level of detail required to show the level of spending or because the Scottish Government was still in the process of developing the action or policy. The Tackling Child Poverty Delivery Plan progress update should include details of those that are underway.<sup>8</sup> There were no new announcements of spend which would directly tackle poverty or inequality in the Budget.

Another aspect of scrutiny would be to look at the difference in the amount being spent on tackling poverty and inequality this year compared with previous years. This would demonstrate whether things such as the introduction of poverty as a national outcome and the Tackling Child Poverty Delivery Plan had made a difference to the

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<sup>8</sup> The Scottish Government are due to publish a report on progress on the Tackling Child Poverty Delivery Plan by the end of June.

amount of spend. However, as discussed above, calculating how much is spent on tackling poverty is extremely difficult to do. Furthermore, it is not easy to follow spending on different policies through the years. It is understandable that portfolio areas change, that new policies are introduced and some come to their natural end. However, it is important for scrutiny purposes that there is some way of knowing whether spend on tackling poverty is increasing, maintaining or decreasing, both in cash terms and real terms. As will be discussed in a subsequent section, there are now chapters dedicated to providing information on the Budget's approach to tackling poverty and inequality. Therefore, the Scottish Government has the opportunity and space to provide this information. It would be a very welcome addition if they used these chapters to provide an indication of the amount that is spent on poverty and if there was a detailed assessment of the anticipated impact of the Budget on poverty and inequality.

## REVENUE RAISING

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We know that the scale of ambition on tackling poverty will require significant investment. Therefore, it is important to consider whether this Budget does enough to raise revenue in a fair and sustainable way. The two main types of taxes which the Scottish Government has some power over, and which are likely to have significant impact on households, are income tax and local taxes. This section briefly outlines the changes in this Budget to these two types of taxes. It then considers what can be said about the extent to which these tax changes impact on low income households, and the extent to which this Budget's attempts to raise revenue can be considered progressive.

There have been a number of changes to income tax this year both at a UK Government and a Scottish Government level. The UK Government determines the setting of the personal allowance and in the October UK Budget this was increased from £11,850 to £12,500. The Scottish Government has power to vary the rates and bands of tax and in 2018/19 the Scottish Government introduced a new five band tax structure (the UK has three tax bands). The 2019/20 budget maintains the five band structure, but freezes the higher rate threshold at £43,430. In the UK the threshold will increase to £50,000.

On local tax, councils will now be able to increase rates on council tax by up to 4.8% and, as part of the deal struck with the Green Party, cross-party talks will be convened on a replacement for council tax. Non-domestic rates (NDR), or business rates, is a property tax collected by councils from businesses. In contrast to council tax, this will see a below inflation increase.

Existing evidence and analysis of these tax decisions provides insight into how these changes might impact on poverty and inequality:

- The progressive income tax changes are anticipated to raise around £500m more for public services compared to what would be raised if the rUK policy had been followed. This revenue will be raised entirely from taxpayers in the top half of the income distribution (although the introduction of the 19p rate will not in itself have a significant impact on poverty rates given that 45% of the Scottish population do not earn enough to pay income tax<sup>9</sup>).
- Fraser of Allander describe the new Scottish income tax rate bands as progressive in that the increase in average tax rate as a result of the tax changes is higher for high earners than it is for low earners.<sup>10</sup> However, the savings made by the lowest income tax payers is just £20 compared with the rest of the UK, which is unlikely to impact much on household incomes and lift people out of poverty.

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<sup>9</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/factsheet/2018/12/scottish-income-tax-2019-2020/documents/analytical-note-on-impacts-on-income-levels-and-equality/analytical-note-on-impacts-on-income-levels-and-equality/govscot%3Adocument>

<sup>10</sup> <https://fraserofallander.org/scottish-economy/fiscal-policy/taxing-contradictions-is-scotland-the-fairest-taxed-part-of-the-uk/>

- In 2019/20, councils will be able to increase council tax above inflation, providing a needed boost to public finances. However, the regressive nature of council tax (properties of low value pay a higher proportion of value in tax than high value properties given the ratios between council tax bands; and in relation to income given the lack of correlation between income and council tax bands)<sup>11</sup> means that poorer income households and poorer value properties will face a disproportionate burden in funding this revenue increase. The need to raise revenue fairly and progressively emphasises the urgent need for reform of property taxation. The Commission itself has previously been clear that there has been a failure to ‘be bold’ on local tax reform.<sup>12</sup> Therefore, the Commission welcomes the news that cross-party talks will begin on reforming this tax and that the Commission’s stance on this important issue formed part of the deal struck with the Green party<sup>13</sup> – but it is crucial that talks lead to meaningful reform.
- The income tax increases and above inflation increase of council tax (which impacts on households) contrasts with the below inflation increase of Non-domestic rates (NDR) (which impacts on businesses). The Budget argues that Scotland has the most generous package of non-domestic rates relief in the UK, at a cost of £750m. Whilst many of these reliefs are clearly justifiable – particularly those for charities, places of worship, and so on – the scale of reliefs offered to business appears somewhat at odds with the government’s wider narrative about the importance of revenue raising to support more generous public services and the social contract. The slower than inflationary increase of the NDR poundage in 2019/20 will cost a further £35m in foregone revenues. The Scottish Government argues that its NDR package – and the Small Business Bonus in particular – is an important part of its efforts to boost economic performance. But it has provided no evidence for these claims. Empirical evidence tends to suggest that expansions of business rates reliefs largely tend to feed through to higher rents – benefitting landlords but not businesses themselves.

The Budget event did not include discussions around tax as there was not sufficient time in the day. However, tax was spontaneously raised at a number of points throughout the day. Specifically, it was felt that the tax system provided an opportunity to raise more money which could then be invested in addressing poverty.

In conclusion, the Scottish Government has ensured that Scottish tax policy is more progressive than the equivalent parts of the UK, which is welcome. However, as well as considering progressivity of the tax system, consideration also has to be given to the question of how much revenue is raised. In this context, it is not clear that the further expansion of business rates reliefs, and lower than inflation uprating, will generate benefits that justify the costs in terms of lost revenues.

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<sup>11</sup> [http://www.parliament.scot/ResearchBriefingsAndFactsheets/S4/SB\\_16-28\\_Scottish\\_Government\\_proposals\\_for\\_Council\\_Tax\\_reform.pdf](http://www.parliament.scot/ResearchBriefingsAndFactsheets/S4/SB_16-28_Scottish_Government_proposals_for_Council_Tax_reform.pdf)

<sup>12</sup> <https://povertyinequality.scot/what-has-happened-since-shifting-the-curve/>

<sup>13</sup> <https://news.gov.scot/resources/patrick-harvie-msp-response>

## THE USE OF EVIDENCE IN THE BUDGET

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The Equality Budget Statement included two new chapters this year – Fairer Scotland Duty and Child Poverty Overview. These provide an opportunity for the Government to be transparent around how its spending will directly impact on poverty and inequality, and to discuss the evidence they have used in decision making and prioritisation. This section considers these chapters and highlights some improvements that could be made for future years.

The **Fairer Scotland Duty** chapter provides a brief overview of socio-economic disadvantage and resulting inequalities of outcome, a summary of the ways in which the Scottish Government is using evidence to inform strategic decisions, and an overview of some of the key policies which will be advanced within the Scottish Budget 2019-20 to address socio-economic disadvantage.

As the first year of this chapter, it provides a good basis for more insight and strategic analysis in future years. However, there are a number of improvements which would help ensure that the Budget is grounded in the strongest evidence around what policies should be prioritised and the impact these will have.

First, there is little effort made to explain the process of prioritisation. The chapter states that different types of evidence are used to inform strategic decisions, including drawing on lived experience of poverty and inequality, data, evaluation and evidence reviews. While it is certainly clear that evidence is used *within* policy areas, there is no indication given of how evidence is used to decide *why* some policies should be funded over others. The Commission is very keen to see a better use of evidence in this type of decision making. Overall the chapter may benefit from a more detailed discussion around the **key** policies the Scottish Government is funding to address socio-economic disadvantage – as opposed to listing everything it is doing to reduce inequality.

Second, there needs to be more on understanding the *impact* that the different policies have on socio economic outcomes, or are likely to have in the future. The Commission has previously challenged the Scottish Government to do better on providing evidence of impact and it was a key principle of its advice on the Tackling Child Poverty Delivery Plan. Within the Fairer Scotland Duty chapter of the EBS it would also be useful for the Scottish Government to clearly articulate how policies will be evaluated in relation to their impact on reducing inequalities. This would also be in line with the recommendation from the Budget Process Review Group to move to a more outcomes-based scrutiny approach.

It is also noted that the chapter is overwhelmingly positive. It is unlikely that every funding decision within the Budget will have a positive effect on socio economic outcomes. More honest reflection of policies which may adversely impact on socio economic outcomes would be welcomed along with an understanding of how different policies are likely to interact. This could also include a discussion of how the Fairer Scotland Duty has influenced strategic decisions in the year proceeding the budget.

Finally, there are references throughout this chapter to universal provision which is described as helping to reduce inequality. The Government should set out a better understanding of the evidence around these types of policies and the expected impact of universal provision (as opposed to a more targeted approach).

The **Tackling Child Poverty** chapter provides a qualitative assessment of the impact of the Scottish Budget 2019-20 on each of these drivers of child poverty. This is in response to a recommendation made by the Commission that the Scottish Government should provide analysis of the likely impact of annual budget decisions on the child poverty targets.

The Joseph Rowntree Foundation and the Fraser of Allander Institute<sup>14</sup> provided an assessment of this analysis and concluded that it does not do enough to meet the Commission's recommendation.

The Commission fully agrees with this assessment. To meet the Commission's recommendation the chapter needs to include more evidence and analysis. It needs to outline the spend associated with each policy mentioned. It also needs to quantify the extent to which the Budget will impact on the child poverty targets. The Commission recognises that this is a challenging ask as there are over 50 actions in the Tackling Child Poverty Delivery Plan. One suggestion would be for the Government to build on the approach it is taking to evaluating the Delivery Plan<sup>15</sup> and focus in on understanding more about the impact of a number of key actions, rather than trying to understand the impact of all of the 50 actions.

Finally, for such a high priority area, it is important for those who scrutinise the Government's actions and progress to understand what is being spent and how this is changing year on year. These chapters provide the opportunity to do just that. It will be challenging to identify the exact spend (as every portfolio area has the potential to impact on poverty and inequality) but extremely worthwhile.

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<sup>14</sup> <https://fraserofallander.org/scottish-economy/budget/how-does-the-scottish-government-assess-the-impact-of-its-budget-on-tackling-child-poverty/>

<sup>15</sup> <https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/ChildPovertyStrategy/targethist>

## CONCLUSIONS AND SUGGESTIONS FOR FUTURE BUDGETS

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The Commission welcomes the commitment of the Scottish Government to tackle poverty and inequality. However, the level of funding directed towards poverty and inequality in this Budget does not match the scale of the challenge. The recently published statistics show that poverty and inequality continue to rise and are predicted to continue to do so. If the Scottish Government is to have any chance of tackling poverty effectively and meeting its statutory targets on child poverty, it will need to take sustained action and make considerable investment.

The Commission has a number of suggestions for the Scottish Government in how it can better use the Budget in the fight against poverty. The suggestions cover how the Government could spend its money and how it makes and communicates decisions on how it is spending money:

1. There needs to be more funding directly targeted at tackling poverty and inequality. Protected budgets around health, education and policing means that other areas are squeezed. However, if tackling poverty is a priority of the Government then this needs to be matched in the spending plans.
2. Money remains tight and the Government has difficult decisions to make around funding priorities. The Government should consider the opportunities it has to raise revenue through taxes. Consideration should also be given to the balance of revenue raising across different sources.
3. In terms of where to direct the money, the Commission considers the areas of social security, work and earnings, and reducing housing costs as having the biggest impact on poverty.
4. There needs to be more done to measure the impact of spending. In particular, there is a need to assess the anticipated impact of the budget on the child poverty targets. The poverty related chapters in the Equality Budget Statement provide an opportunity to include such information.
5. The Government should consider how it can make better use of evidence in the Budget process. In particular, further attention should be given to how people with lived experience of poverty and inequality can be involved.
6. There needs to be greater transparency to allow more detailed scrutiny of the Budget. At the very least, it is vital to be able to follow spend through the years and to be able to assess how much money is being spent on tackling poverty and inequality.

## Annex A – Budget event report

# UWS-Oxfam Partnership Policy Forum – 27<sup>th</sup> March 2019, The Lighthouse, Glasgow

### Your Money’s Worth: How would you spend Scotland’s Budget to tackle poverty?

On 27<sup>th</sup> March, the Oxfam-UWS Partnership, alongside the Poverty and Inequality Commission and The Poverty Alliance, hosted a policy forum on how the Scottish Budget could be better used to tackle poverty. The event brought together anti-poverty campaigners, those with lived experience, those involved in service delivery, and the participants of Oxfam’s Future Skills programme, to engage in participative workshops and explore how spending decisions could be made more inclusive and transparent.

This event report does not attempt to serve as a verbatim note of discussions and instead focuses on capturing some of the key points made during the discussions at the Policy Forum.

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#### **About the event partners**

##### UWS-Oxfam Partnership

Since its launch in 2012 the [Partnership](#) between Oxfam and UWS has brought together the academic expertise from the university and the social justice and advocacy strengths of Oxfam Scotland, to critically examine the impact of public policies on equality, sustainability and poverty in Scotland.

The Partnership’s Policy Forum regularly invites stakeholders to discuss and challenge existing ideas and policies. In recent years, this has included forums on: decent work; business and the Sustainable Development Goals; and trade unions in the past, present and future.

##### Poverty and Inequality Commission

The Poverty and Inequality Commission was established by Scottish Ministers, initially until 30 June 2019. From July 2019 a statutory Poverty and Inequality Commission will be established through the Child Poverty (Scotland) Act. The Commission’s main role is to

provide independent advice to Scottish Ministers on reducing poverty and inequality in Scotland and to scrutinise the progress that is being made.

The Commission is made up of seven members who bring a mix of expertise from policy, practice, research and direct lived experience. Each Commissioner has been appointed as an individual, not as a representative of a particular organisation or interest group.

### Poverty Alliance

The Poverty Alliance is a membership organisation with a range of varied experience in addressing issues related to poverty and social exclusion. Its membership is made up of a wide range of organisations including grassroots community groups, individuals facing poverty, voluntary organisations, statutory organisations, policy makers and academics.

### The aims of the event

The aims of the event were threefold:

1. To inform the Poverty and Inequality Commission's response to Scottish Ministers in relation to the Scottish Budget, future spending decisions and the role that they can play in reducing poverty and inequality in Scotland;
2. To inform recommendations around how the Budget could be made more accessible to all stakeholders (including those with direct and indirect experiences of poverty) and to increase the transparency and accountability of the Budget process;
3. To empower participants with improved knowledge and understanding of the Budget and the budgeting process in order that they can better participate in future debate pertaining to the Scottish Budget.

### Opening presentations

**Douglas Hamilton**, Chair of the Poverty and Inequality Commission, introduced the event and set out the aims and agenda for the day:

We want to know how people think the government should spend money to tackle poverty. We are going to ask you during this event to think about how you would spend an imaginary extra £100 million on tackling poverty. We have a number of ideas that we want you to think about and decide how important you think they are. We are going to use this information to tell the Government this is how you think it should be spending money. Events like this aren't common so we also want to know what you think about your experience today, so have set aside time at the end to discuss that.

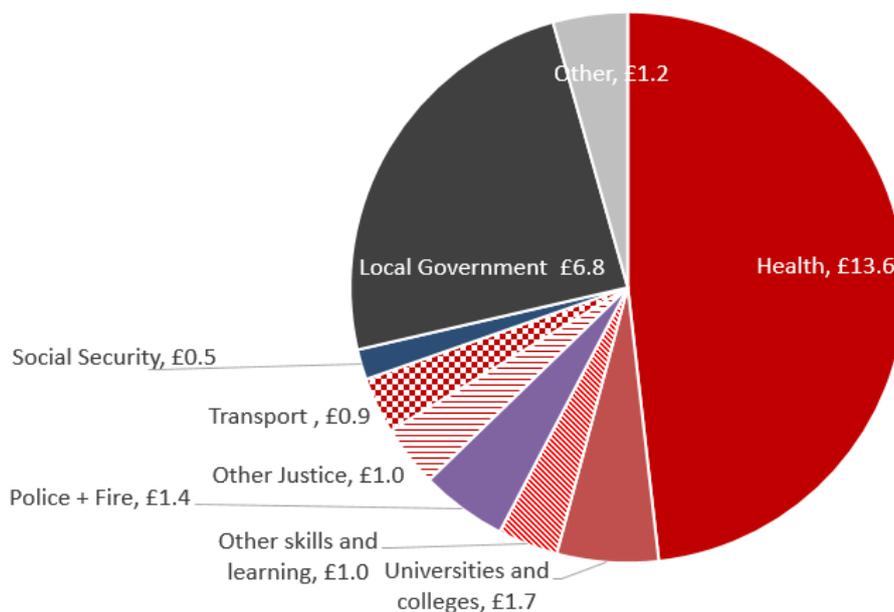
**Jamie Livingstone**, Head of Oxfam Scotland, gave a welcome on behalf of the UWS-Oxfam Partnership, linking the event with the poverty and inequality statistics published the same week:

This event couldn't be more timely: tomorrow the most recent poverty and inequality statistics will be released, which lay bare the scale of the problem. But what these figures tell us is that if we're going to tackle Scotland's poverty problem, then we can't think of it in isolation. As poverty levels have risen, so too has economic inequality. We know these challenges are deeply linked: we can't seek to tackle poverty without also reducing the gap between rich and poor.

We know that too often, too few voices are heard in debates around how Scotland's resources should be spent. And today's event tries to address that imbalance.

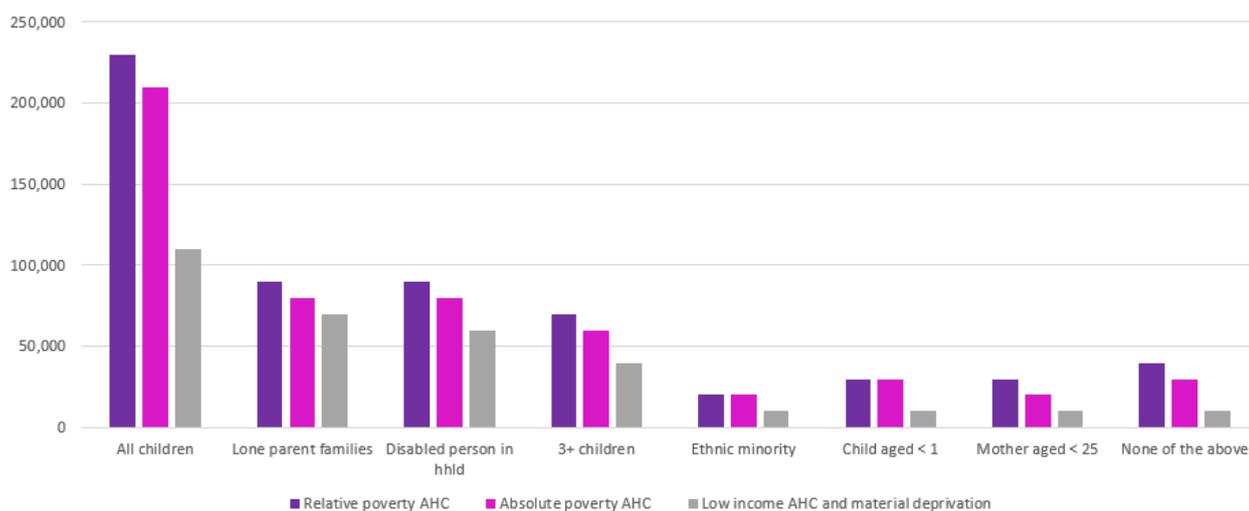
**David Eiser**, Research Fellow at the Fraser of Allander Institute and one of the Poverty and Inequality Commissioners, gave an overview of the Budget process, where Scotland gets its money and what it is spent on.

**£28bn day-to-day spending on public services:**



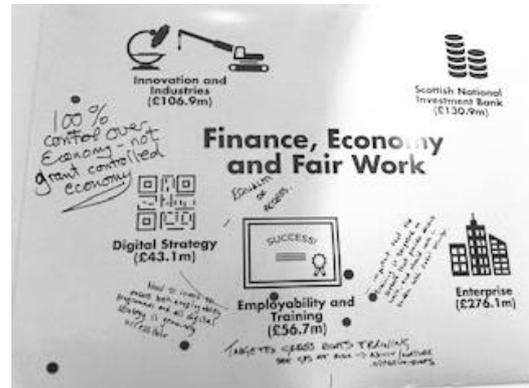
**Emma Congreve**, Senior Economist at JRF, presented analysis of the groups most affected by poverty in Scotland and how this relates to the Budget:

**Who are most affected?**



**Group activity 1: Budget graffiti – how would you spend Scotland’s Budget**

Following the opening presentations, participants were asked to reflect on what they had heard and move around the room to write their ideas on posters representing how the Scottish Budget is currently spent.



The objectives of this exercise were to introduce people to the full Budget and the areas that money is spent on, and to get their initial thoughts on what they would prioritise.

Ten A1 size posters representing different Budget portfolios were stuck to the walls at different 'stations' around the room. Each poster had images representing different spending within that portfolio, with a caption and detail of the actual spend.

Groups were asked to travel around the room, discussing the different portfolios and use the marker pens to add their ideas about where and how they would spend money to the posters.

Following this, participants were asked to prioritise – as individuals - which were the most important areas to them by 'voting' with three sticky dots.

The following table summarises the notes on each of the posters and the number of votes each portfolio received in the voting exercise.

<b>Portfolio</b>	<b>Notes</b>	<b>Votes</b>
<b>Climate Change and Land Reform</b>	<ul style="list-style-type: none"> <li>• Re-use</li> <li>• Raising awareness of recycling</li> <li>• Education awareness</li> <li>• Local environment</li> <li>• Scottish Water – how does it work?</li> <li>• Radical analysis – move away from just profit assumptions</li> </ul>	2 votes
<b>Finance, Economy and Fair Work</b>	<ul style="list-style-type: none"> <li>• Digital strategy – equality of access</li> <li>• Need to invest to ensure both employability programmes and all digital strategy are genuinely accessible</li> <li>• Employability and training – important that the training is targeted on sectors that provide decent work, and should work in tandem with social security</li> <li>• Targeted grassroots training</li> <li>• 100% control over economy not grant controlled economy</li> <li>• Living Wage Jobs</li> <li>• Flexible working for lone parents</li> <li>• Universal Income for all – to be supplemented by work or disability/age premiums</li> <li>• Question the assumptions – income base/size of Budget</li> <li>• Start early – wealth tax? Land Value Tax? Increase Inheritance Tax</li> <li>• Incrementalism – very programme-based Budgeting</li> <li>• People's Bank</li> </ul>	14 votes – particularly around Citizens Basic Income and Employability and Training
<b>Rural Economy</b>	<ul style="list-style-type: none"> <li>• Rural services – broadband provision</li> <li>• Rural Economy Enterprise – Prioritise business/development models with better social justice/equality outcomes</li> <li>• Land reform – local production for local markets</li> <li>• Food security – invest in local production</li> <li>• Improving transport services</li> <li>• Very small local authority – very local</li> <li>• People's bank to steer investment/development</li> <li>• Superfast Broadband still not available equally – remote and rural locations last to receive</li> <li>• Rural housing issues need attention/priority</li> </ul>	3 votes – two of which on rural housing issues

<b>Transport, Infrastructure and Connectivity</b>	<ul style="list-style-type: none"> <li>• Concessionary bus fares and bus services – money should be capped per individual company as many are scamming this scheme and thereby scamming us all.</li> <li>• Less money on concessionary fares, it is not targeted</li> <li>• Rail services – public ownership needed</li> <li>• Public transport – services should be linked – ferry, rail, busses, underground, local transport</li> <li>• Build things = jobs; repair things = jobs</li> <li>• Busses too expensive</li> <li>• Digital inclusion training</li> <li>• Cities/investment – money to towns, not just focussed on cities (made up of small towns)</li> <li>• Concessionary fares for the young</li> <li>• Free bus for under 18s</li> <li>• Why are we spending so much on rail services when the services are privatised? Public money going to private providers!</li> <li>• Free public transport for all</li> <li>• Community transport</li> <li>• Many bus companies only doing part routes so people have to bus hop – more issues – causes health and wellbeing issue.</li> </ul>	10 votes – particularly around concessionary travel
<b>Education and Skills</b>	<ul style="list-style-type: none"> <li>• Learning opportunities throughout life, not just for the young</li> <li>• University 3<sup>rd</sup> Age; support disabled to retrain</li> <li>• Invest in political and social education in primary schools</li> <li>• Higher education and skills and training should be linked services</li> <li>• Skills and training – more rigidity in monitoring actual delivery and who is paid to deliver</li> <li>• More on children and families; more on early learning; more on skills and training; less on higher education</li> <li>• More for schools up to age 18.</li> <li>• Mega apprenticeships for young people in sustainable technology, house building, capturing renewable energy, conservation</li> <li>• New national curriculum to support young people’s understanding of public services, democracy and education on Budgeting and living</li> </ul>	33 votes – grouped around children and families and early learning and childcare

<b>Justice</b>	<ul style="list-style-type: none"> <li>• Rehab centres as well as prisons – treat problem not just outcomes</li> <li>• Radical public health analysis of offending and justice and radical responses.</li> <li>• Safer and stronger communities – this would impact police and prison, courts and offender services</li> <li>• More police on the streets</li> <li>• No sanctions = no appeals = save money</li> <li>• No criminal record caused by debt e.g. TV licence</li> <li>• Free lawyer</li> <li>• More on prospect to work with offenders on release</li> <li>• Police more accessible in terms of offices</li> <li>• Offenders families living on less income</li> <li>• Make a custodial sentence unattractive</li> <li>• Funding for organisations to work with ex-offenders</li> <li>• Too many luxuries in jail</li> <li>• More funds for employability for offenders</li> </ul>	17 votes – grouped around Legal Aid
<b>Health and Sport</b>	<ul style="list-style-type: none"> <li>• Sport Scotland and Active Healthy Lives preventative (very important)</li> <li>• [Indicating health and social care and early years] Different transition periods but similar issues (income)</li> <li>• Prevention – more training for health professionals on prevention rather than just illness</li> <li>• Pre-conception and pre-birth – re-establish clinics supporting families</li> <li>• Health visitors – back to GPs rather than social work</li> <li>• Subsidised low cost milk and vitamins – subsidised formula milk, need more for fruit and veg.</li> <li>• Long term conditions</li> <li>• Look at new models of care</li> <li>• Integrative care, integrative medicine</li> <li>• Need additional fund to help people self-manage</li> <li>• Health and wellbeing hubs in every community</li> <li>• Social prescribing</li> <li>• Pay taxi costs to get to hospital – they will pay for mileage if you have a car but can't afford a car. Some people therefore use an ambulance which costs more.</li> <li>• Too much power at present as part of the new GP contract to receptionists who are arguably not trained to identify red flags</li> </ul>	17 votes, grouped around Mental Health, Early Years and Care

<p><b>Health and Sport (cont.)</b></p>	<ul style="list-style-type: none"> <li>• More investment in holistic care that looks at people physically, psychologically, emotionally, spiritually.</li> <li>• End post code lottery, end territorial boards. Currently have national 'hospital or sickness service' rather than national 'health' service</li> <li>• Employers' responsibility for occupational health – workers' rights.</li> <li>• Currently Minister says that they give money to health boards and it is up to them what they do with it – so make health Minister more accountable.</li> <li>• Better transition services, e.g. young to adult services, independent into care</li> <li>• More focus on prevention</li> <li>• More spent on mental health</li> <li>• Lack of accountability – health and social care – tracking the money.</li> <li>• Need to spend more on preventative activities – especially pre-and post-natal support.</li> <li>• Need greater investment in mental health. [The rise in mental health issues was seen to stem from rising conditionality and sanctions in benefits which is leading to suicide often].</li> </ul>	
<p><b>Culture, Tourism and External Affairs</b></p>	<ul style="list-style-type: none"> <li>• Transport costs are a barrier – not free, and routes don't go to museums and other places of interest.</li> <li>• We should protect free museum access for everyone – we pay tax, we should get free access. But should non-residents pay? Or be encouraged to donate? No.</li> <li>• We need to treasure our history and teach about it</li> <li>• Lack of confidence in the money being spent well across the Budget</li> <li>• You need to spend money to attract tourists, but who gets the rewards? Business – too much tax avoidance, would a tourist tax put people off coming to Scotland?</li> <li>• Spend less on culture tourism and major events and divert to local services instead – we need to reprioritise.</li> <li>• "Thriving places" – language not correct – areas are struggling – be honest – these areas need to be inspired not misled, there is a difference between Govan and Partick.</li> </ul>	<p>No votes</p>

<b>Communities and Local Government</b>	<ul style="list-style-type: none"> <li>• Partnership working to avoid duplication</li> <li>• Third sector crucial for delivering services</li> <li>• Need to protect third sector after Brexit</li> <li>• More good quality social housing, accessible housing, money for need/tailored person centred support, issues with continued cuts to Budgets</li> <li>• Council tax rises not affordable – should be spent on necessities</li> <li>• Voluntary sector rarely comes up in discussions – but impact on some people e.g. disabled service users – money not coming through – Budgets not keeping up with inflation.</li> <li>• Protection in local government</li> <li>• Need health and wellbeing hubs in every high street in communities, taking it away from current ‘sick’ services – should be more encompassing and holistic.</li> <li>• Next generation housing provision for young people – seems to be nothing.</li> </ul>	22 votes, grouped around Third Sector, Housing, and Local Government
<b>Social Security and Older People</b>	<ul style="list-style-type: none"> <li>• Rates too low – it’s like the Titanic, there aren’t enough lifeboats – increase the whole portfolio.</li> <li>• Universal Credit is a nightmare, especially payment in arrears, leading to rent arrears and have to claim Discretionary Housing Payments; also, childcare payments should be upfront in Universal Credit</li> <li>• Scottish Welfare Fund – revamp of referral and access to fund.</li> <li>• Scottish Welfare Fund – local or national? Why do some councils <i>underspend</i> the SWF?</li> <li>• Ill health and disability benefits – independent assessment</li> <li>• A quarter of households live in fuel poverty leading to six deaths every year in winter.</li> <li>• High costs of electricity and gas – Warm Home Discount doesn’t come until March, should be paid upfront</li> <li>• Best Start Grant limited to under-fives, we need more support for families with older children.</li> <li>• Groups who should receive support: working parents need help with housing costs; disabled people who can’t work; more for carers – they save lives in the long term; more support for parents who don’t want to work in first five years of their children’s lives, needs more respect.</li> <li>• Heating costs – setting up Scottish Government energy company</li> <li>• New fairer Housing Benefit for private rented sector</li> <li>• UC – disabled people in work equivalent of disability in WTC</li> </ul>	12 votes

## Group activity 2: Weighing up the options

The second group exercise asked people to 'spend' an imaginary extra £100 million to tackle poverty by choosing between eight different options or designing their own 'wildcard' options. The purpose of this exercise was to gain a clearer understanding of what kinds of spend participants would prioritise, and the types of criteria that matter to people in making these decisions. For example, we wanted to know whether participants would choose options such as cash benefits which would immediately increase people's incomes but only by a small margin or choose to spend on something that might take longer but be preventative in the longer term. The exercise also encouraged people to think about which groups they would prioritise.

Each table had eight sheets of paper with different options for spending money on them. These outlined what the option was, how much it would cost, what it would do and who it would help.

### Option 1

£ Give money to **everyone** who is living in poverty £

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How much would this cost?

£100 million    Everyone who is living in poverty gets an extra £100 a year

£50 million    Everyone who is living in poverty gets an extra £50 a year



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Who would this help?

Everyone in poverty

Ethnic Minorities    Men and Women

Families and children    Disabled people

Older people

Young people



**Option 1: Give money to everyone who is living in poverty**How much this would cost

£100 million – Everyone who is living in poverty gets an extra £100 a year

£50 million – Everyone who is living in poverty gets an extra £50 a year

Who would this help?

- Everyone in Poverty
- Ethnic minorities
- Men and Women
- Disabled people
- Older people
- Families and children
- Young people

Notes from table discussions:**Group 1:**

- Drops in the ocean. No!

**Group 2:**

- Being poor is expensive
- This is not enough money to help

**Group 3:**

- £100 million not sufficient... but could have impact
- Too arbitrary
- Could have multiplier effect
- Would invest £12 million

**Group 4:**

- £100 per year not much difference

**Group 5:**

- Like universal policies rather than targeted, but £100m isn't enough to do anything meaningful that is universal.
- Like Citizens Basic Income, but would be very expensive. To make it meaningful, would need to be at least £20 per week to each household.

**Group 6:**

- Where do you draw the line?
- Likely to be political opposition
- Not enough to make a difference
- Won't change anything
- Questions around sustainability and whether it could lead dependency syndrome
- Stigma re. 'handouts'
- Tax credits felt universal - and that was felt to be positive
- Shouldn't it be more targeted towards people in the deepest poverty?

**Group 7**

- Money not enough to make a difference, would be 'a sticking plaster'.
- Questioned whether people should be given direct payments or should receive some sort of voucher.
- Consensus not reached as recognised the stigma of voucher schemes.
- Questioned how easy it would be to administer and the eligibility of people.
- Would like to look at taxation and encouraging business to pay more tax to pay for this

**Group 8**

- Too little to make a difference

## Option 2: Give money to children who are living in poverty

### How much this would cost

£100 million – Every child who is living in poverty gets an extra £434 a year (paid to the household)

£50 million – Every child who is living in poverty gets an extra £217 a year (paid to the household)

### Who would this help?

- Families and children

### Notes from table discussions:

#### **Group 1:**

- Still drops in the ocean

#### **Group 3:**

- Collective investment in young people
- Need to ensure spent on children. (but we would expect it to be) especially if given to mother
- Could make a very positive impact at that level
- More money going to larger families, who are more likely to be experiencing poverty
- Would invest £23 million

#### **Group 4:**

- £400 per year not a lot, but it would benefit some of us.
- Maybe better to invest in childcare
- Maybe free breakfast – for everyone, even if parents working. Or free lunch for all children. Remove stigma – take away means testing.

#### **Group 5:**

- To spend £100m on this option would be £8 per week; to spend £50m would mean £4 per week...
- This is per child meaning that it would particularly benefit large families.
- This is a favourite option, would invest £50m in this.

#### **Group 6:**

- Will the money go to benefit the children – concerns around misuse of alcohol and drugs – who decides and how would they be held accountable for their decisions?
- Would a voucher system be better? – Issues around dignity, lack of trust, personal responsibility.
- Put money towards meals in schools etc.
- People with children get money now, but poverty still exists
- Personal responsibility must come with accountability – how?
- Put through local councils instead?

#### **Group 7**

- Not enough money.
- How would they spend it – would it be spent on the children?
- Previous reduction in poverty was seen with child tax credits so what about something like this again?
- If there was more money available then yes

#### **Group 8**

- Some thought this was too little to make a difference, others disagreed but would be keen to see measures take to ensure this goes to the child rather than the parents.

### Option 3: Set up a programme to help parents get jobs

#### How much this would cost

£50 million – Would help 25,000 people get a job

£10 million would help 5,000 people get a job

£5 million would help 3,000

#### Who would this help?

- Families and children
- Women

#### Notes from table discussions:

##### **Group 1:**

- Doubt would deliver sustainable, quality jobs

##### **Group 3:**

- Programmes have to be accessible for disabled parents (currently no resources for people with visual impairments)
- Works out as £2000 per job. Would we be better giving people £2,000 to help them get a job?
- Importance of Access to Work
- But Access to Work not available before you get a job
- Job search doesn't make people more employable
- What type of jobs? They have to be decent jobs.
- Would invest £4 million

##### **Group 4:**

- Support for women going back into work has been cut back. People have to ask for support & what support there is – isn't realistic. So people don't access support.
- Going in to work is a huge barrier for women with childcare – not enough 'in-work' support to deal with the transition (e.g. benefits stop but rent still due 95% parents want to work but it's too difficult (decent work issue)
- Role for organisations like One Parent Families or job centre to provide support. Phone support not suitable, also on time face-to-face to support needed.

##### **Group 5:**

- What does "get help" actually mean?
- Are there 25,000 jobs actually available?
- Need childcare FIRST
- Employability support and Jobcentre need to be less pushy! Need to help people to choose the right career, not just a job. About sustainability.

##### **Group 6:**

- Quite a bit of support for this option, employability lifts people out of poverty
- Quality of jobs also important
- Suitable childcare would need to be available too.
- Needs to be linked to wider policies e.g. Living Wage.
- Are the jobs available?

##### **Group 7**

- Questions whether this takes you out of poverty – work is no guarantee these days.
- More important to have living wage and the unions need to play a role in this.
- In rural areas this would be a drop in the ocean.
- What would be better would be to use the money for economic development to create jobs

##### **Group 8**

- Supportive but only if it led to long term work
- Some concern that existing programmes incentivise providers to take a short term approach to placing people in unsustainable work.

## Option 4: Build more affordable homes

### How much this would cost

£100 million – this would build 1,700 more homes

£50 million – this would build 850 more homes

### Who would this help?

- Could help all types of people who need affordable homes

### Notes from table discussions:

#### **Group 1:**

- Build more social rented housing.
- Best if linked to training/employment for poor young people

#### **Group 2:**

- Build more affordable homes that meet people's needs. Housing is a human right not a driver for excessive profit.
- Invest in community housing, cooperative construction
- Present and future generations
- Planning condition; type of home; local not national developers

#### **Group 3:**

- What is the definition of affordable?
- Promotion of warm homes scheme
- Should help all areas of Scotland. Shortage of affordable housing everywhere
- Affordable also needs to include energy costs
- Could leverage a lot more £.

#### **Group 4:**

- Homes not seen as having an impact. Are the houses sold? Home ownership not a realistic option. What is "affordable" e.g. GCC some rents higher than private landlords'. Rents go up, running a home very stressful to deal with all the issues e.g. rent, Council Tax etc.
- Rent keeps going up, puts off work because can't afford rent through wages.
- Housing Associations – gave tenants option of how to pay rent, but those with Housing Benefit can pick the option that won't be suitable for those in work.
- Having too complex, very different for those on benefits to people in employment. It creates poor areas with people stuck in bad areas and can't afford to take work or to move. Housing Benefit system works against work.

#### **Group 5:**

- Who is building these homes? Job creation?
- 1,700 is too few homes! How would we prioritise?

#### **Group 6:**

- People already get Housing Benefit
- Recognition of huge pressures on social housing
- Also needs accessible homes for asylum seekers
- Lower housing costs will ease living costs
- People should have free homes
- Homelessness...

#### **Group 7**

- This is a long term necessity and there are not currently enough affordable homes.
- Important to consider rural areas here
- This is important as it reduces household costs
- Feel that already investing in this quite heavily

#### **Group 8**

- 'affordable' in the sense of to buy, or in the sense of social-rented.
- Both thought to be important.
- However, thought investment would take a long time to impact poverty, so weren't so sure about it as a priority.

## Option 5: Free bus travel for young people

### How much this would cost

£23 million – would provide free bus travel for all young people living in poverty

### Who would this help?

- Young people

### Notes from table discussions:

#### **Group 1:**

- No. Too hard to administrate. A good idea, but not our priority.

#### **Group 2:**

- Should be universal
- But who will get the money from subsidies (shareholders?)

#### **Group 3:**

- Risk is that it could be used a lot and putting more pressure on services
- Should be expanded to everyone on low incomes or accessing social security
- Would help young people who have lower social security entitlements and lower pay
- Transport very unaffordable, would particularly help women especially (especially parents).
- Would invest £13 million

#### **Group 4:**

- 5 year olds to 30 year olds should get free travel. Available to everyone in poverty, those on benefits and also low income workless. Need to avoid stigma – same bus pass as everyone else. Free travel would help people go into work.

#### **Group 5:**

- Free or cheaper travel for working age in poverty
- >60s concessionary travel, perhaps should be used for people in poverty instead.
- If 'young people' includes school-age children, this would help parents too.

#### **Group 6:**

- Fares are high – limits movement
- Should there be a poverty focus instead of targeting this at all young people?
- What age? Can kids travel without parents? All family?
- If a household is in poverty, it may not be the young person who needs free travel

#### **Group 7:**

- Questioned why young people?
- Would be difficult to administer and define eligibility

#### **Group 8**

- Supportive as would give access to jobs and training.
- But important that bus companies could not 'scam' the scheme (view that bus providers deliberately make some routes very expensive so as to be able to reclaim through concessionary fares scheme).

**Option 6: Programme to help more disabled people get jobs**How much this would cost

£10 million – would help 5,000 people get a job

£5 million – would help 3,000 people get jobs

Who would this help?

- Disabled people

Notes from table discussions:**Group 1:**

[No comments]

**Group 2:**

- What kind of jobs? What kind of salary? What kind of conditions?
- Should be funded from mainstream Budgets

**Group 3:**

- Figure wouldn't scratch the surface of what is needed.
- Assistive technology etc. all hugely expensive
- Needs to be personalised
- Giving money to wrong people to deliver employability services
- Is it agency or employers?
- Would invest £12 million

**Group 4:**

- Don't know many disabled so feel don't know enough about this. Suggest subsidies would help people.

**Group 5:**

- What actions are employers taking? Would this be focussed on the individual or on encouraging employers to take action?

**Group 6:**

There was instinctive support for this policy based on giving everyone a fair chance

**Group 7**

- Previous programmes like this have worked well
- There should be a law for each company to employ a certain number of people with disabilities
- Combine this with investments in individuals
- Provide support across the lifespan, not just young people

**Option 7: Fund a local neighbourhood organisation to help people living in poverty by providing them with help and advice**

How much this would cost

£1 million – would help people in one neighbourhood area

Who would this help?

- Everyone who lived in the area
- Potential to help more people if it is a success and is then used in other places

Notes from table discussions:

**Group 1:**

- Actually much less needed. £0.2 million per organisation.

**Group 2:**

- First put in place funding for social work/social care services.
- £1 million doesn't seem realistic! It is to be run by volunteers?

**Group 3:**

- Would help people access their rights but has to be in addition to other actions.
- £1 million would be a lot in local area.
- Would invest £7 million

**Group 4:**

- Already exists to some extent, this *does* work

**Group 5:**

[No comments]

**Group 6:**

- Income max services already exist in many places but concerns around a lack of resource for them.
- Other local services also exist – is this needed?
- What does this involve?
- Which neighbourhood?

**Group 7:**

- There are so many local services that it can be difficult to know where to go
- Needs to be person-centred
- Involving people with lived experience further up the chain

**Option 8: Provide childcare to families**How much this would cost

£50 million would provide childcare for 15,000 childcare

£10 million would provide childcare for 3000 children

Who would this help?

- Families and children
- Women

Notes from table discussions:**Group 1:**

- Already happening?
- £25 million for 0-3 year group

**Group 2:**

- Parents should be supported and allowed to raise their own children.
- Childcare staff need better wages and recognition of the importance of role.
- Would also help men and society more generally.
- Smash patriarchy

**Group 3:**

[No comments]

**Group 4:**

- Totally agree with this. As single parents can't go into work without childcare. Support this option.

**Group 5:**

- Would disproportionately help women, but not only women.
- Needs to be school-aged children and after school clubs, not just nurseries.
- This is a favourite option because childcare is needed to support routes into work.
- Would invest £50 million in this option.

**Group 6:**

- Accessibility of childcare big issue – needs to be available 6-8pm.
- Should it be free or subsidised? A feeling from some that parents should contribute.
- There are 250,000 people in poverty, this would only provide childcare for 15,000 children.

**Group 7:**

- This should be a priority.
- Allows both parents to work – need to also look at after school clubs
- 25 million invested

**Group 8**

- Supportive of this but also recognised that looking after children at home was a valid lifestyle choice

**Other options developed by groups:**

	Option A	Option B	Option C
<b>Group 1</b>	<p>Invest in mental health prevention and treatment – particularly for children and young people. Invest in education.</p> <p>£100 million – 10,000 treatments. More people, if used for confidence building in schools</p> <p>Would help:</p> <ul style="list-style-type: none"> <li>• Young people</li> <li>• Everyone in the longer term</li> <li>• Families</li> </ul> <p>Would invest: £10 million</p>	<p>Wider Budget transition fund – modelling for future spend for mainstream Budgets</p> <p>Example: £10 million New model for criminal justice – restorative justice and rehabilitation.</p> <p>Would help: Largely poorer communities.</p> <p>Would invest: £25 million</p>	<p>Education for policy makers and civil servants provided by neighbourhood/community organisations</p> <p>Would help:</p> <ul style="list-style-type: none"> <li>• People in poverty, their organisations,</li> <li>• Policy makers and civil servants</li> <li>• Society</li> </ul> <p>Would invest: £5 million</p>
<b>Group 2</b>	<p>Let's review tax to make sure corporations aren't paying less (% wise) than people in poverty</p> <p>It would increase sense of fairness. It would provide more for "the poor"</p>	<p>End sanctions; end two child limit and benefit cap and universal credit</p> <p>What is it costing in human and economic costs?</p> <p>Would help all of us.</p>	
<b>Group 3</b>	<p>Invest in social care (will reduce strain on health service and help people in need)</p> <p>Would help people with disabilities.</p> <p>Would invest £6 million.</p>	<p>Tackling private rented sector e.g. maximum ceiling on rent.</p> <p>Would help everyone on low incomes.</p> <p>Would invest £9 million.</p>	
<b>Group 5</b>	<p>Spend more money on employment conditions = increased sustainability of employment. Insecure work a particular issue.</p>	<p>Make it easier for people to get solar power = reduce energy costs in the long term</p>	<p>Invest in social services – especially in areas of high deprivation. Targeted support. Ask social work if they had extra resources what would they do with it.</p>

<b>Group 6</b>	Media project – challenging narratives. National advertising campaign, people in poverty, people not in poverty.  Would invest £3 million		
<b>Group 7</b>	Economic development – this is what is needed rather than employment support programmes.  Specific mention of rural areas and the issues around superfast broadband. Simple things like this can make a big difference  £50 million	Early education – helps in the development of future skills  £25 million	
<b>Group 8</b>	Free formula milk for families with children <1yr and in receipt of CB	Provision of free healthy/sporty after school activities	More breakfast clubs Better quality healthier free school meals

### Summary:

Participants fed back to the room their decisions about how they would spend the imaginary £100 million. The key message that came back from the table discussions is that £100 million did not feel like enough to make the impact that participants wanted to make, especially if it was spent on cash benefits to increase household' incomes.

There were mixed views on employability option. Some groups were critical, arguing that helping people into jobs didn't necessarily mean that they would be good quality sustainable jobs, and others said that investing in childcare was a better use of funds than investing in employability programmes, as lack of affordable childcare is a key barrier to work, especially for women. Other groups were more positive and expressed support for employability focused policies if they are combined with policies to ensure decent work.

The affordable homes option received mixed feedback, but many were concerned about how affordable these homes would be for people in poverty, and who would be profiting from the investment.

Childcare was a popular option with many feeling that it was an important route into work, particularly for some of those more at risk of poverty (e.g. single parents, women). It was also felt to play an important role in improving outcomes for children.

There were lots of other ideas suggested, beyond the eight options suggested, but people felt it was hard to spend the imaginary resources on these options without having them costed.

Different groups took different approaches to spending the £100 million. Some pooled their resources on few options, and others opted to divide the Budget across all eight options. There was no single approach that emerged, except that option one – cash benefits for all in poverty – tended to be the least popular because of the small sums involved. Meanwhile, option 8, providing childcare attracted the most investment.

Some of the Budget decisions made by groups were as follows:

**Group 2:**

Option 2: Would invest £52 million

Option 4: would invest £25 million (but only if *social* housing as did not like the definition of affordable housing)

Option 5: Would invest £23 million

**Group 3:**

Option 1: Would invest £12 million

Option 2: Would invest £23 million

Option 3: Would invest £4 million

Option 4: Would invest £9 million

Option 5: Would invest £13 million

Option 6: Would invest £12 million

Option 7: Would invest £7 million

Option A: Would invest £6 million

Option B: Would invest £9 million

**Group 4:**

Option 3 and Option 8 – both most helpful to change lives.

Would invest  $\frac{3}{4}$  on option 8 (£75m)

Would invest  $\frac{1}{4}$  option 3 (£25m) – only if transitional support for in-work families bridge gap between ending benefits and pay starting.

**Group 5:**

Option 2: Would invest £50 million

Option 8: Would invest £50 million

**Group 7:**

Option 8: Would invest £25 million

New option on economic development: would invest £50 million

New option on early education: would invest £25 million

A number of participants fed back that the exercise had given them some insight into how difficult these decisions could be, and how different groups might prioritise different kinds of expenditure.

### **Group discussion 3: Open Government**

The last group discussion of the day was designed to evaluate the day, thinking about what worked well, what worked less well and why. The purpose was also to gather participants' views on how the Budget process could be made more transparent and easier to engage with, and to explore how the Poverty and Inequality Commission could do to facilitate engagement in the Budget process in future.

#### Discussion questions:

##### *Discussion questions 1: Evaluating the event*

- What worked well today and what worked less well? Why?
  - How well pitched were the exercises?
  - Was the content easy to understand?
  - Did you wish you had more information? Less information?
- If we were going to do a similar event in future, what would you keep the same and what would you do differently?

##### *Discussion questions 2: Budget transparency*

- What more could the Government do to make the Budget a more transparent and accessible process for you and/or the people you work with?
- How could we reach a wider audience to engage in this topic?
- What else should the Government be considering in their Budget decisions?

### **Group 1**

#### *Discussion Question 1: Evaluating Event*

##### What worked well?

- Good initial presentation to set scene.
- But some more detail would help develop understanding, including key changes in recent years
- Some common areas of priority emerged

##### What worked less well?

- Tried to squeeze too much in. overall was a bit ambitious
- Not enough understanding for informed discussion
- Discussion too technical – poverty is a political issue and need to discuss interests/power etc.
- Didn't discuss income / tax etc. – just spend

##### Do differently in future?

- Also discuss what/ who to stop spending on
- A hard and difficult discussion to order – learn from first attempt

#### *Discussion Question 2: Budget Transparency*

Need transparency, not just how much spent on X – but why? Who is able to shape spending decisions positively and negatively, who benefits?

### **Group 2**

#### *Discussion questions 1: Evaluating the event*

- Presentations: There was good information given at the start and it was probably enough. Was sceptical about Fraser of Allander Institute but presentation was good
- Posters: Were good enough to inform. Would like this information to be available more widely – the public don't get told where the money goes and it is really hard to find it, particularly if not computer literate.
- Probably not enough time as only go to one, but got good discussion out of it.
- General: Discussions on table made me question previous understanding on how progressive Scotland actually is in practice.
- Would like materials sent out so they can be used elsewhere by participants

*Discussion questions 2: Budget transparency*

- Government structure is all too far away. Need much more organic and in touch local systems – more MSPs so there can be good dialogue and fewer constituents per MSP?
- Communication into the system is ineffective, disconnected and confusing.
- We'd like more input on the Scotland we want to be – it feels like it could be so much better.
- More events like this needed to educate – and more representatives of government needed. How can people be expected to feed in to community Budgeting etc. if they don't understand the context.

**Group 3**

*Discussion questions 1: Evaluating the event*

- First group exercise worked well but some topics missed due to structure
- By its nature the event was restricted by not considering how we could create more money to spend.
- Poster section quite confusing, took a while to get into.
- Difficult to hear, could have had more handouts
- Discussions in activity 2 were very good. For people with visual impairments, it would be helpful to have information in advance - helpful both ways: able to contribute more.
- Should hold in community-based, local venues – localised basis.
- Smaller tables preferable.

*Discussion questions 2: Budget transparency*

- Make the Budget into much more accessible form. Often seems deliberately obtuse – even MSPs don't understand it
- About language as well as format
- Need to consider how information is provided to different groups
- Community discussions to take place as part of Budget process
- People who have power over Budget process have to give it up.
- Can't get bogged down in numbers – have to seek to influence principles
- Government has to commit to taking evidence on board.
- Budget process not transparent – establish Budget panels like the Social Security experience panels.

**Group 4:**

*[No notes available as group had to leave the event early]*

**Group 5:**

*Discussion questions 1: Evaluating the event*

- Exercise 1 – needed more time for initial exercise. Ended up working individually rather than in groups.
- Not everyone got a chance to see the posters of most importance to them.
- Interesting to see what different parts of the Budget get.
- Second exercise showed how difficult Budget decisions are.
- Would like to see more information
- Would be valuable to be able to cost the wildcard options that people have come up with
- Would be interesting to look at who that money is going to, for example the salaries for managers and chief executives.
- Could have spent all morning on the first activity – could have extended the whole event.

*Discussion questions 2: Budget transparency*

- Some appetite for a series of events – skilling people to do this properly
- How could the Budget be made more transparent?
- Would like to know how much money there is to divvy up altogether and what that resource is spent on.
- Dedicated web page with accessible content like videos
- Billboards
- News – too political. Difficult to understand.
- Would be beneficial to have a webpage that details spending for specific public sector organisations so that can then fully call them to account at meetings, annual reviews or if writing to them or taking a public petition to Scottish Parliament petitions committee
- Social media campaign about the Budget to explain Budget expenditure
- Useful for people who are wanting to be involved with participatory Budgeting in their communities to be able to come to workshops such as this in order to be more knowledgeable.

**Group 6:**

*Discussion questions 1: Evaluating the event*

- Budget options and counters – good
- First session with walls did not work so well – mobility and numbers
- Good materials and facilitators supported good discussion
- Opening talks prepared us well for the workshops – but would have been good if scripts were provided to give figures etc. from people at the other end – even a case study
- Good balance of information
- Not clear on actions
- Felt a realistic model for participatory Budgeting

*Discussion questions 2: Budget transparency*

- When given an opportunity to engage, people will open eyes to the challenges of prioritising, realise it is easy to criticise
- Find out about other people's situations.
- Distance from decision makers to people's lives
- Community building role
- Media has a role to play in engaging the public in this.

**Group 7**

### *Discussion Question 1: Evaluating Event*

#### What worked well

- The Boards activity was difficult to understand at first but made me think about things
- The activity was good and was really good to hear the feedback from other groups.

#### What did not work so well

Walls were confusing – not enough time to do it all, maybe there were too many

#### Do differently in future

- Invite people from the public sector to hear views. E.g. really important for them to hear stories like the woman who goes to Morrison's at 8pm to buy cheaper bread.
- Seeing the impact of this will be important

### *Discussion Question 2: Budget Transparency*

Important the SG does not go the same way as local authorities in their participatory budgeting. "same suits, making the same decisions in the same ways. There is no transparency"

### **Summary and close**

The Chair closed the event by highlighting some themes that had emerged from the days' discussions and reiterating that the outputs from the workshop would inform the Poverty and Inequality Commission's advice to Ministers.

**Professor Chik Collins** of the University of the West of Scotland offered some closing remarks:

This Policy Forum today has seen the meeting of four organisations in a novel constellation: the University of the West of Scotland which has a strong tradition of empowering the local community through teaching but also through research; Oxfam, who have brought their campaigning and policy experience; the Poverty Alliance, who have connected us with their networks of anti-poverty activists; and the Commission, who provide a direct route to policy makers, to inform what they could and should do with regards to the continuing – and, quite frankly, appalling – levels of poverty and inequality in Scotland.

When the Partnership first launched in 2012, our Policy Forums were about bringing together local grassroots and community groups with the aim to have them tell us what our research priorities should be. These events the rudder which guides the ship, if you like. Over the years there has been a shift away from this audience to a more academic and policy professional audience. These occasions offered other – and also very valuable – kinds of insights. But today it was good to see the Partnership go back to its roots, providing a platform for what seem to me more seldom-heard voices. I think this is something we should embrace and cultivate in the coming months and years.

- **Attendee list**

X14 Delegates	No organisation/lived experience of poverty
X2 Delegates	Clydebank Community Resource Centre
X5 Delegates	One Parent Families Scotland
X3 Delegates	Poverty Alliance Community Activists Advisory Group

X3 Delegates                      Citizens Advice  
X6 Delegates                      Other organisations such as HIS, Inverclyde Council, Energy Action  
Scotland, Inclusion Scotland, Tea in the Pot and PSOS

Staff and facilitators present on the day:

Douglas Hamilton	Commissioner - Poverty and Inequality Commission
David Eiser	Commissioner - Poverty and Inequality Commission
Katherine Myant	Poverty and Inequality Commission
Michelle Barr	Poverty and Inequality Commission
Chik Collins	University of the West of Scotland
Hartwig Pautz	University of the West of Scotland
Rhiannon Sims	Oxfam Scotland
Suzanne Crimin	Oxfam Scotland
Jamie Livingstone	Oxfam Scotland
Tanya Wisely	Oxfam Scotland
Neil Cowan	Poverty Alliance
Emma Congreve	Joseph Rowntree Foundation