

RESPONSIBILITY FOR ALL A NATIONAL STRATEGY FOR SOCIAL INCLUSION

Executive Briefing

Responsibility for All

For the first time in decades, the UK has a government that is committed to tackling the poverty that directly affects almost a quarter of us and that scars and shames our society.

The measures that have been introduced so far will make a difference, but as ministers themselves note, they are only the start of what needs to be a concerted effort over many years.

This report considers how the programme to eradicate poverty should develop from now on. Its principal conclusion is that what the government should do is launch a national strategy for social inclusion at the start of its second term of office.

A national strategy is one where all sectors play their part. This includes the private sector, the voluntary and community sectors, trade unions as well as local government and the wider public sector. This is a very different emphasis from the current programme, which focuses on projects and initiatives that are administered and paid for by central government itself.

The strategy must also be based on a *positive* vision of a society without poverty. This means it must describe the values and institutions of the socially-inclusive society which will prevent poverty from occurring.

Widening the Attack on Poverty

The defeat of poverty requires concerted action on a wider range of issues than are currently addressed. The report identifies four main areas where sustained attention in future is needed. They are:

- The quality and experience of work at the lower end of the labour market.
- The suitability, affordability and accessibility of essential private services.
- The level and standard of mainstream public services enjoyed by lower income households, irrespective of where they live.
- The capacity of local 'third' sector groups to promote the interests of low income and excluded groups.

In none of these areas does government enjoy anything like direct control over what actually happens 'on the ground'. The report draws two basic conclusions about what government must do:

- First, it needs to marry its various programmes for *general* improvement in services with its programmes of action for social inclusion.
- Second, it must use its powers to move both private and public sector in the desired direction wherever their actions have an impact on the deeper causes of poverty.

SECTOR BY SECTOR ANALYSIS

Public Sector: Services*

Since 1997, central government has introduced a series of area-based initiatives (e.g. the New Deal for Communities) which aim to tackle poverty and exclusion in localities deemed to be suffering from multiple deprivation.

At the same time, it has also pursued an extensive programme of local government modernisation. These reforms, though, have had very little to say about poverty and exclusion.

The 2000 *National Strategy for Neighbourhood Renewal* introduced an emphasis on *core* local services in highly deprived areas, alongside special initiatives. This is welcome, but it cannot be enough because only a minority of people in poverty actually live in these areas.

Recommendations

The commitment on core public services in *deprived* areas should be extended to a general commitment on core public services for poor and excluded people in *all* areas.

To make this happen, measures to promote social inclusion must be woven into the mainstream programme for public sector reform.[†]

Specific ways of doing this include:

- Amending the National Public Service Agreements for local government so that they promote social inclusion.
- Revising the regime of central government funding to ensure that authorities get the money they need for social inclusion.
- Prioritising the services received by people in poverty within the guidance for 'Best Value' reviews.
- Introducing performance indicators on poverty and service inequalities into local authorities' 'corporate health indicators'.

In addition, Local Strategic Partnerships will need direct representation of excluded groups if they are to fulfil their promise, in mixed and wealthy areas as well as poorer ones.

Voluntary and Community Sectors: Capacities

With their experience, insight and commitment, the voluntary and community sector organisations that get close to poverty and exclusion ought to be seen as government's natural allies in a strategy for social inclusion.

In practice, however, their effectiveness is constrained by a series of problems. Some of these are to do with the finances available for service provision. Others stem from a failure to recognise the value of organisations that act as advocates and campaigners, pressing the interests of the poor and excluded groups they work with and for.

Recommendations

Changes are needed in the ways that voluntary and community sector organisations are funded. These include:

- Valuing demonstrable success in providing services that meet the needs of low income and excluded groups. Such success should be valued as highly as innovation.
- More support for local groups that undertake advocacy, network building and campaigning work.
- Funding intermediaries such as Councils for Voluntary Service to play a strategic role at local level (e.g. in identifying gaps in local voluntary sector provision).
- Using money from nationally led initiatives to work through local groups. At present, organisations who are used to bidding for money and working with statutory agencies – but who are not necessarily local – are best placed to tap into these initiatives.

* The study focused on the framework for modernising local authority services, particularly the Best Value regime, as a lens through which to consider the wider question of the relationship between public service reform and social inclusion.

† The equivalent challenge in health is to weave measures to reduce health inequalities into the programme of general health service improvement.

SECTOR BY SECTOR ANALYSIS

Private Sector: Essential Services

Essential services include both *basic* services (e.g. water, gas and food) and *infrastructure* services (e.g. transport, telephone and basic financial services). Affordable access to such services is a crucial part of social inclusion.

Competitive markets cannot be relied upon to fully meet these needs because, as consumers of services, people are unequal in terms of their profitability - and therefore attractiveness - to service providers.

At present, two quite different approaches are used to try to ensure that people have affordable access to the services they need:

- *Special measures*, usually in the form of special tariffs for designated 'vulnerable groups' (used chiefly in the utilities).
- Setting *minimum service standards* for products that, while available to all, are designed to suit people on low incomes (e.g. the stakeholder pension and the basic bank account).

Recommendations

The contribution of essential private sector services within a national strategy for social inclusion should be built on the 'minimum standards' approach.

One reason for preferring this approach is that, by being universal, it can reach the substantial minority who are the intended direct beneficiaries of a social inclusion strategy.

It is also better for companies. Up-front negotiation to develop 'minimum service standards' is far preferable to government taking wide-ranging powers to intervene to correct instances of 'unfavourable' treatment – powers that the new Utilities Act has brought into being for the gas and electricity industries.

On a case-by-case basis, therefore, ranging from public transport to digital television, government should now examine whether it is appropriate and practical to apply the approach it has already used in financial services.

All Sectors: Employment and Earnings

For those who can work, employment is held up by government as the key to ending poverty. However, if employment really is to be the guarantee against poverty, a far more critical view of the nature of work is required.

Currently, disadvantage outside the labour market can be perpetuated in it, with people trapped in a cycle of 'no job, poor job'.

To break this link, the quality and experience of work, especially for those in low paid jobs, should be at the centre of a national strategy for social inclusion.

The first consideration here is obviously low pay, which remains endemic. The National Minimum Wage is currently set at an extremely cautious level, and has fallen in real terms since its introduction. Tax credits that raise the income of working households, whilst welcome, only treat the symptoms of low pay.

Other aspects of a job that contribute to its quality include: a degree of certainty over working hours; sick pay and pension provision; opportunities for training and career development; democratic representation at work; and freedom from discrimination.

Recommendations

Besides raising the minimum wage, many things can be done to improve the quality of low paid jobs. For example:

- Using public sector employment to set an example, e.g. over career development.
- Altering norms and expectations without direct legislation. Voluntary codes on different aspects of employment standards have a role to play here.
- Setting standards for service in sectors with low pay or high staff turnover.
- Systematically re-evaluating low paid jobs.
- Making it a high priority in unions to recruit and bargain on behalf of low paid workers in currently non-unionised workplaces.

TAKING THE STRATEGY FORWARD

Official Minimum Income Standards

Minimum income standards define the income that will maintain good health, provide essential needs and allow individuals to participate in society.

Since 1998, independent research has established values for a 'low cost but acceptable' minimum income standard for some kinds of household. The government should now commission research to establish *official* minimum income standards.

Minimum income standards would play the vital role within a national strategy for social inclusion of defining income poverty in a concrete and understandable way.

While the current range of 'poverty' thresholds (e.g. half-average income) may be quite adequate as *measures* of income poverty, they seem to be increasingly unconvincing as *definitions* of it. Unless such doubts can be stilled, the whole effort to rid the country of poverty may be fatally undermined.

The Architecture of a National Strategy for Social Inclusion

Government must make the argument that social inclusion is a responsibility for all. To back its argument up, it should create a set of institutions to keep the pressure up and to ensure that real change takes place.

Essential elements of that structure include:

- A Poverty 'Summit' bringing together ministers and officials with representatives from all the different sectors.
- A comprehensive statement of government priorities and policies for social inclusion in those areas where primary responsibility for action lies with others.
- A published strategy drawn up with the involvement of all sectors, setting out a vision and a plan of action that individual organisations can sign up to.
- A government-funded agency to monitor progress by other sectors. This could be an expansion of the role of the SEU.
- Participation in the policy process by people with direct experience of poverty.

Responsibility for All: A National Strategy for Social Inclusion

Responsibility for All A National Strategy for Social Inclusion, by Catherine Howarth, Peter Kenway and Guy Palmer, is the result of a year-long study conducted by the New Policy Institute and the Fabian Society. Responsibility for all content including errors is the authors' alone.

The study was made possible by generous financial support from the following: Tesco Plc, Camelot Group, The Webb Memorial Trust, The Sternberg Foundation, Unison, Wessex Water and Oxfam GB. Their support for the project does not imply that the report necessarily reflects their views.

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