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Why fight poverty? Poverty in Scotland and the UK is costly, risky and wasteful but not inevitable

Summary

Julia Unwin, Chief Executive of the Joseph Rowntree Foundation, looks at the changing face of poverty in Scotland today, drawing on the recent Joseph Rowntree report [Monitoring Poverty and Social Exclusion in Scotland 2015](#). The lecture highlights the 21st century challenges and opportunities of: the global economy; the changing populations of Glasgow and Scotland; and the digital revolution and climate change. Julia argues that in response to this a new social settlement is required. She suggests that the responsibility for poverty lies with 'us' not 'them', and that poverty in Scotland can be ended by a practical, costed and evidence-based plan built around four Ps: Pockets; Prospects; Place and Prevention. By having the eradication of poverty as an organising purpose, people and communities, governments, businesses and housing providers can all contribute to a poverty-free Scotland.

Introduction

Glasgow is and always has been a resilient city. Even quite recently Glasgow has transformed its social housing. Although problems remain, this sends a very clear message to the rest of the UK about what can be done. Similarly, Glasgow has transformed its physical infrastructure not least in the East End, and for the Commonwealth Games. Glasgow has demonstrated the potential to create jobs and improve lives by the Glasgow and Clyde Valley City Deal which is the first in Scotland. There are emerging signs that the concerted focus on violence is actually paying off and there is international interest in that. Glasgow is home to the Poverty Truth Commission, the first place in the UK that has provided a genuine and profound platform for people in poverty to speak up. And finally Glasgow had a historic turn out in the independence referendum where people, whatever they voted, were voting for change.

So this is a city with a history of resilience and change. For decades Glasgow has shown the way dealing first with the horrors and shocks of deindustrialisation and now with globalisation. At the same time there are some shocking figures about what is happening in Glasgow. The Glasgow Centre for Population Health (GCPH) has shone a bright light on the persistently poorer health in Glasgow compared with other areas. It has done the same looking at regeneration through the GoWell longitudinal study and offered priceless insights into the dynamics of what is happening in poor areas. But a clear challenge we now face is to go beyond the data. The Joseph Rowntree Foundation (JRF) also has decades of data. This is vital evidence that we need to track and carry on looking at. Knowledge and evidence are essential but not sufficient. The challenges that we face in the second decade of the 21st century call for an entirely new social settlement. A new way of addressing old problems and also new problems. A new and better way of engaging the assets and strengths of the individuals, communities and cities of Scotland.

The JRF has set itself the task of understanding what it would take to make the whole of the UK prosperous and poverty-free. Some people would say that this is heroic and ridiculous at this time of recession and austerity. But not only is it the right time, it is the essential time. There will never be a return to prosperity while we have the levels of poverty reported by the GCPH and the JRF. The JRF is arguing one simple theory of change. Poverty is real in the UK and causes real harm and it is not in any way inevitable. We have the solutions and that is what this talk is about.

The cost of carrying the number of people who are now in poverty is ruinous for the UK. The waste of the skills and talents of young people growing up in poverty and never being able to contribute to a growing economy is wasteful. It is also risky for us all and for the current economy. These levels of poverty are also just wrong but the case argued in this talk is that, in pure balance sheet terms, poverty is also economically bad for all of us.

Recent changes which call for a new social settlement

There are a number of things that have changed significantly in recent times.

- 1) Scotland is firmly part of the global economy. This can bring risks and gains but also challenges. The interconnectedness of our global economy means that what happens in Beijing or Europe affects us in Glasgow. International migration is perhaps the defining issue of our time. All geopolitical changes affect us all and profoundly affect the nature of our social settlement. What sort of settlement do we want in this open, interconnected economy? How can we survive these challenges in a way that means that the poorest people and places don't pay the highest price? This is the first reason we need a new settlement.
- 2) The second change is our population. The Scottish population is now growing steadily and slowly reversing decades of decline. It is also an ageing population as in the rest of UK. However in the cities there is a different story. Here there is rapid growth of 'people of working age' with increasing numbers of students and migrants. In addition more people are living alone. There are two possible responses to these changes. We can mourn and look back with nostalgia or recognise that these changes have brought emancipation and untold freedoms, introduced diversity and difference and enabled much higher levels of self-expression. Whichever way we choose to look at these changes a new social settlement needs to ensure that these demographic changes do not further disadvantage those that have the least.
- 3) The third area of change is the digital revolution. We are now reliant on things that we did not even know existed five years ago. The pace of change has changed our environment fundamentally. There are huge potential benefits which we are only in the foothills of beginning to understand but there are profound risks too. The goal of all social policy has to be to balance the benefits and the risks in this and other areas of change. To balance the opportunity and the vulnerability, and to do so in ways that offer protection without disenfranchising, security without stifling. The call for a new social settlement is a response to this challenge.
- 4) The fourth area of change is the climate. This is something we cannot ignore although too often we do ignore it. There is no way we can have this discussion about a new social settlement without recognising that climate change, disadvantage and poverty are inextricably linked.

The state of poverty in Scotland

Every two years JRF publish an independent audit, of publically available figures, of how Scotland is faring on a range of poverty and exclusion measures. The most recent one was in March 2015 and unsurprisingly the picture was mixed. Poverty fell for all age groups except for young adults under 30. In this group poverty rose to more than 200,000 in Scotland in the decade up to 2013. The remarkable drop in poverty for older people proves that we can do things when we put our mind to it. We can reverse the historic link between poverty and old age. But it looks like an advancement that we could lose very rapidly.

So the face of poverty has changed. The new face of poverty is under 40, poorly paid with very few prospects and increasingly privately renting expensive, poor quality, short-term housing. It is likely that a family living in poverty will include adults who work. Low pay, irregular hours, short-term contracts and unreliable work are the challenges facing modern families who are poor. What is more, poor people are now much more likely to be disabled, experience poor mental health or have a long-term health condition. Poverty looks different and will require different responses, a different narrative and a different set of solutions.

The number of Scottish households in poverty is now spread evenly by tenure. The number has fallen substantially in the social rental sector, fallen more gradually in owners but has doubled in the private rented sector. People who are poor also face higher costs. The five-year inflation rate is higher for poorer households.

Faced with this barrage of statistics it is easy to think this problem is insuperable. To put our head in our hands and say there is a dreadful inevitability about poverty, it has always affected the same families and communities whatever we do. These voices are there and they are very loud. They are joined by voices which say we can feel very sorry for people who for whatever reason struggle to make ends meet, but it is a problem without resolution. Or we can say there is an issue of poverty that does need to be addressed, but it is caused by 'others' – be this the UK government approach to welfare reform, additional costs due to EU regulation or by poor people themselves. There are real dangers, Julia argues, with placing responsibility with 'them' rather than 'us'. Allowing this to be the prism through which we think and talk about and seek to act on poverty holds us back from a powerful inclusive response. It makes the prospect of a sustainable economy hard to realise.

A plan to end poverty in Scotland

A practical, costed, carefully developed plan, rooted in sound evidence and experience can end poverty in Scotland. Many of the players in this endeavour, Julia suggested, were at this seminar. We don't need to ask permission from anyone to start work on ending poverty. Julia then used the three 'Ps' from the Scottish Child Poverty Strategy to sketch out how such a plan could be shaped. The JRF have used these, with a fourth P – **Prevention**, in their own strategy. They understand well the gulf between a vision (such as set out by the [Christie Commission](#)) and the difficulty of aligning plans and resources. They are not naïve but if we don't face this challenge, even in the face of major reductions, we will never get to the stability and security that the next generation require. If our organising principle is to reduce the numbers of people in poverty, if we are deadly serious about this being our organising purpose, then we can succeed.

The first P is about Pockets. The pockets of people who are poor are empty, self-evidently, because of what is going in and what is going out. There needs to be real leadership to

extend the real living wage. But fair work is not just about wages, it needs to be regular, full-time and guaranteed. A volatile global economy means that sporadic work with little protection is likely to grow rather than diminish. We need an economic strategy that addresses the need for secure employment and a social settlement that recognises temporary instability to make sure that this volatile economy doesn't extract an impossible price from poorer households, while providing even greater opportunity and wealth for the better off.

Costs, the money going out of pockets, matter too. Forty years since the publication of the seminal work 'The Poor Pay More', if anything the issue has become more acute. Public policy influences how much flows through pockets but not on its own. This is where the other actors come in. Employers and businesses through their HR, management and marketing systems have a part to play, as do community actions, engagement through voluntary organisations, faith groups and trade unions. Every initiative makes a tangible contribution as does the informal web of help and support.

The second P is Prospects. Four out of five people going from unemployment to poorly paid work are still low paid ten years later. Many people are trapped in poverty while working, just as surely as others are trapped on benefits. The fact that an increasingly high percentage of people using foodbanks are working, is a fundamental breach of the social contract. To go out to work and to be unable to provide the basics for your family is a breach of what our expectation is as society.

The whole of the UK suffers a productivity conundrum, however this appears to be greater in the low paid sectors of our economy which are growing and are the pillars of the recovery: retail, hospitality and the care sector. The infrastructure of our economy risks locking low pay and poverty and vanishingly low prospects into that recovery. In Scotland, where the housing market, employment and wage levels have been relatively less volatile, it is time to set that clear purpose and ensure that economic growth brings everyone with it. Businesses can play their part too by structuring their workforces in ways that recognise skills and experience, reward engagement and provide scope for progression. It is no accident that these low paid sectors are those where it is human relationships that matter. Our models of productivity reward speed rather than relationships. Businesses across the country are engaging with this.

A final aspect of prospects is childcare. Prospects of women and men in the workforce will never brighten without really high quality, affordable childcare. It doesn't just help parents to progress, it improves the prospects of the next generation too.

The final P is for Place. The neighbourhoods we come from, the homes we live in, the schools we go to, all shape us and our future lives. But they can be places that lock in poverty, that make progression hard, that are corrosive of aspiration. We all recognise places where poor people live. This is not just the market responding to need and demand, it is the result of the processes of licencing, public investment and permission. People who make decisions about these areas rarely live in them. And of course houses are rooted in place. Our greatest triumph as a society is that we have broken the link between poverty and squalor. The work of councils and housing associations across the UK means that poor people can expect to live in decent, dry, secure houses. This is now once more in peril in England but in Scotland we can still hang on to this. This great gain is imperilled if social housing developments stall, and poor quality landlords again become a fixture in our lives. The current Private Tenancies Bill combined with the broad consensus of the need to increase affordable housing supply forms a necessary but again, not yet sufficient, response.

Conclusion

Scotland has a clear and stated commitment in principle to extending social justice and tackling poverty. It now has an opportunity to signal something quite different which will show the way in the UK but also in Europe.

Scotland can signal that in this country, in this city, we have provision to make sure that poverty is temporary in someone's life. Things will go wrong but we know how to mitigate these. We could say this is a place where:

- employers focus on jobs of tomorrow, not yesterday, and they know that by offering fair work they are also building a strong resilient economy
- there will be global shocks but we know how to ensure the poorest people and places don't pay the highest price for them: we have the systems ready to deal with the shocks that are inevitable.
- we have public and private services that mean people even on low incomes can live decently and in community with others
- the next generation will be enabled to contribute to and support both the community and the economy regardless of the income of their parents.

The JRF is focusing on mapping out what is needed for Scotland and the whole of the UK to be prosperous and free of poverty. They know the path is incredibly complicated. They know that they will only achieve lasting change if they focus on poverty reduction as part of their organising purpose. But they also know the prize is great. A stronger, more resilient city and country will only be possible if there is a just settlement that means that poverty no longer scars this place.

The title of this talk was 'Why fight poverty?'. We need to fight poverty because it is real, because it causes immense harm to all of us, and because it can be solved.

The views expressed in this paper are those of the speaker and do not necessarily reflect the views of the Glasgow Centre for Population Health.
Summary prepared by the Glasgow Centre for Population Health.