

RESPONSIBILITY FOR ALL

A National Strategy for Social Inclusion

**A report by The New Policy Institute and the
Fabian Society**

Catherine Howarth, Peter Kenway and Guy Palmer



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FOREWORD

Poverty scars British society. That one in four children is growing up in a household struggling to provide the basic amenities of modern life, that thousands of elderly people die of cold each year, that life expectancy differs widely between social classes - such profound inequality and deprivation should not be acceptable in a rich society at the beginning of the 21st century. Poverty primarily damages the lives of those who experience it directly. But it also damages the moral claim of the society in which it occurs. It is difficult for the UK to sustain its self-image of cultural and political advancement when the depth of poverty it harbours is recognised - and when the voices of those excluded by it are heard.

As experience in other European countries amply demonstrates, there is nothing inevitable about poverty and social exclusion on the scale experienced in the UK. They are the results of particular structures and dynamics in society and economy, and particular kinds of government policies. They can be tackled.

Since 1997, for the first time in over a quarter of a century, the UK has had a government serious about this task. The commitments made by the Prime Minister and Chancellor of the Exchequer to eliminate child and pensioner poverty, and to reverse neighbourhood deprivation, are bold and important. And they have been backed up by significant policy initiatives across of a range of fields. The government has indeed published an overall strategy against poverty and social exclusion and begun the task of monitoring its progress.

And yet one could hardly say that this has been at the forefront of its public political project. The fight against poverty is not one of the core aims associated with the government in the public mind. Too often the goal has been addressed almost 'by stealth', as if the government is not quite sure that it wants middle Britain to know exactly what it is doing. Too often this has meant that its own supporters - including those with most to gain - have not known either.

Whatever the short-term tactical advantages of such an approach, it is surely not supportable in the longer term. If poverty is to be eliminated this cannot be done invisibly. It must become a goal for the whole of society, not just for government. Poverty cannot be hidden from those on comfortable incomes: it must be part of our national consciousness, so that the attack on it becomes part of a national consensus. Politically it has to be at the top of the agenda, and argued for as such.

This is the aim of the present report. *Responsibility for All* starts from the premise that a strategy against poverty cannot be simply the responsibility of central government. It must involve all sectors of society - businesses, local government and other parts of the public sector, voluntary and community organisations. For poverty and social exclusion properly to be tackled, every sector must play its part; there needs to be a national mobilisation towards a common political and social goal. It will not succeed otherwise.

This report - the result of a year-long study involving wide consultation with representatives of all sectors - attempts to show what such a 'national' strategy might look like, and how it might be coordinated. It does not try to offer a blueprint, but some possible approaches and principles. Not every argument will be accepted by everyone. But we hope it will be widely read, in each of the sectors which need to be involved, and may help to stimulate the kind and scale of initiative required to address the task. The opportunity to succeed today is greater than for a generation.

Michael Jacobs
The Fabian Society

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As ever, responsibility for the content and any errors rests with the authors alone.

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1. EXECUTIVE SUMMARY

1.1. SETTING THE SCENE

Aim and Scope of the Report

A report on how the strategy for combating poverty and social exclusion in the UK should be developed

This report considers the future strategy for combating poverty and social exclusion in the United Kingdom. It is the result of a year-long study, conducted by the New Policy Institute and the Fabian Society, with direct contributions from over a hundred individuals from major private companies, trade unions, academia, the civil service, and voluntary and community sector bodies.

The study had two overall objectives:

- To consider the scope of a strategy to combat poverty and social exclusion involving all sectors, and what issues, beyond those already identified by government, might reasonably be addressed by such a strategy.
- To consider with people outside of government what actions they could take to combat poverty and social exclusion, and what role government might play to make this happen.

Its conclusions contain priorities for action rather than detailed policy proposals

These are wide-ranging objectives which mean that the recommendations of the report should be seen as mapping out new priorities – and where necessary new approaches – rather than offering a detailed policy blueprint.

The study did not assess individual policy initiatives within the government's existing programme.

Reflections on the Current Programme

The report builds on what has been introduced since 1997

This report proceeds from a view that the very existence of a programme to combat poverty and social exclusion is hugely important, marking a dramatic break from even the recent past. That programme is encapsulated in the annual *Opportunity for All* published by the DSS, and the Social Exclusion Unit's *National Strategy for Neighbourhood Renewal*.

As government ministers themselves note, however, the policies introduced since 1997 make up only the first phase of what needs to be a concerted effort over many years. The proposals presented in this report are intended to build upon what is already in place.

At present, government is shouldering too much of the burden of responsibility for poverty reduction

Two ideas have informed this study from the start:

- First, that the current programme to combat poverty relies too heavily on projects and initiatives administered, and paid for, by government itself. This appears to reflect an analysis of the causes of poverty which attributes it chiefly to malfunctions within welfare state institutions.
- Second, that the *scale* of the problem of poverty – with around a quarter of the population living in households whose income is less than half the UK average – must be kept in mind at all times, both politically and in terms of individual policies.

Our research has pointed to a number of areas where development of the current strategy is needed

In reflecting on the current programme, the study identified various weaknesses and gaps. These reflections are, by their very purpose, critical in tone but they proceed from what is an overall *positive* assessment of the current programme.

The reflections can be grouped into five themes:

- The programme lacks a clearly articulated vision of the kind of society that is desired. The many targets, whilst a valuable discipline, tend to describe what is *not* wanted.
- The existing programme focuses heavily on getting people into paid work, but a more critical view of the jobs that are available is now needed. The quality of jobs and experience of work for many people is still very poor, undermining the effectiveness of what is being attempted.
- The adequacy of incomes to meet essential needs, maintain good health and allow meaningful participation in society, has not yet been addressed. The problems of debt in low-income households are largely overlooked in the current programme.
- In the field of private services, insufficient attention has been paid to the way competition can leave less profitable customers at a disadvantage. The importance of public sector services in helping people on low incomes *outside* areas of high deprivation needs to be developed.
- At the UK level, there has been little participation by people on low income in developing the broad vision and direction of the programme. Barriers to meaningful participation, even locally, remain to be addressed.

1.2. PRINCIPLES FOR A NATIONAL STRATEGY

Responsibility for All

A national strategy is one where all sectors play their part

The idea of a *national* strategy is straightforward: rather than lying solely with *government*, responsibility for action has to be accepted much more widely, across all organisations and institutions whose decisions may have an impact on poverty and exclusion. These include the private, voluntary and community sectors, as well as local government and the NHS.

Stealth will not do: government must argue that responsibility belongs to all

For government itself, this means that a major part of its role should be facilitating other institutions to act in ways that have a beneficial impact on social inclusion. This is partly about political leadership to change the climate of opinion about where responsibility lies. It is also about using government's powers and resources to move others in the desired direction. All domestic government departments will need to be involved.

A Positive Vision

A positive vision is needed to motivate others

If other sectors are to play their part, a shared vision is required of what a country without poverty would be like. That vision needs to be put in positive terms, describing the kind of society that *is* wanted as well as the one that is not.

One problem with constructing a programme of action around social problems that one wants to get rid of (e.g. child poverty or teenage pregnancy) is that these usually directly affect only minorities of the population. Yet most of these problems are the consequence of factors which adversely affect a much larger group of people.

This can be built around what the citizen can expect from society

We recommend centering a positive vision – a vision of a socially inclusive society – on the idea of the ‘citizen’ and what he or she can realistically expect from society. Both the child's right to free schooling and our universal right to free healthcare exemplify this positive approach. A vision of a socially inclusive society would extend this approach.

‘Minimum Living Standards’ describe what the citizen can expect

We suggest the phrase ‘minimum living standards’ to describe *what* it is that the citizen can expect.

A ‘minimum *income* standard’ is one element of this, such a standard defining the income that will maintain good health, provide essential needs and participation in the community at different stages of one's life. We recommend that government should now commission its own research aimed at establishing these minimum income standards.

Minimum *service* standards, which play a central role in the proposed approach to private sector essential services, form another element.

Participation at UK Level

Participation in the policy process at the UK level makes practical sense

Despite widespread, international consensus on the value of involving people on low incomes in the policy development process, there has been little participation at the UK level. In contrast, local anti-poverty initiatives have been more inclusive.

Quite apart from the contradiction of a social inclusion strategy that excludes people in poverty from its deliberations, practical considerations suggest that the insight that they have into their own situation should be given proper weight at the highest level. Without it, the strategy runs the risk of being yet another well-intentioned reform from above, delivering ‘solutions’ that within a decade or so come to be seen as part of the problem itself.

The Scottish Social Inclusion Network provides a model

The Scottish Social Inclusion Network was set up by the Secretary of State for Scotland in 1997. This is a home-grown model for national level participation, not only of people in poverty but also representatives of institutions in the public sector, trade unions, and NGOs. It is generally judged to be beneficial by those involved in it, and should be a strong candidate for adoption at the UK level.

1.3. PRIORITIES SECTOR BY SECTOR

Public Sector: Services

Area-based initiatives have been the mainstay of the approach up till now

Since 1997, the government has pursued an extensive programme of local government reform. While emphasising the renewal of local democracy, Whitehall has also expected local government to implement central government’s own objectives.

Thus far, central government’s objectives on reducing poverty and social exclusion have found greatest expression at the local level through geographically targeted initiatives, such as the Health and Education Action Zones and the New Deal for Communities.

The government’s approach does now appear to be evolving, with the Social Exclusion Unit’s *National Strategy for Neighbourhood Renewal* emphasising the importance of *mainstream* local services in the most deprived areas alongside special initiatives and projects. However, with only a minority of people in poverty living in specially deprived areas, this emphasis on mainstream services has limited application at the moment..

A commitment to reduce the gap in well-being within an authority’s area is required

We recommend that the *National Strategy for Neighbourhood Renewal*’s commitment for “core public services [to] address the special needs of *deprived areas*” should be extended to a general commitment for core public services in *all* areas to address the needs of deprived groups.

Implementation of this requires that the framework set by central government for local authorities be modified to encourage all authorities to focus on social inclusion. In other words, social inclusion must be built into the programme of local government modernisation.

Practical measures could integrate social inclusion within the programme for local government modernisation

Practical steps to integrate social inclusion into local government modernisation include:

- Setting national Public Service Agreements for local government which promote social inclusion. Current 'headline' measures, for example for greater overall cost effectiveness, do not focus attention on the quality of services poorer households receive.
- Revising the regime of central government funding to ensure that authorities get the money they need for social inclusion. Although authorities in deprived areas do get more money, there has been no proper analysis of whether it is enough.
- Introducing a specific focus on the services received by people in poverty within the guidance for 'Best Value' reviews. As the policy tool for achieving continuous improvement in mainstream services, 'Best Value' should have more of a focus on differential outcomes within an authority.
- Introducing performance indicators on poverty and service inequalities into local authorities' 'Corporate Health Indicators'. In an indicator-driven environment, the absence of such indicators sends the wrong signal about the importance of inclusion.

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.

Private Sector: Essential Services

Two aspects of the social responsibilities of companies were examined in this study: those connected with employment and those connected with the provision of 'essential' services. Here we deal with the latter.

'Essential' services are made up of basic and enabling services

Access to high quality and affordable essential private services is critical to the quality of life. Two groups of essential services are distinguished in this report: *basic* services, including the utilities but also food; and *enabling* or *infrastructure* services including telephone, basic financial services, transport, and – increasingly – the internet.

Government quite properly takes an interest here because when it comes to services, particularly those provided direct to homes, consumers are unequal in terms of their attractiveness to providers. Fuelled by information technology, companies are now more and more able to profile individuals and areas according to their likely profitability.

The government currently has two quite different approaches to what is a widely recognised problem:

- 'special measures' to help vulnerable groups (used chiefly in the utilities);
- setting 'minimum service standards' for products that, while available to all, are designed to be suitable for, and affordable by, those on low incomes (used chiefly in financial services, e.g. the stakeholder pension).

Government should drive its approach based on 'minimum service standards'

As part of a strategy for social inclusion, we recommend that government should strongly prefer the second approach. The 'minimum standards' approach is more likely to reach the substantial minority of the population who are the immediate 'target' of a social inclusion strategy. It also has the advantage of describing in tangible terms what it is that citizens can expect.

We also conclude that the second approach is better *from companies' point of view*. Minimum standards in any one industry will be few in number, clear cut and arrived at through negotiations in which companies' negotiating position will be strong because government needs their co-operation.

By contrast, as recent legislation such as the Utility Act 2000 shows, the 'special measures' approach in the hands of government can leave companies facing the threat of detailed government intervention whenever it deems some group to be receiving 'unfavourable' treatment.

There are two basic ways of putting the minimum service standards approach into effect:

- Setting mandatory universal service obligations, following examples in the past from telephones and post, and more recently, from stakeholder pensions. In so doing, close attention needs to be paid to the question of who bears the costs of such obligation: the company, the industry or the tax payer.
- Reaching voluntary agreements with companies about service standards, following the example of the basic bank account. Such agreements are only likely to be effective if compliance yields a payback for the company's 'bottom line', for example via substantial public relations benefit.

In addition, there may also be a role for 'gateway' organisations, such as housing associations, acting as intermediaries between service providers and low income or other disadvantaged groups. Government needs to find ways of encouraging 'gateways', which are still few in number.

Industry regulators also need to be provided with clear guidance on how key terms such as 'fairness' are to be applied and whether (e.g. in financial services) they should take account of people currently without the service. Regulation *cannot*, however, be the vehicle by which the overall shape and scope of the minimum service standards are set, as this is essentially a matter for political judgement.

Voluntary and Community Sectors: Capacity

Some organisations in this sector have a unique contribution to make

The *best* voluntary and community sector organisations can get much closer to poverty and exclusion than either the state or the private sector. Local knowledge, direct experience, empathy and trust give them insight that allows them to be innovative and effective in meeting needs.

In many ways, these voluntary and community sector organisations could be seen as government's natural allies in a national strategy for social inclusion. In practice, however, the contribution that they are currently able to make is very variable, reflecting a number of underlying problems with the sectors.

In order to improve this situation, we recommend first that there should be a focus on the capacity of voluntary sector organisations to provide services that meet the needs of disadvantaged and excluded groups.

Some of our proposed actions are directed at improving their capacity to provide services that meet the needs of special groups

Some suggested ways of doing this, with action required from central and local government as well as charitable trusts, include:

- Rewarding proven success in the voluntary sector as well as valuing innovation. If more money were available for on-going services and made conditional on a previous track record of delivery, incentives to provide successful services would be strengthened.
- Supporting intermediary organisations (e.g. Councils for Voluntary Service) that can identify gaps both in local voluntary sector provision and in the capacity of local organisations to meet needs. Intermediaries need to be funded to allow them to play a strategic role at local level.
- Using national money and nationally directed initiatives to enable rather than smother local organisations. At present, it is often outside organisations, without roots in the local community, who tend to be best placed to bid for money and work in partnership with statutory agencies.

But voluntary and community sector organisations have much more to offer besides providing services. The very act of involving people in poverty in these organisations is an antidote to exclusion. As advocates and campaigners, these organisations can press the interests of those they work with and for.

We recommend that when viewed overall, this side of their work should be regarded as an asset to a strategy for social inclusion, and measures to strengthen it taken accordingly.

Other proposed actions aim to strengthen their role as advocates and campaigners

Two practical steps that would strengthen voluntary and community sector organisations' capacity to play this role are:

- Working with *all* organisations who promote social inclusion, for example both faith-based groups but also those community-based organisations who define their role more politically. This calls for a greater willingness to accommodate non-conformity.
- Changing funding priorities to allow for a great degree of core funding for local groups. Advocacy, network-building and campaigning work does not lend itself to the measurement of outputs which project funding tends to require.

All Sectors: Employment and Earnings

Disadvantage outside the labour market can be perpetuated in it

The cornerstone of the government's current approach is that for people who *can* work, paid employment is all-important as the route out of poverty and exclusion. While the study found little dissent from the idea that work is very important, a more critical view of the nature of work is also needed to deal with the causes of chronic poverty for those who can and do work.

People who face disadvantage entering the labour market often continue to do so when actually in work. 'Welfare-to-work' is a double-edged sword here, for by increasing the overall supply of relatively poorly-skilled and inexperienced workers, it may undermine further the already limited bargaining power that workers in the poorest paid jobs have.

Even if full employment is reached, it is unlikely to be enough to eliminate poverty in the UK so long as the quality and pay of jobs remains unchanged. While labour market participation rates are now as high as they were in the mid 1970s, there are three times as many people in households with incomes below half the average.

The quality and experience of work, especially in low paid jobs, should be a priority

Alongside policies to help people into work, we recommend a new emphasis on the quality and experience of work, especially that of low paid jobs.

The key consideration here is 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.

Besides pay itself, however, it will also be necessary to look at other aspects of work: working conditions; access to training and opportunities for career development; democratic representation at work; pension provision; sickness and other benefits; freedom from discrimination; and time off for family commitments.

Suggested directions for action to give practical expression to this include:

- Using public sector employment to set an example. Career paths in the sector could show what can be done with support and investment for those with few qualifications on entry. Public sector organisations could follow the lead of a small number of local authorities who have set minimum earnings guarantees for their own employees.
- Effecting changes in norms and expectations without direct legislation. Government has to be absolutely clear about which employer behaviours are helpful – and which unhelpful – to its wider social objectives. Voluntary codes on different aspects of employment standards have a role to play here.
- Using public sector procurement to support labour standards above legal minimums. While legal restrictions do limit the room for manoeuvre, public sector organisations could stipulate standards within contracts they let out which match their own on pay, pensions, training and development, and so on.
- Setting standards for service in sectors with low pay or high staff turnover. Employers are obliged to invest in their employees to reach the standards, but they can also gain a competitive advantage from so doing.
- Systematically re-evaluating low paid jobs. The distribution of earnings and opportunities is determined by institutional as well as market forces. Experience suggest that re-evaluation will identify a number of jobs that are typically low paid but which actually require considerable skills.
- Making it a high priority within unions to recruit, organise and bargain on behalf of low paid and marginal workers in currently non-unionised workplaces. Evidence shows that in almost every aspect of quality of work, unionised workplaces outperform non-union workplaces.

1.4. TAKING THE STRATEGY FORWARD

A successful strategy will require action on a wider range of issues in which government does not enjoy direct control

Our sector-by-sector analysis has identified four areas where sustained attention in the future will be needed:

- 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 voluntary and community sector organisations to promote the interests of low income and excluded groups.

In none of these areas does government enjoy anything like direct control; rather the key players are companies, charities, trade unions and local public authorities rather than the government itself. Two conclusions follow.

Government needs to introduce social inclusion into its programmes for general improvement

First, government needs to marry its various programmes for *general* improvement in services (local government modernisation; competitiveness) with its programmes of action for social inclusion. It also needs to ensure that improving the overall quality of low paid jobs assumes an importance alongside ‘welfare-to-work’ and other employment policies.

We recommend that government prepare a comprehensive statement of its priorities and policies for social inclusion in those areas where primary responsibility for action lies with others.

And change opinion about where responsibility lies

Second, government needs to engineer a change in the climate of opinion about whose responsibility it is to take action over social inclusion. Forceful argument to this effect needs an institutional structure to ensure that the message heralds real change. We recommend:

- A Poverty ‘Summit’ bringing together ministers and officials with representatives from all the different sectors.
- 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. This could be an expansion of the role of the Social Exclusion Unit.

Since the thrust of these proposals is to help shift responsibility for social inclusion outside of government, these institutions would not replace the current arrangements for monitoring what government itself is doing, e.g. the annual *Opportunity for All* reports.

The aim of these actions would be to generate a climate of opinion in which the eradication of poverty and promotion of social inclusion come to be regarded as national priorities and a responsibility for all.

2. INTRODUCTION

2.1. THE GOVERNMENT'S CURRENT PROGRAMME

Opportunity for All: Tackling Poverty and Social Exclusion is the first comprehensive statement by a UK government of its anti-poverty programme. Published in September 1999 and followed by a second annual report a year later, *Opportunity for All* reports on the initiatives and plans already in place which can be expected to have an impact on poverty and social exclusion.

1997 marked a sea-change in official attitudes towards poverty in the UK

Besides *Opportunity For All*, the pledge to end child poverty by 2020, the establishment of a Social Exclusion Unit and the publication of the *National Strategy for Neighbourhood Renewal* are all evidence of the seriousness with which the poverty is now taken by this government. Poverty eradication and social justice are also central to the programmes of the devolved administrations in Scotland, Wales and Northern Ireland.

The very fact that government has a programme for combating poverty and social exclusion shows how dramatically political priorities have changed since the 1980s and 1990s, when some senior government ministers would argue that poverty no longer existed in Britain.¹

A wide range of policies and initiatives are now in place

The anti-poverty policies put in place since 1997 include:

- Various 'New Deals', first for the young unemployed and later extended to other age groups, to equip people out of touch with the labour market to find work.
- The National Minimum Wage setting a minimum hourly rate of pay.
- The Working Families Tax Credit, providing additional income to poorer, working families with children, including an additional tax credit to help with the cost of childcare.
- Higher child benefit and higher child supplements within means tested benefits.
- The Minimum Income Guarantee for pensioners.
- Literacy and numeracy standards in primary schools.
- Health and Education Action Zones, to tackle a range of problems in deprived areas, using a partnership approach.
- New Deal for Communities, aimed at regenerating areas of multiple deprivation.
- The Utilities Act, which made the regulators' responsibility for taking into account the interest of low-income consumers more explicit.
- Scottish Social Justice Strategy with its varied programmes.

2.2. THE STUDY'S OBJECTIVES AND APPROACH

Aim and Scope

This report looks at how and where to build on the current programme

With the support of a range of organisations, including companies, trade unions and charities, the study out of which this report has grown was set up at the end of 1999 to examine how the existing programme of measures to reduce poverty and social exclusion might be developed into a more comprehensive strategy.

The study proceeded from the view that the programme developed by the government since 1997 to combat poverty and social exclusion is hugely important. As ministers themselves note, however, it is only the first phase of what needs to be a concerted effort over many years. The study therefore set out to build upon what is already in place.

The study had two overall objectives:

- To consider how much wider the scope of a full anti-poverty strategy would need to be, and what problems, beyond those already identified by government, might reasonably be included.
- To consider with people outside of government what actions they could take to combat poverty and social exclusion, and what role government might play to make this happen.

Existing policies were not subject to scrutiny

The scope of the study did not extend to providing a comprehensive assessment of the current programme of policies. The study did not therefore discuss individual policies in the government's programme, for example the level of the minimum wage, the level of social security benefits or the measures to improve school performance

Conduct of the Research

The research for this report had two distinct phases: a series of seminars followed by a wide range of interviews with individuals.

Seminars were held to open up the debate

Three seminars were held with approximately 25 people at each from a wide variety of organisations representing all the sectors under consideration. These seminars were designed to open up debate around the possible scope of a national strategy for social inclusion, to discuss the strengths and weaknesses of the existing programme as outlined in *Opportunity for All*, to discuss the strengths and weaknesses of approaches being adopted or proposed in other countries, and to generate questions about the role of non-governmental institutions. The names of those who took part in the seminars, and the papers that were prepared for them, are given in Appendix A.

Individual interviews were then undertaken to discuss the issues arising in more depth

The second half of the project involved over fifty in-depth interviews with individuals working in all sectors under consideration, and a number of academic experts. These provided an opportunity to explore in detail issues pertaining to organisations in the public, private and third sectors, testing emerging ideas with individuals who had detailed knowledge of their sector. A list of those interviewed is also provided in Appendix A.

2.3. TWO VIEWS THAT MOTIVATED AND SHAPED THE STUDY

It is important at this stage to draw attention to two views that were held at the start of the study and which both motivated it and shaped its progress. They are:

- That the current programme places too heavy a burden of responsibility on central government along with some parts of the public sector.
- That the *scale* of the problem of poverty is a crucial consideration that has to be borne in mind at all times

The Burden of Responsibility

The current programme leaves the burden of responsibility solely on government's shoulders

Although *Opportunity for All* mentions the role that other institutions within society can play in poverty reduction, the burden of responsibility for change – and the cost of bringing it about – have so far fallen overwhelmingly on central government. The reason for this is that the analysis of the causes of poverty adopted by the government centres on malfunctions within the institutions of the old welfare state. So *Opportunity for All* mentions flaws in the social security system (for failing to make work pay), the education system (for leaving children ill-equipped to cope with the demands of the modern economy), the Treasury (for ‘boom and bust’ and consequent unemployment) and the NHS (for the extent of health inequalities).

While it was not within the scope of this study to question how far such an analysis is correct, it was within its scope to question its completeness. Many of the causes of poverty lie outside the government’s immediate control. The sites of responsibility for acting against poverty are to be found across all sectors – public, private and third – not just inside government.

The study therefore explicitly directed its attention towards the contribution that *other* sectors of society could make towards reducing poverty and social exclusion. Whilst both the research for the study and the layout of this report are deeply influenced by the *prior* belief that other sectors have their parts to play, what those parts might be, and how the different sectors could be persuaded to play them, were questions for the study.

The Scale of the Problem

The scale of the problem has to be borne in mind at all times

Around a quarter of the population are in households where the income is below half the UK average. Whatever the precise definition of poverty adopted, a substantial minority of the population are clearly on very low incomes. This fact is significant for two reasons.

First, the scale of the challenge, as represented for example by the government’s pledge to eradicate child poverty, is huge. Inevitably, three or four years of action represents no more than a start and the sheer number of people on very low incomes suggests that something more than the present programme will be required.

Second, the scale of these numbers will influence the judgement about the suitability of particular policies. Policies that may be suitable, even ideal, when just a tiny fraction of people are involved may not be ideal when it is a quarter of the population who are affected. This idea will play an important part in the analysis of possible solutions in later chapters of the report.

Child poverty: In 1998/99, a record 4½ million children were living in households with less than half average income, after housing costs. If the proportion of poor children in the population were the same as the proportion of poor adults, then there would have been 1¼ million fewer poor children. The government has estimated that measures introduced over the last four Budgets will lift 1¼ million children out of poverty. Thus the government's first round of measures will only be enough to get the number of children in poverty down to a level that is equivalent to the level for adults.

Work and poverty: The latest incomes data, for 1998/99, just pre-dates the National Minimum Wage and the Working Families Tax Credit. It shows a record 14 million people living in households with less than half average incomes, despite the fact that employment was approaching record levels, and unemployment had been falling for over five years.

Those who are out of work: About 40% of people with less than half average income are in households where the head of the household is of working age but not in paid work. In 1999, Income Support for a married couple with no children was 20% of average earnings, having fallen continually from 1983, when it was worth 30%. The long-term sick and people with disabilities are now the largest group of working age people on benefits.

Access to services: One in six of the poorest households do not have a bank account, compared to one in twenty of households with average incomes. Though the proportion of low-income households without basic financial services has been falling, the current rate of change is slow and erratic and it would take more than 15 years at the present rate to get low income households to the same level of access as those on average incomes.

2.4. STRUCTURE OF THE REPORT

The executive summary is designed such that it can be read as a standalone document, as well as in concert with the rest of the report.

The main text itself is organised into the following chapters:

- Chapter 3 summarises the reactions to the government's present programme that emerged during the seminars and interviews.
- Chapter 4 sets out three principles to guide the development of future strategy designed to respond to the issues that emerged in chapter 3.
- Chapters 5 to 8 discuss a number of proposals for the content of future strategy, covering public sector services, private sector (essential) services, the community and voluntary sectors (services and advocacy) and then, across all sectors, for employment.
- Chapter 9 concludes, and in so doing, sets out some of the mechanisms that government could put in place to help ensure that the spotlight remains on the part that those outside of government are playing in achieving social inclusion.

3. REFLECTIONS ON THE CURRENT PROGRAMME

3.1. PURPOSE OF THE CHAPTER

This chapter offers a series of reflections on the current programme

The basis of this study is the material that was produced around the three seminars, supplemented by the information gathered from the subsequent series of more than fifty interviews.

The purpose of this chapter is to present a part of that information as a series of reflections on the government's current programme of measures to tackle poverty and social exclusion. This is *not* intended as a comprehensive assessment of the government's programme. That would be a huge task. Rather, the focus is much more on identifying gaps in the current programme of measures, as a prelude to deciding how and where development is needed in the future.

It must therefore be stressed that the individual reflections, and the discussions from which they arose, proceed from what is overall a *positive* assessment of the current programme. Of particular note is *Opportunity for All's* overt recognition of income poverty, which was seen as being both practically and symbolically important – as too is the focus on non-income inequalities found in the Social Exclusion Unit's *National Strategy for Neighbourhood Renewal*

As the list of subjects discussed in the programme of seminars shows, these reflections were based on a range of different perspectives. They include: international (and within the UK, Scottish) experience; close personal contact with poverty in the UK; experience within the utilities; experience within the public sector; and the experience of the labour market.

The seminars covered a range of subjects, from international lessons, to the direct experience of poverty in the UK

For each seminar, papers by external authors were circulated in advance. Each seminar was split into two half-day sessions covering the following six subjects:

- Analysing and reviewing Opportunity for All.
- Lessons from other strategies including the Scottish Social Justice Strategy, the Irish National Anti-Poverty Strategy and approaches in other parts of the European Union and less developed countries.
- Poverty and the labour market including issues around the quality of jobs, particularly those available to people returning to work.
- Poverty and utility regulation, protecting the vulnerable in regulation, and different notions of social justice in economic regulation.
- Representation and participation in anti-poverty strategy development, including what it feels like at 'the sharp end' of the current programme.
- Poverty reduction and public service modernisation, including the role of the Community Legal Service, Best Value and welfare reform.

3.2. FIVE THEMES

The reflections can be grouped into five themes, as follows:

- Vision and language.
- The experience of work.
- Income and debt.
- Services.
- Participation.

Vision and Language

Targets drive the programme

Targets, particularly the child poverty target, drive the current programme. Although essential, long-term targets do not by themselves constitute a vision. When they refer to something ‘bad’, as they usually do, they describe what is *not* wanted, rather than convey a sense of what *is* wanted.

But the language can be unhelpful, even divisive

The very language of poverty and social exclusion can be divisive. First, there is a stigma attached to both ‘poverty’ and ‘social exclusion’ and there is thus a resistance to being labelled in those ways. Second, it can encourage an approach that compartmentalises the issues, rather than having them treated within the mainstream of an organisation’s activities. Third, it allows an opposition to be set up between wider demands for social justice affecting many and the direct interests of ‘those most in need’.

And there is a sense of coercion about it

Elements of the existing programme are sometimes seen as coercive: ‘work for those who can’, for example, being understood as an imperative. With the different level and nature of risk faced by people in poverty, even ‘opportunity’ resonates uncomfortably, where uncertainty can be a direct threat to well-being. The enforcement element of government anti-poverty policies leaves some people in poverty uncertain about the government’s real motivation. The existing approach seems to distinguish between more and less deserving groups: children, pensioners and working families in the first group, with people of working age without work, particularly young people, receiving much tougher treatment.

The Experience of Work

The quality and experience of work is still poor for many

The quality of jobs and experience of work is still very poor for many. There are a number of aspects to this: low pay itself (even with a national minimum wage); a ‘low pay, no pay’ cycle, in which jobs are short lived and quickly lead back to unemployment, rather than providing routes to better work opportunities; the way that the least qualified get the least training in work; and the low pay and poor conditions of much work of a social nature, including work directly with the poorest and most vulnerable.

The benefits system still discourages small amounts of paid work to top up benefits for some groups. While the Working Families Tax Credit has helped many families with children, the rates at which benefits are reduced as people start to earn are still way above the rates at which even the highest incomes are reduced by taxation.

Money and Debt

The adequacy of incomes, both in work and out, has not yet been fully addressed.

The subject of debt in low income households is still too low a priority: debts cause great hardship, uncertainty and stress in poor households, especially those who have been on a low income for a long time.

Services

Competition in private services can leave less profitable customers at a disadvantage

The current approach does not take sufficient account of the way that competition can leave less profitable customers either at a relative disadvantage or going without altogether. Competition unwinds cross-subsidies which once cushioned higher cost consumers, like those living in rural areas or using pre-payment meters. Information technologies help companies to profile individuals and neighbourhoods in terms of likely profitability, dividing those who are prized as customers from those who are not.

Poverty and exclusion are not just restricted to areas of multiple deprivation

Poverty and exclusion are not just restricted to particular areas or special services: mainstream services matter and plenty of people on low incomes live outside areas of concentrated deprivation. Issues therefore arise about the relationship between an anti-poverty strategy and the broader framework of objectives and funding within which the public, private, voluntary and community sectors operate.

The administrative systems that serve people in poverty can sometimes seem institutionally prejudiced against them, and sometimes the people working in those systems seem unaware of such issues. The way that services are delivered is a major factor in how they are perceived and how successful they are. The administration of Housing Benefit is an example of a service whose poor quality is seen by some to reflect the low political priority given to services for people on low incomes.

Participation

There has been little involvement by others at UK national level

Outside Scotland, there has been little involvement of other sectors in developing the broader vision and in steering the direction of the programme at *national* level. In contrast, government does stress participation by people on low incomes and their organisations in *local* initiatives, while the SEU has called upon the expertise of individuals from all sectors in its Policy Action Teams.

Even when the importance of involving organisations in the voluntary and community sectors is recognised, there are significant unresolved barriers to their meaningful participation. These include: the sheer number of initiatives that exist; a lack of accessible information on policies and programmes; and the fact that organisations in these sectors often lack the time, resources and skills to become properly involved.

3.3. IMPLICATIONS FOR FUTURE STRATEGY

These themes and the individual reflections of which they are made up are of two kinds. The second, third and fourth themes – relating to work, money and services respectively – are relatively specific aspects of the overall subject of poverty and exclusion. Their influence is felt in chapters 5 through 8, where the *content* of future strategy is discussed.

By contrast, the first and fifth themes, on the subjects of language and participation, are much more general and influence the overall style and approach of future strategy, as set out in chapter 4.

4. MOVING TOWARDS A NATIONAL STRATEGY

4.1. PRINCIPLES FOR DEVELOPING THE FUTURE STRATEGY

Reflecting upon the current programme of measures to combat poverty and social exclusion leads us to conclude that it is not just a question of having ‘more of the same’ to fill a gap here or a gap there. Instead, three, deep-seated changes are needed in the way in which the whole subject is addressed. They are:

- Institutions in all sectors, rather than just government, have to play their part in the strategy. Government retains the leading role – but that role develops to place greater emphasis on ensuring that others also deliver.
- The vision towards which the strategy is working has to be put in positive terms, describing what is wanted as well as what is not.
- Those whom the strategy is supposed to benefit have to be involved in the development and evaluation of the strategy at UK national level.

4.2. RESPONSIBILITY FOR ALL

Engaging Other Sectors

A national strategy is one where responsibility is borne by all sectors

The idea of a *national* (as opposed to a *government*), strategy is straightforward: rather than lying solely with government, responsibility for action has to be accepted much more widely, across all organisations and institutions whose decisions and behaviours may have an impact on poverty and exclusion.

Whilst the government recognises in principle that other organisations and institutions have much to contribute to the reduction of poverty and social exclusion in the UK, in practice the approach which has been taken to involving other sectors has tended to be *ad hoc* – inviting them in to discuss one issue or another. The overall responsibilities of other organisations, institutions and sectors has not been a key theme.

Involving other sectors is not just a question of consulting them over specific proposals or problems, nor even, where regulators exist, of asking them to attempt some industry-wide approach. Rather, it is about securing and then sustaining a commitment on the part of these sectors to take responsibility themselves in reducing any negative effects they have on poverty and exclusion.

The full range of government departments need to be involved

One part of this is to ensure that the full range of domestic government departments is committed to the strategy. The Treasury, the DSS, the DfEE and the regeneration part of DETR are already directly involved in delivering the current programme. A far larger role than at present needs to be played by the DTI, the Home Office, the local government part of DETR and the Lord Chancellor’s Department.

International models lend support to the idea that the private sector must be involved. For example, the World Bank's Comprehensive Development Framework emphasises facilitation of actions by other key agents, including the private sector, and the encouragement of a more transparent and consensual approach to strategy development.

Political Leadership

Political argument, to change the climate of opinion, is needed, as well as good policy

As a programme for *government*, the current collection of policies has many strengths. Policies tend to be well-researched and tied to clearly defined targets. Initiatives abound. There is an annual report on progress. Civil servants in the Whitehall departments that lead the UK's programme are far more focused on poverty and social exclusion than in the past.

Yet vital though the details of public policy are, technical expertise is not enough by itself if other sectors outside government are to have a large role to play. Banishing poverty requires a change in the climate of opinion and in the values that permeate society. This calls for argument and leadership from politicians as well as good policies. It also calls for those arguments to resonate within all those institutions outside central government who in some way have an impact on the problem through what they do.

We return in chapter 9 to the question of the practical steps that government could take to start getting this message across.

4.3. VISION

A Positive Vision

A shared vision, couched in positive terms describes the kind of society that is wanted

If other sectors are to play their part, a shared vision is required of what a society without poverty would be like. That vision needs to be put in positive terms, describing the kind of society that *is* wanted rather than the one that is not.

A vision that includes some clarification about the general roles and responsibilities can be a statement which many parties feel they can agree on, even as the detail of policy content remains contentious.

It is certainly possible to find things that are akin to a vision in the government's current programme of anti-poverty initiatives. At the local level, for example, the *National Strategy for Neighbourhood Renewal* sets out to "bridge the gap between the poorest neighbourhoods and the rest of the country". At the national level, the vision centres on ending child poverty. These objectives are crystallised into high profile targets.

Neither these targets, however, nor the things that they measure – for example, teenage pregnancy, health inequalities or unemployment – fully constitute the vision that is needed, largely because the vision that they present is an essentially negative one.

A vision that is couched in terms of the absence of something bad ('an end to child poverty') has various defects. First, it conveys no sense of the direction in which society must move in order to prevent these problems arising in future. As a result, it can neither inspire nor mobilise.

Second, the 'problem' is always a minority one only, even when it is something as extensive as child poverty. Yet these 'problems' are just the extreme consequences of a set of factors that always have adverse effects on far more people, albeit to a less serious extent.

Third, it provides no good reason for preferring treatment of the underlying causes to suppression of the symptoms. One danger with this is that symptoms can often be suppressed through some restriction on the liberty of the individual. Another is that it is uncertain how long the cost of such palliative measures can be borne if the underlying causes are not addressed.

Citizens' Minimum Living Standards

To engage others, the vision should refer to the citizen and what he or she can expect

A positive vision – a vision, that is, of a socially inclusive society – can usefully be built around the notion of the citizen and, specifically, what exactly it is that the citizen can expect from society. Both the child's right to free schooling and our universal right to free healthcare exemplify this positive approach.

One important advantage of this approach is that the result is a social inclusion strategy for everyone, rather than just a means for dealing with the problems of some 'other' group with whom the majority of the people do not identify.

Minimum living standards describe what the citizen can expect

The phrase 'minimum living standards' can serve as a catch-all to describe *what* it is that the citizen can expect. Minimum living standards can comprise a variety of things (for example certain environmental standards) but the two that are most relevant here are:

- 'Minimum *income* standards' which define the income that will maintain good health, provide essential needs and participation in the community at different stages in the lifecycle.
- 'Minimum *service* standards' which define certain basic products or services (e.g. the basic bank account; the price for a connection to the telephone network) which are deemed essential for everyone.

As is evident from the examples mentioned, minimum service standards have an important role to play in the area of private sector services and they are therefore discussed further in chapter 7.

As far as minimum income standards are concerned, income level is the key determinant of living standards and a key factor promoting social inclusion. Independent research, by the Family Budget Unit based at London University, has already produced estimates of the levels of income that would be required to allow a 'low cost but acceptable' standard of living for certain groups, for example, pensioners and parents with children.²

Minimum income standards can serve as a reference point

One thing that minimum income standards would *not* do is automatically translate into entitlement levels within the benefit system (which would depend on other factors as well, including the implications for public expenditure and implications for work incentives).

Rather, their main job is to serve as a reference point. Sometimes their role would be directly practical (for example, in helping magistrates determine how much people in court for debt can be asked to re-pay each week). At other times, they would play a part in arguments and negotiations over wage levels (including possibly the national minimum wage). More generally, they would serve as targets that society should aspire to in the sense of having nobody living on income below the appropriate standard.

The report into poverty in Scotland by the Scottish Affairs Select Committee of the House of Commons asserted that it was “*time for the UK to have a proper measurement of income adequacy*”.

Government should commission official research on minimum income standards

In concurring with this conclusion, we recommend that government should commission independent research on minimum income standards. These would then become an anchor to future strategy, ensuring that the proposed actions and commitments of different actors contribute in practical ways to minimising the shortfall between actual living standards and that which is proposed as a decent minimum.

4.4. PARTICIPATION AT NATIONAL LEVEL

Involvement of People in Poverty

Participation of organisations made up of, and representing, people in poverty in national policy development is essential to both the credibility and the actual success of any strategy. Just as lack of power and voice is itself characteristic of poverty and exclusion, participation at UK national level would exemplify and embody a commitment to inclusion.

The value of involving people with direct experience of poverty is now widely recognised

The value of involving people in poverty in decision making about their lives is now widely acknowledged. Organisations representing and working with people on low incomes have long argued this³, but they have more recently been joined by other, perhaps more surprising, voices.

For example, The World Bank’s recent *World Development Report* on global poverty argues for the value of involving people in poverty in policy development. At local level, the *National Strategy for Neighbourhood Renewal* argues that in deprived areas, people should be consulted, involved and listened to in defining and meeting their needs.

The principles agreed by the government at the Copenhagen Summit emphasised the involvement of those living in poverty

Both the 1995 UN World Summit for Social Development in Copenhagen and the 2000 Lisbon special meeting of the European Council that agreed a new strategic goal for the EU emphasised the importance of participation by people in poverty at the highest level. In particular, the Copenhagen document proposed *“formulation of integrated strategies – with a focus on integrating goals and targets for combating poverty into overall economic and social policies, empowering those living in poverty by involving them in design and implementation”* (emphasis added).⁴

As part of the framework for action to tackle poverty and manage globalisation, the Copenhagen World Summit for Social Development outlined 21 goals or principles to be addressed. The principles, which the UK government signed up to in 1995, were re-endorsed by Tessa Jowell MP, Minister for Employment, when she attended the UN’s follow-up Social Summit in Geneva in June 2000.

In terms of addressing UK poverty, some of the more relevant principles include:

- “Place people at the centre of development and direct our economies to meet human needs more effectively.”
- “Promote the equitable distribution of income and greater access to resources equity and equality of opportunity for all”.
- “Ensure that disadvantaged and vulnerable persons and groups are included in social development”.

In March 2000, the UK government signed up to a European Community Strategy for Combating Social Exclusion. The members of the European Union agreed to one strategic goal: *“to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.”* One of the objectives set out at Lisbon was to ‘mobilise all relevant actors’. This includes:

- Participation and self-expression of people in exclusion.
- Shifting the fight against exclusion into overall policy.
- Dialogue and partnership between all actors, public and private.

In the UK, the Commission on Poverty, Participation and Power, which reported in December 2000, has proposed in some detail how people in poverty could participate more fully in the decisions that affect their lives, not least national policy development processes.⁵

There are also practical arguments in favour of such involvement

Despite widespread consensus on the value of involving people on low incomes in the policy development process, the government has not yet opened it up to participation at the national level.

It is high time to face up to the contradiction of a social inclusion programme that excludes people in poverty from its deliberations. Unless the insight that people in poverty have into their own situation is given proper weight, the stage may be set for a repeat of the mistakes of the 1960s: well-intentioned reforms imposed ‘from above’ delivering solutions (e.g. on social housing) that within a decade come to be seen as the very problem itself.

A UK Social Inclusion Network

The Scottish Social Inclusion Network is an example of an institution that allows national level participation by both people in poverty and representatives of all sectors. We recommend that the UK government follow the lead of the late Donald Dewar, who as Secretary of State for Scotland, set up the Scottish Network in December 1997 to steer the development of Scotland's Social Justice strategy.

The Scottish Social Inclusion Network is an example of how to make participation a reality at the UK level

The network includes senior officials of the Scottish Executive, Scottish Homes, Scottish Enterprise and the Scottish sections of the Benefits and Employment Agencies. In addition, representatives of the Scottish Council for Voluntary Organisations, the Scottish TUC, the Scottish Equal Opportunities Commission, the CBI in Scotland, Citizens Advice Scotland and the Poverty Alliance, together with a number of individual community representatives with previous experience of the Scottish Office's regeneration partnerships, are in the network.

Despite differences, this network has held together. It has helped to promote social inclusion as a model for everyone in Scotland rather than concentrating on instances of exclusion as problems primarily for government. The Scottish strategy has therefore focused on the development of an inclusive society rather than on the problems of excluded groups or areas.

The involvement of non-governmental members as contributors to strategy development and not just as expert advisors, has encouraged an approach which should help to draw on all of Scotland's resources to combat poverty and exclusion. The Social Inclusion Implementation Plan will include details of private, voluntary and community sector programmes as well as the Executive's own programmes.

A home-grown model for national level participation that is generally judged to be satisfactory by those involved in it is a strong candidate for adoption at the UK level.

4.5. SUMMARY OF THEMES FOR FUTURE STRATEGY

1. A strategy built on three principles:
 - All sectors to share responsibility.
 - A vision of what is wanted rather than what is not.
 - Involvement at UK national level of those whom the strategy is supposed to benefit.
2. A strategy *for* social inclusion rather than *anti*-poverty or *anti*-exclusion.
3. A primary role for government of persuading and enabling other sectors to share responsibility for social inclusion.
4. A language of citizenship which applies to all, building on (for example) minimum income and service standards.
5. A UK Social Inclusion Network, on the lines of the Scottish model.
6. Officially commissioned, independent research into minimum income standards.

5. PUBLIC SECTOR: SERVICES

5.1. OVERVIEW OF THE ARGUMENT

Public sector service providers have delivered a large number of the policies in the government's anti-poverty programme to date, often via multi-agency partnerships.

This chapter argues that what is needed to complement this effort is a general commitment to ensure that mainstream public services meet the needs of deprived groups of people whether they live in an area of high and multiple deprivation or not.

At one level, the question this chapter examines is how government can induce other parts of the public sector to assume a sense of independent responsibility for social inclusion. Deeper down, however, it also grapples with the problem of how to ensure that the modernisation of public services advances rather than hinders the achievement of social inclusion.

Scope of the Chapter

The focus is on local government, in England

This chapter mainly focuses on the framework for modernising local authority services, particularly the Best Value regime, as a lens through which to consider this wider question of the relationship between public service reform and social inclusion. In so doing, it is dealing directly just with England, though many of the points raised will be applicable in other parts of the UK.

In part, this choice reflects our view of where the greatest need for joining-up lies (unlike, say, education where the efforts to tackle inequalities and reform of education services already seem well meshed together). Local authorities also deliver a greater range of services than any other public service provider and, as such, provide a key example of the way that the government might look at directing local services reform more broadly.

One concern revealed during the study, was that the earlier emphasis on health inequalities, for example in the 1998 Public Health Green Paper, has been lost of late. Acheson's recommendation that public policy be subjected to health inequality impact assessments has not yet been adopted⁶, and although the government promised a health inequalities target in the NHS plan, this was not yet in place at the time of writing.

Although the chapter says nothing specific about health, the basic relationship between modernisation and inclusion that it discusses is still highly relevant to health.

5.2. OVERALL APPROACH

The Current Focus: Deprived Geographical Areas

Geographically targeted initiatives have been the mainstay of the government's approach up till now

Since taking office, the government has pursued an extensive programme of local government reform. Whilst emphasising the renewal of local democracy, Whitehall has also expected local government to implement central government's own objectives.

Thus far, central government's objectives on reducing poverty and social exclusion have found greatest expression at the local level through geographically targeted initiatives, such as the Health and Education Action Zones and the New Deal for Communities. This approach, whereby initiatives designed in – and funded by – Whitehall are implemented in selected disadvantaged areas, has been dubbed 'centrally directed localism'⁷.

Government's approach does now appear to be evolving. The Social Exclusion Unit's *National Strategy for Neighbourhood Renewal* emphasises the importance of supporting mainstream local services as a means of tackling poverty and social exclusion alongside special initiatives and projects. But, because the remit of the Social Exclusion Unit was to address the problems of neighbourhoods with most concentrated deprivation, this emphasis on mainstream services is currently limited to a small minority of local authorities.

Authorities are not necessarily clear about where tackling social exclusion is to sit within their community vision – as a perspective that runs through all of an authority's activities or by addressing problems in a few selected areas.

The new duty on all local authorities in England to produce a community strategy, enshrined in the Local Government Act 2000, offers an opportunity to ensure that social inclusion becomes a central concern of all authorities. Whether this opportunity is realised will depend in part on how strongly DETR guidance on community strategies emphasises it.

The mid-1990s saw a flowering of local anti-poverty strategies, and with them a range of innovations aimed at introducing anti-poverty analysis into authorities' service planning and delivery.⁸ Since 1997, however, the combination of much greater interest in social exclusion within Whitehall, and a demanding programme of modernisation locally, has pushed anti-poverty work down the agenda of many councils and of the local government central bodies.

There has also been a tendency in the recent past for authorities to focus on the forms of exclusion which the Social Exclusion Unit has emphasised, such as the problems of run-down council estates. In part this has reflected where money was flowing: of 279 projects under the government's major social exclusion programmes, just 21 went to rural settings.⁹

A New Priority: Mainstream Public Services Across All Authorities

One of the aims of the Neighbourhood Strategy is to prevent the spiral of decline that has beset the poorest areas of the country. This implies a proactive approach to social problems, and to the well-being of deprived groups, beyond the most deprived areas.

People on low incomes outside of such areas have consistently missed out on the investment which the government has put into tackling problems in the most deprived areas. For example, although the Sure Start programme has now been considerably expanded, it will still only reach one third of poor homes with young children.¹⁰ This is just one instance of the long-recognised problem with an area-based approach, that it cannot reach anything like all the people who need to benefit¹¹

A new commitment to reduce the gap in well-being within the boundaries of public authorities is required

The Neighbourhood Strategy's commitment for "*core public services [to] address the special needs of deprived areas*" needs to be matched by an equivalent commitment for core (mainstream) public services in *all* areas to address the needs of deprived groups. Future strategy should embed an objective for local public service providers, particularly local authorities who now have powers of community planning, to reduce the gap in well-being between different groups of citizens within every local area.

Core council services are as important to the quality of life of low-income residents as many targeted services. Hence the need for local government to examine the impact of all services on low income groups. In the London Borough of Hammersmith and Fulham, for example, council services to improve the physical environment, or 'street scene', are a key part of its strategy to tackle poverty and social exclusion.

Historically, resources for these services had tended to flow into well-to do areas of the authority, in part because these had more parks and open spaces in them. Having recognised the value of 'street scene' spending to the council's social agenda, a fresh examination was undertaken to ensure that similar levels of resource were used to maintain an attractive physical environment across the authority.

Moving to an approach that engages mainstream services in every area will require that the broad framework set by central government is enhanced in ways that encourage local authorities across the board to focus on social inclusion.

A major thrust of central government's influence currently is via the Best Value framework to improve the quality and efficiency of service delivery. Whilst the pressure to improve local services is often well justified, aggregate improvements, which authorities are measured on, will not always translate into improvements for the poorest in communities when there are competing pressures to deliver cost savings annually.

A two-pronged approach is therefore required:

Re-focus existing central government instruments so that they reinforce local action for social inclusion

- Central government should reinforce, rather than undermine, authorities' interest and willingness to prioritise action to reduce a narrowing of the gap in well-being of residents within authorities as well as between the poorest neighbourhoods and the rest. Public Service Agreements, Best Value Review guidance, performance indicators as well as inspection and audit could be geared towards this end. The allocation of funds and the nature of the funding regime for local government and other parts of the public sector has a vital part to play here.

Involve people in poverty and their support organisations in the planning of local services

- People in poverty and other disadvantaged groups of citizens should participate in the planning of local services, both universal and targeted. This has been emphasised in the Neighbourhood Strategy and in the area-based initiatives which central government has funded. The Scottish Executive has emphasised the importance of community empowerment in the development of its Social Inclusion Partnerships, and plans to publish guidance on how this empowerment is to be achieved.

What we would emphasise here is that the participation of disadvantaged groups in defining how local services could contribute to their well-being is an important objective for all areas, not just those suffering from the most acute instance of multiple deprivation.

5.3. DIRECTIONS FOR ACTION

The National Public Service Agreements for Local Government

Social inclusion objectives could be built into the Public Sector Agreements

As part of its Spending Review 2000, government set out 160 Public Service Agreements (PSAs), 23 of which depend on local authorities and their local partners. The White Paper states that PSAs are "*transparent commitments which the Government can be held accountable for*". As such, they are a tool to influence the priorities and behaviours of central government departments and local government as a whole.

In its consultation paper on the Neighbourhood Renewal Fund, the government has stressed that local PSAs in the most deprived areas will need to demonstrate a focus on tackling deprivation in order to qualify for money from the Fund. Yet the DETR's PSAs for local government as a whole do not currently encourage anti-poverty measures.

The DETR's key objective for local government is "*to promote a system of elected government in England which responds to the needs of local communities*." Two measures for this have been offered by DETR: "*overall annual improvements in cost effectiveness of 2% or more*" and "*ensuring that local government achieves 100% capability in electronic service delivery by 2005*."

Neither of these measures encourages local authorities to put emphasis on improving the quality of services delivered to those who need them most, including the poorest households.

As discussed earlier, improvements in cost-effectiveness across the board do not always translate into improvements for the poorest in communities. Indeed, when good quality services to some people cost more than average, for example if translation or transport is required, overall service quality priorities can conflict with social inclusion priorities.

Similarly, while there is nothing wrong with an emphasis on electronic service delivery in itself, an aim “*to provide appropriate forms of service delivery*”, electronic *and* non-electronic, might represent a more meaningful commitment for people still living on the wrong side of the digital divide – overwhelmingly people on lower incomes.

The national PSAs for local government represent one way in which central government could steer authorities to place greater emphasis on tackling local inequalities in well-being, by demonstrating its commitment to such an objective. The current set, however, do not do that.

The Funding Regime

When reviewing local government finance, re-examine the costs of tackling poverty

Authorities in deprived areas do get more money than others via the Standing Spending Assessment, but the extent to which this really provides those authorities with sufficient money to tackle poverty and social exclusion pro-actively has not been subjected to rigorous analysis. In part, this is because central government has not defined poverty reduction and social inclusion as priorities for local authorities and, as noted earlier, most of the funding to tackle poverty locally has been funded separately from the centre.

Whilst special resources from the centre to tackle poverty locally are always welcome, there is also a need to examine how mainstream funding can help. The DETR published a Green Paper on local authority finance in September 2000. A highly relevant recommendation for it comes from the Scottish Affairs Select Committee’s report on Poverty in Scotland¹², which argued that “*when a review of local government finance does take place, the cost of effectively tackling poverty is then carefully re-examined and re-weighted in any new formula*”.

One real difficulty at the current time, not even raised by the DETR’s green paper, is the regressive nature of Council Tax, which is proportionally much higher for residents in low value properties¹³. Since Council Tax Benefit covers most of the very poorest households, those for whom the burden of Council Tax is heaviest are those households with modest incomes.

A greater degree of progressiveness in the Council Tax would make it easier for local authorities to raise funds locally to pay for social inclusion. This would not, of course, obviate the continuing need for re-distribution from the centre for the poorest areas that are not able to raise sufficient sums locally.

Guidance for Best Value Reviews

The 'Best Value' regime, which replaced Compulsory Competitive Tendering, places a duty on local authorities to write an annual performance plan to be audited externally, and to review all functions within an authority in successive five year periods.

In conducting a service review, an authority must have regard to guidance issued by the DETR. This allows Whitehall to steer Best Value in line with government-wide priorities, including social inclusion.

Include poverty and social exclusion objectives in the Best Value guidance

Currently, however, there is very little in the guidance for service reviews or service inspections about the impact of services on deprived neighbourhoods or deprived groups. This seems surprising given that the DETR is the lead department on area regeneration: whilst billions of pounds are channelled directly into deprived areas, Best Value, the policy tool for securing continuous improvement in mainstream local services, has almost nothing to say about how service reviews should look at the service experience of the poorest in a local authority area.

Best Value is still new. In refining it, particularly the DETR's guidance on service review, it should be possible to introduce consideration of the differential quality and accessibility of services across the community.

In the language of Best Value, any service review has to consider four elements: Challenge, Comparison, Consultation and Competition. Questions could be framed to ensure that the service review process emphasised the service received by low income and excluded groups. While a balance would always have to be struck between this and other demands on authorities, this would move councils in the direction of ensuring that Best Value supported, rather than ignored or undermined the pursuit of social inclusion goals.

Relevant questions can be framed for each of the four "C's" in a Best Value Review

Challenge:

- What does this service achieve for people on low incomes in this area?
- Is it delivered in ways that are accessible and appropriate for people on low incomes?
- How does its location affect its use by low income groups?

Comparison:

- In terms of user satisfaction, access and control, how do we compare with other authorities in the delivery of this service to low-income users?

Consult:

- What have we done to ensure those on low incomes have been adequately consulted?
- How have we responded to conflicting demands around service delivery patterns between low-income areas/groups and other neighbourhoods and resident groups?

Competition

- Which providers would best deliver this service to low income residents?
- Have we specified in the contract that the services provided to low income and vulnerable users must be at least a good as for other residents?
- Under what employment conditions and at what pay levels is this service carried out?

One particular way in which the DETR, or indeed the IDeA, could emphasise its commitment to social inclusion strategies within local authorities would be for the next round of Best Value guidance to recommend more forcefully a cross-cutting Best Value review on an authority's impact on poverty and exclusion.

Performance Indicators

Performance measurement using indicators is one of central government's most powerful tools in influencing the focus of local government activity and there was widespread agreement amongst participants in our study that, in the current indicator-driven policy environment, 'anything that isn't an indicator isn't a priority'.

A set of national indicators which does not direct an authority to examine its performance around poverty reduction or the quality of council services for people on low incomes is therefore missing an important opportunity, and may discourage public agencies from taking action.

The Audit Commission published a consultation paper in October 2000 proposing a voluntary set of cross-cutting quality of life indicators to assist authorities in monitoring their community strategies.¹⁴ These include a number of social exclusion 'outcome' indicators. Whilst supporting the work being done to develop these cross cutting indicators, the difference in status between statutory indicators and voluntary indicators sends out a potentially unhelpful message to authorities about the priority which the DETR places on tackling poverty and social exclusion.

**Local Authority
'Corporate Health
Indicators could
be broken down
by income to
show the impact
on poorer people**

Best Value includes a set of 'corporate health' indicators which provide the headline measures for any authority. The current indicators do not focus on poverty or social exclusion, though there is an extensive set of racial equality indicators based on the CRE's Racial Equality Standard. There are also sex equality indicators.

Rather than seeking to create new and different indicators, existing indicators might be broken down by a proxy for income to show how authorities impact differently on groups with different incomes. Other than including income questions in surveys carried out by the Council, Council Tax bands would be one possible proxy while a split between residents in receipt of Council Tax Benefit and those without would be another.

Indicators that could be broken down by a proxy for income include:

- The percentage of people satisfied with the overall service provided by the authority.
- The percentage of people making complaints who are satisfied with the handling of complaints.
- The number of complaints in a financial year to the Commission for Local Government Administration that were classified as "misadministration".
- The percentage turnout for local elections.
- The percentage of electoral registration forms "A" returned.

Developing good indicators depends on the availability of suitable data. A few local authorities and health authorities have pioneered social audits that examine how services and resources are spread across the population, sometimes revealing that services are skewed to the better off and to wealthier areas, despite evidence of greater need for services amongst the poorest citizens.¹⁵ In general, however, this sort of ‘input’ information is hard to come by.¹⁶ Too little is available at the level of detail required to monitor whether all parts of the community are equally resourced and serviced.

The commitment suggested earlier, for local authorities to aim to reduce the gap in well-being between different groups of citizens, would need to be matched by an aim to provide the data necessary to audit variations in service access and service quality for different parts of the community, as well as outcomes.

Local Participation and Consultation

There are many barriers to participation

The barriers to participation in the development of policy and in the design of services are very great for people on low incomes.¹⁷ Some are practical, relating for example to the time, resources, transportation, and child-care needed to allow meaningful engagement with policy processes locally. Others relate to the discrimination that people on low incomes often face in dealing with policy-makers and officials within local authorities.

On such barrier is often the attitude of politicians and professionals

The Commission on Poverty, Participation and Power has argued that, in addition to the personal and practical barriers, the attitudes and behaviours of politicians and professionals is also a major problem. Building up greater awareness of these issues within authorities is an important part of the change that is needed.

The Scottish Social Inclusion Network established a team to report on the cultural, structural and ‘process’ barriers that prevent joint working. The resulting report, *Making it Happen*¹⁸, identified cultural barriers within the statutory sector as the most significant obstacle to community planning that reflects the local needs of disadvantaged groups. It argued for a sustained national programme of training and learning within the statutory sector to improve the way that publicly provided services relate to people on low incomes and their organisations. The same need must exist elsewhere in the UK too.

Although participation of local people has been a feature of some of the area-based initiatives, notably the New Deal for Communities, the participation of people on low incomes in particular has not been stressed within mainstream local government reform. This is despite the fact that modernisation places a strong emphasis on accountability to service users and taxpayers, via consultation. In part this reflects a difference between consultation and genuine participation. Consultation is usually about responding to ideas which are already well formed, whilst participation is an on-going process that allows those involved to influence the agenda.

The consultation process within Best Value needs attention both in terms of the guidance offered and in the way it is actually carried out. Authorities are under pressure to demonstrate that policy is influenced by consultation processes, but there are not sufficient safeguards to ensure that officers and councillors are able to resist the demands of more articulate, if less needy, sections of the community. To counter this, Best Value inspectors could make it clear to authorities that consultation regardless of whose voices have been heard, is not deemed adequate.

The sheer number of local initiatives is also a problem

A problem highlighted by the Performance and Innovation Unit at the Cabinet Office is the sheer number of local initiatives, most of them operating with a group of partners in public, private, community and voluntary sectors.¹⁹ The Neighbourhood Strategy is promoting Local Strategic Partnerships (LSPs) partly as a response to that, and also as a means of getting the private, community and voluntary sectors engaged with the development of Community Plans. LSPs will steer not only those partnership-based initiatives tackling poverty and exclusion in local areas, but also a range of other issues including economic development.

People in poverty and other excluded groups must be represented on Local Strategic Partnerships

Against the advantages of co-ordination and clarity that this should bring must be set the danger that poverty and exclusion may become a lower priority. LSPs will need direct representation of excluded groups if they are to fulfil their promise. This needs to happen in mixed and wealthy areas as well as in poorer areas.

As an incentive to authorities to establish LSPs, the government has created a Neighbourhood Renewal Fund aimed at helping local people and small community organisations to influence proposals which LSPs put forward when bidding. At the moment, however, this Fund is only available in the most deprived areas – yet the need to promote the voice of low income and excluded groups may actually be greater in areas which overall are not the among the most deprived.

5.4. SUMMARY OF THEMES FOR FUTURE STRATEGY

1. A focus within the national strategy for social inclusion on the contribution of *mainstream* public services to *all* low income households, not just those in areas of multiple deprivation.
2. A review of the funding formula for local government to ensure that councils have the resources they need for social inclusion.
3. A revision of the national Public Service Agreements for local government to make social inclusion a high priority.
4. A focus within ‘Best Value’ on variations in the standard of service across an authority between excluded groups and others.
5. An introduction of performance indicators on social inclusion into a local authority’s set of ‘Corporate Health Indicators’.

6. PRIVATE SECTOR: ESSENTIAL SERVICES

6.1. OVERVIEW OF THE ARGUMENT

This chapter argues that attention must be given to the question of ensuring that greater efficiency in services, won through competition, still leaves all consumers able to get access to the essential services they need at a price they can afford. In particular, it argues for an approach based on minimum service standards, rather than one using special compensatory measures for disadvantaged groups.

Although much of the discussion sees government as being the prime mover in bringing about this desired outcome, neither the fact of central government's leading role, nor the ways by which it may discharge that role, can be taken for granted. In the face of this uncertainty, the material begins by discussing *why* there is an issue that should concern government. A review of the principles lying behind the different overall approaches (*both* of which are currently already employed by government) is then followed by a discussion of a range of possible directions for action.

Definitions and Scope

This chapter is concerned with the social responsibilities of companies providing essential services

The role that the private sector may be expected to play in a national strategy will depend on the view that is taken of their social responsibilities. Defining these is not easy. Participants in our study, both within the private sector and outside, agreed that the government has not yet found its way towards a coherent view of what companies can, and should, contribute; although there is no consensus on the issue outside the government either. Nevertheless, a clear lead from government is certainly critical in this area, and considerable confusion is generated when, as seems to happen, different government departments give out different messages to companies.

This report focuses on two aspects of companies' social responsibilities: towards employees (which are discussed in chapter 8) and towards customers (which are discussed here). Attention is further restricted in this latter case to what we call 'essential' services, whose price, availability and accessibility directly impact on the well-being of people on low incomes.

Two broad groups of essential services can be distinguished:

- *Basic* services, including the utilities (water, gas and electricity), as well as food.²⁰
- *Enabling* or *infrastructure* services which open up access to a range of other goods and services. They include telephone, basic financial services, transport, and – increasingly – the internet.

The services that are considered essential are likely to increase over time. The telephone has become an essential in quite a short space of time. The internet is not yet essential but is rapidly becoming so, especially as core public services are delivered electronically. Governments of the past took action to ensure that services considered essential were universally available, for example postal services. Governments of the future will need to make sure that services which become essential, as society's norms and expectations move on, are also universally available on terms that work for people on low incomes as well as for other consumers.

6.2. OVERALL APPROACH

Unequal Consumers

Access to private sector services is a vital part of social inclusion

Access to high quality and affordable essential private services is critical to the quality of life of people on low incomes. The 1980s and 1990s saw a number of services transferred from public to private ownership, but there continues to be a strong public interest in the way that they are delivered to low income and other vulnerable households. In addition, such areas as basic financial services, which have always been in the private sector, are increasingly considered essential in modern society and thus relevant to social inclusion.

Competition within the private sector, not only for institutional investment, but also with new players within industries, puts companies under intense pressure to increase shareholder value by improving margins. Amongst companies without institutional shareholders, these financial pressures may be less intense but even for them, competition in the marketplace with publicly listed companies means they ultimately get caught up in a similar set of pressures.

Customers differ in the extent to which they are profitable for companies – and companies can now assess this

The fundamental problem for essential services comes from the interaction of competition with 'customer segmentation', that is, the profiling of individuals and neighbourhoods in terms of their likely profitability. Fuelled by information technology which permits vastly greater sophistication than even a few years ago, companies are increasingly able to tailor products and services to fit individual requirements.

For those customers who attract the interest of companies, this is good news; for people with low purchasing power or customers assessed as high risk in other ways, these trends can result in goods and services becoming less affordable and less accessible.

A range of examples exist where the pressures are widening inequalities:

- The development of out-of-town shopping centres has made low cost food inaccessible for some people without cars in physically isolated areas or areas poorly served by public transport.
- 'Red-lining' by private insurers has made house insurance either impossible or impossibly expensive for people in high crime areas, which are often also deprived areas.
- A significant proportion of people – largely on low incomes – continue to rely solely on cash because they do not feel that the current design and accessibility of bank accounts is suitable for them.
- Related to the above, over 4 million people, of whom about half are on low incomes, now pay 20-40% more for their gas and electricity because they feel that they need to use pre-payment meters to give them control over their finances.
- As metered tariffs for water become more common, the cost to large households are tending to rise whilst the cost to households in high value properties are typically falling.

In some cases, such as the insurance example above, the problem is one of things getting worse in absolute terms for people on low incomes. In other cases, it is more about people on low incomes accruing fewer benefits from competition than the rest of the population. In either case, these patterns are problematic for a government committed to social inclusion.

The general trend here, to seek out the most profitable customers, manifests itself in a number of specific ways. First, companies (especially new entrants) devote their product design and marketing efforts to the more profitable customers. At best, other customers get left behind.

Second, a lack of access to the 'means of communication and transmission', such as bank accounts, transport or telephones, leaves people either paying more or lacking access to a wider range of products.

Finally, pressure to reduce costs and overheads causes companies to cut back established networks where costs are higher (e.g. in rural areas), or transfer costs from the company to individual customers (e.g. transport).

This matters once a service is designated as 'essential'

The designation of a service as 'essential' is crucial to the argument. For non-essentials, no social issues are raised if a company declines to offer its services to some customers. For essentials, on the other hand, it is clearly unacceptable if certain groups of people systematically lose out.

An industry can suddenly therefore find itself facing problems if the service it provides moves from being regarded as a non-essential to being an essential. This is where the problem has come from for banks, with basic banking services being seen now as essential when just a few years ago they were not.

Special Measures Versus Minimum Service Standards

That the current arrangements can leave certain groups of consumers at a disadvantage is well recognised by individual companies, by the consumer watchdogs and by the government. Looking across the full range of the government's efforts to address these problems, however, two quite different approaches can be seen:

- In the utilities, special measures directed at vulnerable groups.
- In financial services, minimum service standards.

With special measures, eligibility is tightly defined

The characteristic of the '*special measures*' approach is that the measure applies to a tightly-defined, almost invariably small, group. Particular vulnerable groups who suffer major disadvantage are defined, and specific initiatives are brought in to reduce their disadvantage.²¹

The National Consumer Council has been developing ways of identifying groups at risk of persistent consumer disadvantage. This arises when the characteristics of supply of a service intersect with the characteristics of a particular group to produce disadvantage.²²

Examples of special measures are to be found throughout the utilities

- Under the 2000 Utility Act, the new Gas and Electricity Markets Authority is charged with protecting the interests of particular groups of customers, including those on low incomes, in rural areas, pensioners and people with disabilities.
- The government is promoting Social Action Plans from utility companies to address fuel poverty, defined as households where more than 10% of income is spent on keeping warm. One example is Affordable Warmth, a partnership supported by the government, Transco, local authorities, finance providers and energy charities, to install central heating and other energy efficient-measures in homes.
- Customers who qualify for TXU Europe's 'Stay Warm' scheme – essentially, those on benefits – are called by TXU staff to discuss their energy needs. A fixed charge is then set that customers can pay on a weekly, fortnightly or monthly basis. The same amount will be charged throughout the year.
- If their water usage is metered, households on Income Support with three or more children (or with a disability that calls for greater than average water use) can apply to be charged on the basis of average metered bills rather than on the basis of their real water usage.²³ The 2000 draft Water Bill proposes giving regulators new consumer objectives, as part of which the regulator 'should always have regard to the interests of consumers with low incomes'.

Minimum standards creates products on terms that are open to all

A quite different approach from the one used in the utilities, is seen in the government's approach to financial services. Here, government has pressed for the introduction of products that, though designed with the needs of a particular type of customer in mind, are open to anyone. The design of the product covers both what it will do and what it will cost.

These products therefore meet certain *minimum standards*, which relate to the products' suitability, affordability and accessibility.

Basic financial services provide some examples of this approach

- On bank accounts, the government has made it clear that it expects all major banks to provide basic bank accounts (that is without overdrafts or unexpected charges) to anyone who wants one. It is also pushing the idea of a universal bank delivered via the post office.
- On private pensions, it has introduced stakeholder pensions, with a ceiling on charges (which is the key determinant of whether they are worth having) that is far lower than would normally be found on an ordinary personal pension of a similar size.

The Case for Preferring Minimum Standards

Which of these two approaches, special measures or minimum standards, should be the basis for addressing essential private sector services within a social inclusion strategy? In our view, the case in favour of the minimum service standards approach is decisive.

Individual ‘special measures’ do not operate on the required scale

First, there is the matter of scale. As noted in chapter 2, a social inclusion strategy needs to be offering tangible benefits to around a quarter of the population. The basic bank accounts and stakeholder pensions, as examples of that approach, are designed to benefit millions. Individual ‘special measures’, by contrast, simply do not operate on that scale.

While the choice of services to be deemed essential is a matter for government – in consultation with others - a provisional list of the industries involved might include:

Water	Postal services
Gas	Public Transport
Electricity	Financial services
Food retail	Television
Telephone	Email and access to the Internet

The list of attributes the essential service might be required to have could include:

Suitability: while open to all, the product or service has to be designed to meet the particular needs of low income consumers (e.g. a bank account that cannot go overdrawn).

Cost: poor people should not pay more than others, and in some cases they should pay less when charges are ‘tax-like’, e.g. as is currently the case for non-metered water users).

Access: genuinely universal access across all parts of society, which can be measured by take-up rates by income, by social class, by ethnicity, etc.

Products and services built around minimum service standards are something tangible

Second, there is the matter of how they fit into the vision. Chapter 4 argued for a *positive* vision, of what citizens could expect in a socially-inclusive society. Products and services built on the minimum standards approach, although certainly not glamorous, are a tangible part of that vision. A recent campaign by the Daily Mirror newspaper around basic bank accounts shows that they are things which people can relate to and which they also feel they can assert their right to in the face of tardiness by local providers..

Finally, there is the matter of the relationship between government and private sector providers. Minimum service standards are no doubt an imposition which companies would generally prefer to avoid. But given that there *are* social responsibilities which providers of essential services must bear, the question is what is the best form for those burdens to take.

Minimum service standards will generally be few. The negotiations surrounding their design will take place in advance. Within those negotiations, companies will be in a strong position because government, which wants the things to succeed, will have to defer to the insight and knowledge that companies have about what works.

The prospect of 'special measures' by government diktat is not one that companies would welcome

For so long as special measures are on a small scale and subject to agreement between the service provider and (say) the regulatory authorities, they hardly represent a burden on companies at all. But as the basis for a *strategic* response by government to the problem of hardship and exclusion, this assessment could change dramatically.

Such a change is now a real prospect. The 2000 Utilities Act gives the Secretary of State sweeping powers to adjust what people have to pay for gas (or electricity) if he "*considers that members of any group of customers of authorised suppliers are treated less favourably than other customers of theirs as respects charges for gas*".

This approach – special measures by government diktat – will leave companies in something of an invidious position, facing uncertainty (what exactly does 'treated less favourably' mean?), on the defensive, and beholden to the Secretary of State.

6.3. DIRECTIONS FOR ACTION

Universal Service Obligations (USOs)

USO's are one long established way of defining a minimum service standards

In many ways, minimum service standards have been around for a long time in some industries in the form of universal service obligations. Some USO's relate to the price of the service: anyone has the right to have their home connected to the phone network at the same price (subject to an upper limit on the actual cost of installation); the same postage stamp will be sufficient to send a letter anywhere in the country. Other USO's, applying to the utilities, confer a right to be supplied, but not at a guaranteed or uniform price.

One way of implementing a minimum standards approach would be for government to develop a range of new USO's.

Who picks up the bill, if any, is an important question

One of the key questions with minimum standards and USO's is who should bear the cost. Without a standard, the emerging default is that costs of provision are borne by the people who cause them to arise – but this is the extreme outcome and likely to be disadvantageous to poor people. If the service standard covers price, this will not be the case, but the question of who picks up the bill is still pertinent.

There are basically three choices: the industry, the company, or the taxpayer. There are pros and cons in each case. The mix of the three is a matter for government, and will vary from case to case. In particular, imposing social costs on highly competitive markets is harder than on industries which are natural monopolies, for example in the physical networks (i.e. pipes and wires).

Risk is one aspects of cost and there are similar issues relating to the balance of risk between the consumer and the service provider, for example in the private housing market. In this case, the emerging default is one where the service provider typically minimises its risk, consistent with the law and extant regulation, with the consumer bearing the remainder. The obvious conclusion is that an intrinsic component in defining a particular minimum service standard is to review the relevant law and regulation to achieve an appropriate balance of risk.

Voluntary Adherence to Standards

Is a purely voluntary agreement to meet certain minimum standards likely to be enough? In view of the need to allocate the costs of any minimum standard, with public money having possibly to play a role, voluntary arrangements may often be inappropriate. But if there are no insurmountable objections to it, what is likely to be necessary for a voluntary approach likely to work?

Companies have become attuned to priorities on poverty and exclusion

The private sector has clearly become attuned to the emphasis that government is placing on poverty and social exclusion. Business, particularly big business, does not want to be out of step with the times or with government's message and priorities. For example, businesses have generally been receptive to engaging with the New Deal for 18-24s.

But if companies do appear to be voluntarily picking up on the language of poverty and social exclusion, and to be willing to engage in initiatives such as the New Deal, this needs to be weighed up against the direction in which competitive pressures are driving business.

In any company, a range of groups compete for the attention and priority of management: shareholders, employees and trade unions, customers, government and suppliers. Over the years, the extent to which these different groups have captured management attention has differed. The current dominance of institutional shareholders conditions the extent to which companies focus on social responsibilities

Voluntary adherence will only work if there is a payback to companies from so doing

In view of these pressures, voluntary adherence is only likely to be effective if it is the interests of other groups, and in particular the dominant group, that it be so. Two possibilities are:

- Good Public Relations.
- Pressure exerted through transparency and reporting requirements.

When socially responsible initiatives or practices link back to the ‘bottom line’, companies will be interested to pursue them. Our research has suggested that only nationally high profile branded schemes give companies the sort of PR return that has an impact there. It could though be a useful tactic in particular cases.

The disclosure of information by companies about aspects of their behaviour which have obvious social impacts, from charging policies and product development to employment practices, is regarded by some as a key to change. Although nothing definite had been announced at the time of writing, it is clear that the DTI see disclosure as a route to creating greater accountability and better corporate behaviour.²⁴ As yet, however, the effectiveness of company disclosure of social impacts in changing behaviours is largely untested.

Whilst transparency may increase positive consumer pressure and socially beneficial peer pressure between companies, there are a number of reasons not to be overly optimistic about the social benefits disclosure could bring. First, it is far from clear that transparency about social impacts will encourage institutional investors to put their money behind socially responsible companies; rather, it could deter them if they felt that socially responsible behaviours were lessening shareholder value.

Second, precisely because consumers often have divergent interests, a company that pursued policies which were to the disadvantage of the majority (or at least a vocal minority) could find disclosure adding to its difficulties.

Promoting ‘Gateway’ Organisations

‘Gateway’ organisations are intermediaries between service providers and consumers

The term ‘gateways’ refers to intermediary organisations which operate on behalf of their members to help them obtain services from providers of financial and other services. Obvious examples are trade unions (e.g. with respect to pension provision for their members) and housing associations (e.g. with respect to household insurance for their tenants).

At its most limited, a gateway organisation liases with providers and consolidates large numbers of small accounts in a way that reduces administrative costs and maximises benefits. It might also take on a proactive role, advising its members of the need for pension provision, insurance, etc.

Operating in this manner, gateway organisations can reduce costs to their members, reduce discrimination by providers, and help to ensure adequate provision for more vulnerable groups in society.

But they need serious encouragement and support if they are to prosper

By their very nature, gateways as mere *intermediaries* cannot be the whole solution. But working with a gateway might be a way for a service provider to discharge its obligations in respect of low income or other disadvantaged groups.

However, while there are examples of successful gateway organisations, they are still very thin on the ground, and we suggest that government will need to find ways of encouraging their existence if they are to provide a solution on the scale required.

There is a useful analogy here with Credit Unions: in the last year or so, the government has begun to actively encourage the growth of Credit Unions as a vehicle for providing financial services to those to whom the mainstream industry's offerings are not suitable. But this is only happening after many years of struggle by the Credit Union industry. By taking action earlier in the case of gateway organisations, the government may be able to achieve results much faster than has been the case in the financial industry.

Guidance to Regulators

'Minimum service standards' should not be left to industry regulators

Minimum standards are fundamentally a matter for government rather than the regulators, because what is involved is a political decision, requiring value judgements and almost invariably entailing some form of re-distribution.

It is also important that some of the industries where minimum service standards might be appropriate are not subject to regulatory regimes like those that apply for example in the utilities. The setting of some minimum service standards might, indeed, be an alternative to the extension of this form of regulation to cover 'social' issues.

The social factors that regulators have to take into account must be tightly specified

Nevertheless, this does not do away with the need to pay close attention to the guidance under which the regulators operate. The economic regulators have historically seen as their primary duty the promotion of competition and a free market. Whilst there has been a recent shift on the part of regulators to include 'fairness' as well as 'efficiency', it is still unclear how 'fairness' is actually to be interpreted and who will undertake that interpretation.²⁵

Financial services regulation provides an illustration. The Financial Services Authority (FSA) was given four objectives in the legislation setting it up: stability of the financial system, protection of consumers, promotion of consumer awareness and reduction of financial crime. In protecting consumers, the FSA is only obliged to take into consideration those individuals who are already buying into financial services, and not those who do not use financial services. Although it may take an interest, it has no legal remit to promote the interests of the financially excluded.

In addition, there are real questions of having to disentangle the interests of different groups of consumers. For example, in the case of bank accounts, disorganised consumers who fall in and out of overdraft effectively subsidise free banking for other better organised and often better-off customers. These effects, including the high cost of overdraft, may explain in part the reluctance of some people on low incomes to open accounts.

This example suggests that any general objective of protecting consumer interest needs to be broken down to reflect differences of interest between consumers. For example, the FSA could be required in addition to have particular regard for the interests of the poorest consumers and those excluded from the financial system. This would encourage the Authority to have a good look at the competitiveness and value offered by licenced credit brokers, which are the alternative to mainstream financial services used by many people on low incomes.

6.4. SUMMARY OF THEMES FOR FUTURE STRATEGY

1. A focus on both essential basic services (e.g. utilities) and essential infrastructure services (e.g. finance and communications).
2. An approach based on setting ‘minimum service standards’, covering design, and access to essential services as well as their price.
3. A primary role in deciding these matters for government and companies; little or no discretion for regulators.
4. A clear view on who should pay and who should bear the risk.
5. A case-by-case examination to define and determine what is essential and what can be provided.
6. A preference for mandatory ‘universal service obligations’ as the means of bringing the standards into being.
7. A possible supplementary role for ‘gateway’ organisations in helping service providers to reach the people they normally miss.

7. VOLUNTARY AND COMMUNITY SECTORS: CAPACITY

7.1. OVERVIEW OF THE ARGUMENT

The essence of the argument of this chapter is that within the voluntary and community sectors are to be found organisations who are the natural allies of a government committed to promoting social inclusion. This is by no means true of all, or necessarily even most, of the organisations in these sectors. But those who work directly with those whom the strategy is trying to help can be indispensable as innovators, implementers, advocates and providers of feedback on what is really happening.

The challenge is to strengthen the organisations for whom social inclusion is a top priority, both in their capacity as service deliverers and in their capacity as advocates.

In contrast to the previous two chapters, this one is directed at a wider audience than just central government, with recommendations for action applying to local authorities and charitable foundations as well.

Definitions and Scope

Community organisations, by definition, are composed of local residents, whilst their activities may range from self-advocacy to service provision, either as volunteers or as managers of locally controlled resources.

Voluntary organisations, on the other hand, can be composed of people from outside an area or group who are concerned about the welfare of that group. Their activities may or may not be subject to local control. There is a well-developed infrastructure for voluntary organisations, large and small, which is not replicated for community groups.

The sectors are characterised by great diversity. Many organisations fulfil several functions: advocacy, service delivery and charity. They compete for resources from the public, the state and trusts and foundations. Poverty and social exclusion are only priorities for some within these sectors.

Although the chapter concentrates on voluntary and community organisations, it touches too on others such as faith organisations and trade unions. The term ‘third sector’ is used when discussing this whole spectrum of organisations

7.2. DISCUSSION OF THE OVERALL APPROACH

In many ways, some of the organisations in the voluntary and community sectors could be seen as government’s natural allies in a national strategy for social inclusion. However much individual public or private sector organisations may support the strategy, they have other priorities as well. By contrast, third sector organisations can choose to devote themselves to the subject, including challenging the culture that allows poverty to persist within institutions and organisations in the public and private sectors.

Voluntary and community sector organisations have a unique contribution to make to a national strategy for social inclusion

The relationship between these independent organisations and the government should be one of critical solidarity, supporting, opposing or proposing government policies in the light of experience.

At their best, voluntary and community sector organisations get closer to poverty and social exclusion than either the state or the private sector. They would bring very different resources to a national strategy for social inclusion compared to organisations in other sectors. Many have the ability to identify new social problems early on and innovate in response to them; and some have a willingness to challenge the government, public institutions and companies on behalf of a group they represent or work with.

They are also able to recognise and deal with features of poverty that other sectors struggle with. Only in interviews with individuals working in different parts of the third sector did phrases like ‘poverty of spirit’, ‘emotional poverty’ and ‘powerlessness’ crop up.

A widely held view within the sector is that poverty should be broadly interpreted, to include its emotional and social aspects, as well as its material ones. Building people’s confidence and ability to participate in the affairs of their community, or to have a voice at work, are essential to well-being and should be an explicit part of an overall response to the problems of poverty.

Government’s stance towards these organisations is mixed. The Voluntary Sector Compact sets out a comprehensive and strong set of principles – for a partnership of equals – and NCVO reports that this is now beginning to influence the way in which central government departments conducts relations with larger organisations in the sector. The establishment of a Children’s Fund in the 2000 Spending Review is an explicit recognition of the role that voluntary and community sector service providers can play in the government’s anti-poverty programme.

These organisations rarely find themselves treated as equals

On the other hand, many community and voluntary sector organisations find themselves treated as the junior partner by public sector organisations. Although area-based initiatives typically recognise the importance of involving locally-based groups, the resource that is made available to support this can be very limited.²⁶

New money in deprived areas draws newcomers in, including larger national voluntary sector organisations as well as a range of consultants. These players have the skills needed to bid for money and to work in partnership with statutory agencies, but they often lack roots in the community. Many community and voluntary organisations are overwhelmed by new state-funded initiatives in their areas.

Third sector organisations are not inherently good or progressive, and participants in this study from within the sector called for a more discriminating approach by government towards those that it supports financially and that are engaged in the policy process, particularly at the local level.

Weakness in the voluntary and community sectors hampers their contribution

Many parts of the sector are in a poor state of health: under-resourced, in need of skills and training; some in need of greater focus and streamlining. Interestingly, in its response to the *National Strategy for Neighbourhood Renewal*, Business in the Community commented that weaknesses in the community and voluntary sector, particularly the lack of core funding, hampered the ability of *companies* to engage actively in deprived areas.²⁷

Finally, it is worth pointing out that the mass of community groups and organisations exist underneath most government initiatives and spending, with money going to government departments, local authorities and more formally constituted voluntary sector organisations. Few small voluntary and community organisations have the financial credibility to become ‘accountable bodies’ in the delivery of public money.

Nevertheless community-based organisations in particular have considerable non-financial assets. Often their principal demand is for space and a voice in the policy development process to influence decisions that are made about their communities.

7.3. DIRECTIONS FOR ACTION: SERVICE PROVISION

In thinking about the longer-term development of a national strategy for social inclusion, the focus needs to be on the effectiveness of voluntary and community sector service providers in meeting the needs of disadvantaged and excluded groups.

Participants in this study from the voluntary sector stressed the variability in quality and coverage of what is offered nationally. A number of specific problems were highlighted. They include:

- Insecurity of funding.
- Lack of capacity and resources for organisations to participate meaningfully in local multi-sector partnerships.
- Variability in quality and coverage of intermediary or second tier organisations which support providers and identify gaps.
- Poor standards of employment in the sector.
- Low value ascribed to services which are not provided in the statutory sector.
- Implications of financial dependence on statutory providers in terms of the lack of willingness to challenge.

A number of ideas are now discussed for improving the situation.

Rewarding Proven Success in the Voluntary Sector

Whilst project money is relatively plentiful, sustained and predictable funding is typically in short supply in the voluntary sector. This limits organisations' ability to plan and develop more strategic streams of activity, reducing the capacity of successful organisations.

Current funding priorities favour innovation, but could do more to support on-going activities

One problem for small, not-for-profit service providers dependent on grants, or perhaps on just one service contract with a local authority, is that there is often a tenuous link between delivering a service, or other activity, successfully today and receiving the money to carry on tomorrow. This is exacerbated by the preference of most funding organisations for innovation, which often means good projects are not sustained, thereby wasting much of the initial investment.

Breakfast clubs are a good example: many clubs have received start-up funds, but only on the basis that they would then raise funds themselves; a significant number have found this very difficult; and it has been those in more deprived areas which have suffered most, as it is unlikely that they will ever be able to charge enough to cover their costs.²⁸

This is a challenge for charitable trusts as well as national and local government

If more government money were available for on-going services and made conditional on a previous track record of delivery, the present bias would be reduced and organisations would have an incentive to gather evidence of their effectiveness.

Amongst trusts and foundations there is a need to work out, in consultation with major state funds and lottery funders such as the National Lottery Charities Board, how responsibility might be shared for funding on-going work as opposed to new work. There is a need to agree some way of passing good ideas along from funders who wish to fund innovation to those who prefer to finance work where methods of good practice have already been established.

The government is committed to the spread of competitive bids as a means of selecting providers in the voluntary sector for funding. A number of participants in this study noted that, whilst competitive bidding for funds has led to greater innovation and financial streamlining in the sector, competitive bids can be wasteful of resources in the voluntary sector.

Of course this is true of all bidding processes, but few organisations in this sector have the same reserves as for-profit consultancies out of which to pay for this 'speculative activity'. It also tends to drive organisations to put the energy of their most talented individuals into bid writing rather than delivery.

Supporting Intermediaries to Help Reach People in Poverty

Intermediary organisations can help support very small, local groups

There are a number of tiers within the voluntary sector. One important layer is made up of the ‘intermediaries’ which include Councils for Voluntary Service (CVS), voluntary action councils, rural community councils, volunteer bureaux and Community Foundations. There is also a range of more specialist second tier organisations assisting, for example, play providers or advisory services.

At their best, such intermediaries, often operating within a single local authority, take an overview of local voluntary and community organisations which is informed by close knowledge of what is happening on the ground. They understand the needs within these organisations and where the gaps exist, not only in terms of services, but also key skills within existing organisations. However, these sorts of organisation are particularly variable in quality. Often funded by the local authority on a project basis, the range of activities undertaken differs from area to area.

They can also link service providers with disadvantaged groups

Engagement of the voluntary and community sectors with a national strategy for social inclusion depends in part on ensuring that those voluntary sector service providers who offer services which are *not* specific to disadvantaged groups do reach people who are on low incomes or otherwise excluded.

Second tier groups, particularly CVS, may be well placed to do this, training small providers to profile their users, deliver services to isolated estates, vary charges and make them discretionary, or produce materials in simpler language. Resources aimed at helping small existing groups and providers to extend or adapt what they do, may represent value for money.

But they need to be recompensed for the resources they put into partnership work

Many intermediaries spend a lot of time contributing to various partnerships without being resourced additionally for this work. This can lead to less time being spent on the important role of supporting smaller providers, for example, in writing applications for funds or conducting training. One answer could be that voluntary and community sector organisations be paid additionally for their time in contributing to local multi-sectoral partnerships.

Local authorities also need to take a greater interest in what these organisations do, tapping into the insight these organisations have about service provision and community organisations on the ground. This is particularly true given the new powers of community planning, which call for local authorities to place a greater emphasis on consulting small groups in reviewing services and policy.

The capacity building that is needed is therefore a two-way process; not only necessary for organisations in the community and voluntary sector, but also for council officers themselves, and indeed councillors, who often need training in understanding what life is like within voluntary organisations. Seconding staff from local authorities to voluntary sector organisations and vice-versa, perhaps for periods of up to six months, would be one way of increasing understanding between the sectors.

Enabling Rather Than Smothering

National money should work with what is already in place locally

A common view from the participants in this study is that government's increasing interest in services related to social exclusion, and the new money being made available for this from the centre, must be used to maintain and build up the best of what already exists in communities, rather than undermine it.

The role of the voluntary advice sector in tackling poverty and exclusion has not been prominent within the government's programme, perhaps because this would imply a rights approach to tackling poverty which is not favoured.²⁹ The new Community Legal Service (CLS) is aimed at improving access to justice particularly for people experiencing social exclusion, but the Lord Chancellor's department, which oversees the CLS, is not closely involved with the government's programme and did not work on the Social Exclusion Unit's Neighbourhood Strategy.

The reality for many voluntary advice centres is that, instead of playing a central role in policies to address social exclusion, their very existence continues to be threatened by funding cuts, as the funding of advice services by local authorities remains discretionary.

The mass of initiatives imposes a substantial burden on the very areas they are supposed to help

'*Initiativitis*' – the plethora of initiatives – can be yet another problem for areas that are already officially seen as multiply deprived. Residents, voluntary groups and even statutory agencies struggle to manage the complexity of the different schemes, each with its own bidding process, guidance, targets and monitoring process. The Performance and Innovation Unit has reported on the need to join up the many 'joined-up' initiatives in deprived areas.³⁰

Whilst these projects recognise in theory the importance of engaging the voluntary and community sectors in tackling poverty and social exclusion, the time and resources available to small organisations are seriously constrained. Many have seen core funding slowly removed and exist from month to month in a constant battle to secure grant income. Participating for free in local partnerships, as they are often expected to do, calls for huge dedication and becomes, at worst, impossible at anything more than a superficial level.

7.4. DIRECTIONS FOR ACTION: ADVOCACY AND CAMPAIGNING

The voluntary and community sectors have much more to offer besides 'just' being a service provider. They can provide 'social glue' – creating networks of people who collectively engage in working out solutions to a range of problems arising as a result of social fragmentation and poverty.

Voluntary and community organisations have more to contribute than 'just' being service providers

The very existence and health of some parts of the third sector, such as those organisations that people on low incomes are themselves involved with or leading, can be an antidote to social exclusion. They can have an important role in overcoming the economic waste which results from poverty, not least by generating employment within the sector and providing a stepping stone from economic inactivity into the labour market through volunteering.

By generating networks of relationships, developing skills within communities to interpret and if necessary challenge changes imposed from outside, and by engaging in public life collectively, community-based organisations are capable of building power within the poorest communities. Even so, people on low incomes, particularly those without jobs, are less likely to belong to organisations and associations than better-off citizens.³¹

Working with all Organisations who Promote Social Inclusion

There should be a greater willingness to work with groups who do not entirely conform

Government initiatives do not always take advantage of the strength and skills within institutions that already exist in communities. Faith groups and congregations are an example. They often have a hinterland of individuals that they are in touch with well beyond those who attend on a weekly basis; and they offer organised structures with a clear leadership. Through this, they can reach out to some of the most excluded. Yet they are insufficiently valued and involved.

Churches, for example, are increasingly involved in regeneration partnerships,³² but their real potential as partners at the strategic rather than service delivery level is not yet fulfilled. Mosques and Islamic groups have found themselves ineligible for funding, and as partners in local partnerships, because of their explicit religious outlook. In particular, religious and conscientious barriers to accepting Lottery funding have affected the work which Islamic voluntary and community organisations have been able to do.³³

The issue here is how far government, both local and national, is prepared to work with organisations whose strong attitudes and values do not altogether conform with those of the state, yet who can nevertheless contribute to the advancement of social inclusion. A greater willingness to accommodate non-conformity is required.

This includes community-based organisations who challenge government and others

The same argument also applies to community based organisations who define their role more politically, organising to make claims on and hold accountable public, private and voluntary service providers

For example, the Citizens Organising Foundation, based in six low income communities around the country, has challenged the major high street banks to re-invest in their communities, not with new branches when these closed down years ago but with greater support for small businesses.

Such organisations typically want to build leadership skills in low income communities, to increase access to statutory services and to highlight the community's concerns to decision makers. There can be a sense in such organisations that government wants to recruit poor communities into the workforce involved in helping people in poverty, rather than listen to their analysis of what has gone wrong and what needs to be done.

One concern is that people living in deprived areas become involved as volunteers, while paid jobs, financed out of regeneration monies, go to outside professionals. Voluntary sector deliverers are aware of the need to take a slower approach, building up local skills rather than bringing in people from outside who, when the 'job in hand' is done, leave as quickly as they came.

Changing Funding Priorities

One of the problems in giving due recognition to advocacy and campaigning work is that measuring outputs and outcomes is difficult. Tackling inequalities is about messy local work involving giving power to people. The effects of such work is not easily quantified, though qualitative research and evaluation suggests it makes a real difference to the quality of people's lives.³⁴

Community and voluntary sector organisations need resources to help them to develop

Community Foundations are endowments focused on a particular location, such as a county. As independent funders, they have an important role to play in supporting such organisations within the voluntary and community sector. There are fifty community foundations in the UK now, playing an important role in building bridges between the private sector, through whom they are raising longer-term endowments, and the voluntary and community sectors working in deprived wards and with excluded groups.

But most charitable foundations' and trusts' monies still goes towards the provision of services. Relatively few strategically fund the development of community-based and campaigning organisations that focus on building up the voice of people on low incomes in the local and national policy development process, and demanding more from the statutory sector.

If the power of the state which the government has deployed is the hammer to fashion a social inclusion strategy, the knowledge and experience of community-based and campaigning organisations is the anvil to forge it on. To be effective, that knowledge and experience must be given clear, strong expression. That will not happen unless money is available to make it happen. A change in funding priorities, towards core funding, is required and towards funding the non-service delivery organisations.

7.5. SUMMARY OF THEMES FOR FUTURE STRATEGY

1. A recognition of the contribution to a national strategy for social inclusion that can be made by those voluntary and community groups who work closely with people in poverty.
2. A discriminating approach towards the sectors as whole, looking to strengthen those organisations who do most to promote social inclusion.
3. A funding strategy that rewards proven success in service delivery, as well as innovation.
4. A role for intermediaries (e.g. Councils for Voluntary Service) to assist in ensuring that services reach excluded and low income groups.
5. A funding strategy that provides core funding for local organisations, to strengthen advocacy, campaigning and network building.

8. ALL SECTORS: EMPLOYMENT AND EARNINGS

8.1. OVERVIEW OF THE ARGUMENT

The cornerstone of the government's current approach to poverty reduction is that for those who *can* work, paid employment is all-important as the route out of poverty and exclusion.

While this study has found little dissent from the idea that work is very important, a social inclusion strategy cannot rest on an uncritical view of 'work'. This chapter argues that raising the quality and experience of work should rank alongside getting people into work as labour market priorities within a national strategy for social inclusion.

As in chapters 5 and 6, most of the suggested actions are directed at government, reflecting the fact that government is overwhelmingly best placed to establish national priorities of the kind required here. The greater part of the chapter is then devoted to a discussion of how it might do this. Once again, these proposals reflect a wide range of styles of approach.

8.2. DISCUSSION OF THE OVERALL APPROACH

The Current Focus: Welfare-to-Work

The government's current approach is focused on giving individuals without employment better life chances

Opportunity For All: One Year On, the government's second annual report on poverty and social exclusion, argues that "*everything we do must be underpinned by a sound economy*". The government has also recognised, however, that a stable macro-economic climate is not sufficient and that an active labour market policy is also needed to draw those most excluded from the labour-market into work.

The various New Deals are the centrepiece of this active labour market policy; the child-care strategy is another important component; and there is a strong emphasis on state support for lifelong learning, through the introduction of Individual Learning Accounts in particular.

Low pay remains a major problem even with a National Minimum Wage

However, even if full employment is reached, it is unlikely to be enough to eliminate poverty in the UK. Unemployment rates are now as low as they were in the mid 1970s and labour market participation rates as high, but whereas in the 1970s around 4 million people lived in households with incomes below half the contemporary average, the latest available incomes data show over 14 million people in that situation in 1998/99. Measures introduced since then should have made a substantial dent in that figure, but the comparison with the 1970s shows that the country is still very much at the beginning of the process.

Low pay remains a major cause of poverty. Any strategy which has a good chance of significantly reducing the numbers in poverty cannot avoid tackling the issue of earnings inequalities and pay at the bottom of the labour market in at least as determined a way as getting people from welfare-to-work.

In a speech in June 2000 on the future of the welfare state, David Blunkett argued that, “*As long as we create the conditions for economic success, business will create jobs. Government then has a big role in equipping citizens to take advantage of the opportunities that are there, and ensuring fairness in the labour market*”.

Yet *Opportunity for All* says rather little on the subject of ‘ensuring fairness in the labour market’. Although a recent Treasury publication³⁵ attributed the growth in numbers of poor children in working households partly to the increases in inequality of earnings over the last twenty years, reducing pay inequalities is not, an explicit part of the government’s programme.

A New Priority: the Quality and Experience of Work

Disadvantage out of work can persist when in work

Those groups who face disadvantage entering the labour market, often continue to do so when in jobs. This is particularly important given that welfare-to-work policies have the effect of increasing the overall supply of relatively poorly-skilled and inexperienced workers. This in turn may undermine the already limited bargaining power that workers in the poorest paid jobs have.

Just as a range of public policies are essential to get the most excluded people into work, a more interventionist range of policies is needed to improve the quality and experience of work at the bottom end of the labour market. Furthermore, it has been argued that since inequalities in wages exist which cannot be explained by differentials in ability or skill, there is considerable scope for policies that reduce inequality without adversely affecting labour market efficiency.³⁶ Indeed, such policies may in fact contribute positively to the efficiency of the labour market.³⁷

There are many aspects to the quality of work

Pay is obviously crucial, but there are a variety of non-financial aspects to work that matter too: a sense of being respected, flexibility, control over the work process – these are critical to a person’s experience of work and to their sense of satisfaction, motivation and productivity. Although any definition of these wider aspects of ‘quality’ would have to be worked out in consultation with all the sectors, it might include elements such as:

- Healthy and safe working conditions.
- Fairer access to training and opportunities for career development.
- Democratic representation at work.
- Pension provision and sickness and other benefits.
- Lack of discrimination.
- Time off for family commitments.

Some will argue that raising the rewards to work for workers will deter employers from taking people on. There are, however, a number of reasons to be optimistic that this will not actually be the case.

Evidence suggests that well-crafted legislation need not harm overall levels of employment

First, there is the experience of introducing legislation to uphold the wages of vulnerable workers, of which the Equal Pay Act is the clearest example. It was originally thought that this legislation would lead to women losing their jobs, whilst in fact they continued to gain employment. The evidence gathered so far on the introduction of the National Minimum Wage is telling the same story.³⁸ In addition, the prospect of better jobs may attract people into the labour market for whom the financial rewards and other job characteristics at present are not sufficiently enticing.

A number of positive steps have already been taken to reduce workers' vulnerability to poor quality work: the National Minimum Wage (NMW), the Employment Relations Act, and, as a result of signing up to the European Social Charter, the Working Time Directive and the Part-Time Workers Directive.

The NMW was introduced at £3.60 per hour in April 1999, rising to £3.70 per hour in October 2000, putting a floor beneath the very lowest wages. The numbers of people who have seen their hourly wages increase directly as a consequence of the NMW is currently thought to be around one million.

Although ministers have hinted at raising the NMW more generously in 2001, the approach to the NMW is still characterised by great caution, and the rate has fallen in real terms. The Trade Union Research Unit has noted that a rate of £3.70 in October 2000 was equivalent of £3.40 in April 1999. Whilst the Low Pay Commission has been placed on a permanent footing, it has not been asked to design a permanent uprating mechanism.

Apart from the minimum wage, labour legislation has not been seen as having any anti-poverty objectives

With the exception of the NMW, labour legislation has not been recognised as an explicit part of the anti-poverty programme. The EU directives, for example, are not held up by ministers as part of a broader effort to overcome the structural barriers and power imbalances which prevent workers from getting a decent wage, and opportunities for development.

The indicators in *Opportunity for All*, while including a whole number that track *entry* into jobs, include none that examine characteristics of those jobs such as pay, duration, benefits, or access to in-work training.

The review of parental leave and of maternity leave and pay which the DTI initiated in summer 2000 aimed to “*identify how competitiveness and productivity can be enhanced through giving families reasonable choices to help them to balance the needs of their children and work.*”³⁹ Thus the exercise was framed as primarily being about the economy rather than about people. Rather than introduce new regulations to protect workers ‘with the minimum of fanfare’⁴⁰, these measures could be presented as key parts of a wider national strategy for social inclusion.

Arguments for employment regulation would also be less easy to dismiss if their wider significance and contribution to the key social objectives of government's anti-poverty strategy were made clear. Employers and their representatives tend to argue that regulations should be minimised because the burden of compliance costs threatens the economy's competitiveness. But competitiveness is only one of the government's objectives; reducing poverty and social exclusion is another. The different objectives have to be balanced in a more open way than the government has been willing to do thus far.

8.3. DIRECTIONS FOR ACTION

At a seminar in July 2000, Tessa Jowell, the employment minister, opened a debate on how to move the country from 'full employment to fulfilling employment'. In her speech she suggested that, although the government is open and interested in moving towards such an agenda, they have not yet defined what that would mean in practice. Below we set out a number of examples of different approaches to achieving quality employment.

Setting an Example in the Public Sector

Public sector employment could provide a model of career development for those who start with few qualifications

In a variety of respects, public sector employment could become a model of the norms which ministers promote for employers more widely.

Career paths in the public sector could show what can be done with the right support and investment for those with few qualifications on entry. For example, there are currently major barriers for the care assistant with NVQs becoming a nurse, or for the classroom assistant becoming a qualified teacher. Developing a range of public sector career paths which enable workers to go through a ladder of qualifications whilst in work and earning would be one way of promoting an issue which needs attention in private companies and in voluntary organisations also.⁴¹

Public sector organisations could set minimum earnings guarantees for their own employees, perhaps derived from regional earnings averages.⁴² A small number of local authorities have already done this; for example, Hammersmith and Fulham has a Minimum Earnings Guarantee which works out at over £6 per hour.⁴³

Public Procurement and Contract Compliance

Public procurement policies could do more than they do now to promote social objectives

The DETR and Treasury undertook a review of environmental issues in procurement as part of the 'Greening Government' initiative. This established ways in which environmental considerations could be taken into account in choosing the best contractor. It also stressed the role that procurement has in establishing and promoting norms and standards around environmental sensitivity.

What has been done for environmental issues could also be done for social issues, weighing up the costs and benefits of different ways in which procurement throughout the public sector can reinforce the objectives of a national strategy for social inclusion. UK procurement policy contains two overriding considerations: value for money and competition. Social objectives are not considered legitimate considerations. This is an extreme position.

Clarification of the scope for this within EU and other law would be valuable

EU law on public procurement sets limits on what can be done and EU regulations require that the “most economically advantageous tender” be selected. But this is not the same as the lowest price tender and, particularly in relation to placing contracts in areas of relative deprivation, the overall advantages to local economies of such contracts may be a material consideration in selecting a contractor. Furthermore, partnership arrangements are not subject to tender and can include employment clauses according to EU legislation.

The government could clarify what scope there is at the national level to take social considerations into account in procurement, and reflect this in the guidance given for example to local authorities on procurement under Best Value. Clause 19 of the 1999 Local Government Act gives the Secretary of State at DETR the power to re-define the considerations which local authorities may take into account when selecting a contractor.

A recent report from the House of Commons Select Committee on Education and Employment called on the DETR to issue guidance to local authorities which encourages them to incorporate local labour clauses in contracts, and to assist authorities in working out how this might best be achieved given the difficulties of enforcing these clauses.⁴⁴

Under Section 106 of the Town and Country Planning Act 1990, a local authority can require a developer seeking planning permission to enter a planning agreement. A small minority of local authorities have actually used these powers to address issues of social exclusion through land use planning policies. There is considerable scope for spreading good practice in this area.⁴⁵

‘Living wage’ laws in some US cities lay down conditions for companies doing business with the city

In some of the bigger American cities – Boston, Baltimore, New York, Los Angeles – ‘living wage’ laws have been passed in the last few years. These require that companies doing business with the city pay their workforce no less than a level prescribed by the city government, typically around \$2 above the federal minimum wage. In Boston, for example, a ‘living wage’ of \$7.49 per hour was introduced in 1998 for any firm awarded a contract, grant, loan, tax break or other financial benefit worth at least \$100,000 from the city government.⁴⁶

Social Norms

Explanations for pay and income inequalities in the UK generally stress various market forces at work.⁴⁷ Recently, however, Anthony Atkinson has argued that *“we have to recognise the role played by social codes, or pay norms, with changes in the differentials reflecting shifts in social conventions ... To the extent that the driving force is social in origin, rather than trade or technical, this means there is more scope for political leadership”*.⁴⁸

Voluntary codes can support attempts by government to change norms of behaviour without resorting to legislation

Change in norms and expectations should be achievable without direct legislation provided government is clear about which employer behaviours it deems to be unhelpful to its wider social objectives. If the government takes a lead in arguing against excessive greed at the top, in favour of real financial security for all employees, as well as positive action to develop the careers of disadvantaged groups, employers will pick up these signals.

Voluntary codes on employment standards are another approach, applicable for example around wage disparities, family friendly employment, flexibility, redundancy, equal opportunities, career development for lower paid staff within workforce development plans, and so forth.

Tackling Standards in Particular Industries and Sectors

Those industries and sectors that are renowned for low pay and poor conditions of employment, high turnover or poorly skilled, poorly trained workers could be targeted using a package of measures designed jointly by government, employers and unions. These sectors and industries include hotels and catering, leisure, and parts of the voluntary sector.

Standard setting can help raise the level of qualifications in certain industries

The necessary package of measures could include: developing valued qualifications which recognise and reward experience as well as newly acquired skills; establishing and supporting, with public money if necessary, training centres of excellence; kite-marking establishments on the basis of labour standards achieved; and rigorously enforcing legal minima across the sector by increasing the number of inspectors and the availability of information to workers.

The crucial issue is working with both large and small employers to generate consent, and to ensure enforcement of new agreements. It would be wrong to assume that employers in low-paying industries will automatically oppose meaningful and enforceable higher minimum standards

The DfEE's Skills Task Force report on the leisure industry argues that large segments of the sector are trapped in competitive strategies based on low pay, low skills, and high turnover. The avenues that might change this include quality initiatives to boost standards and consumer education aimed at making the domestic consumer more discriminating and demanding.

The report argues that the structure of UK demand means that many potential leisure consumers are too poor to buy on the basis of quality rather than price. The challenge therefore is to create a virtuous cycle where better pay in the sector and in the economy generally boosts demand for high value-added services. The structure of the leisure industry which is dominated by small employers and micro-business means that shifting the sector towards a high value-added model will require considerable public policy intervention, because market forces alone are not enough.⁴⁹

The voluntary sector presents a very mixed picture of employment standards. But the public sector is a major purchaser and funder of services from the voluntary sector: at least 25% of the revenues of charities comes from public money in grants and contracts. As such both central and local government have considerable scope to help raise standards of employment in this sector over time.

The voluntary sector may represent a particularly problematic area as far as employment standards are concerned

Public funding for voluntary services, including through bidding processes for regeneration money, could be made conditional on a commitment to pay decently, offer good pensions, and provide training and career development for staff. In their competitive bidding processes, as well as when grant funding, government must be clear that value for money, whilst clearly necessary, should not be generated at the expense of workers' terms and conditions.

Considerable work is needed within the sector to define quality employment for voluntary and community organisations. A 'joined up' approach to the role of the voluntary and community sector in a national strategy for social inclusion would focus more on the issue of employment standards in the sector. Again, public investment and further collaborative work is needed to overcome the genuine tensions employers in the voluntary sector face.

Re-evaluating Low Paid Jobs

The value of work by disadvantaged groups is sometimes systematically under-valued

The social status of disadvantaged groups can lead to the systematic under-valuation of their work. The formulation of policy needs to recognise that the distribution of earnings and opportunities is determined by institutional forces as well as market forces. The pay and conditions of people working directly with people in poverty are often poor themselves, something which sends a negative signal about the priority society gives to addressing poverty.

One mechanism for achieving change would be clearer government support for job evaluation processes. For example, Unison's local authority job evaluation scheme is now accepted in over 120 authorities and has helped to demonstrate that a number of jobs which are typically low paid actually require considerable amounts of skill.

A Role for Unions

The 1998 Workplace Industrial Relations Survey demonstrated that in almost every aspect of quality of work, unionised workplaces outpace non-union workplaces: a more equitable distribution of training, greater pay parity between top and bottom of the company, greater pay parity between the sexes, better benefits for the lowest paid, greater enforcement of legal minimums, and so on.

It is clear that trade unions potentially have a great deal to offer to a national strategy for social inclusion that places a strong emphasis on raising the quality of work at the bottom end of the labour market as well as getting people into jobs.

Unions can help by 'organising the unorganised'

A key role that unions could play is recruiting, organising and collectively bargaining on behalf of low paid and marginal workers in currently non-unionised workplaces. For the time being, however, union efforts 'to organise the unorganised' are still poorly funded relative to their other activities: around 3% of union revenues go into organising new members.⁵⁰ This is despite some encouraging steps through the TUC's organising academy. The Employment Relations Act may help, though it is too early to say whether this will decisively encourage unions to invest in growth through new organising.

As far as the government is concerned, distinguishing between unions that invest in organising and recruiting new workers, particularly low paid workers, and those that do not would be an important first step. Unions show varying degrees of willingness to organise, and it would help greatly if government ministers openly supported those who are undertaking new campaigns in hard-to-organise sectors, such as hotel and catering where just 10% of employees are union members. Equally, clear condemnation from ministers of union busting companies is important.

The Union Learning Fund is a good example of where government has worked with unions to play a part in delivering its objectives. The Fund was set up in 1998 to support the work of trade unions in promoting learning at work. Union involvement in learning covers a range of opportunities, from job specific vocational training to opportunities designed to draw people back into learning for the first time since they left school. These range from improving communication and language skills to introduction to computers.

Worth £4½ million for 2000-01, the Fund is not huge, but the money encourages innovation, and supports unions who are moving in a particular direction. Interestingly, this initiative has been led by DfEE rather than the DTI (which has overall responsibility for relations with the trade unions).

Valuing Small Amounts of Work

Many people who cannot realistically take on a job would still like to earn small amounts of income on a flexible basis

For many people in poverty, entry into the labour market is simply not viable – for example, people with poor mobility or those with particularly demanding caring responsibilities. But if people do not want a ‘job’ as such, many would like to earn small sums on a flexible basis if this posed no threat to their existing benefit income. The desire to generate the small amounts of extra income that are needed to give a poor household a ‘low cost but acceptable’ living standard, as opposed to the living standard attainable from inadequate benefit levels, is easy to understand.

Small-scale earning opportunities can also help overcome the loneliness and depression that are often features of poverty. Besides health benefits, they can increase social interaction and give people a sense of dignity. Such opportunities can also lessen the extent to which people perceive the labour market as something that is remote and difficult to access, and can provide a stepping stone to contractual employment by building up confidence and skills. The review currently being undertaken by the DSS into the 48 hour availability-for-work rule is an important opportunity to ensure that people on benefit are not discouraged from taking an active role in their communities on an unpaid basis also.

The benefits system currently stops this from happening

To make it possible to earn small income supplements without jeopardising benefits the details – and the rationale – of the benefit system would need to change. For example, withdrawal rates from Income Support are currently 100% (or pound for pound) beyond £15 per week for couples and lone parents and £5 for single people.

More fundamentally, it would imply a shift in how the government defines work and opportunity. The current benefits system mistrusts and often punishes people who want to help themselves in this way. Activities that are perfectly legal in themselves, which can bring in much needed top-up income, are made illegal by the current benefit rules.

The government is clear that it wants to create a tax system that encourages enterprise. By contrast, its dedication to building a benefit system that encourages opportunity and enterprise at a more micro-level is not yet obvious. The welfare-to-work system in place at the moment may not be sufficiently flexible to suit those most excluded from the labour market whose real interest is simply in earning an additional £25 or so per week to top up benefits as locally as possible.

A two pronged approach could address this. First, there could be a significant increase in the amount which people on social security benefits are allowed to earn before benefits are deducted. The system could be made more flexible, for example by allowing individuals to ‘roll over’ the amount of the weekly disregard.⁵¹ Second, the new working age agency could be oriented towards assisting individuals maximise their incomes, whether through contractual employment (as now) or through more flexible earning opportunities.

8.4. SUMMARY OF THEMES FOR FUTURE STRATEGY

1. An emphasis on the importance of the quality and experience of work, especially for low jobs, as well as on the importance of work itself.
2. Voluntary codes to support attempts by government to change norms of behaviour without always resorting to legislation.
3. Use of employment practices in the public sector to set an example, for instance over career development for people who start with few qualifications.
4. Use of public sector procurement practices to raise labour standards above legal minimums.
5. A higher priority attached by trade unions to recruiting, organising and bargaining on behalf of low paid workers.
6. A use of service standards in industries with low pay and high turnover.

9. CONCLUSION: TAKING THE STRATEGIC THINKING FORWARD

9.1. IMPLICATIONS OF A STRATEGY WITH A BROADER SCOPE

Combating poverty and social exclusion has been a high priority for the government from its earliest months in office. Overall economic stability, reforms to the tax and benefit system, and reforms designed to raise standards in education across the board, have been the key elements of its anti-poverty programme up till now. Substantial energy and time has been expended and significant sums of money have been deployed.

The report has identified a number of major areas that are crucial to tackling the problems

The idea at the heart of this report is that while the government's current programme represents a very significant *start* to the attempt to eradicate poverty and exclusion in this country, ultimate success will require concerted action on a wider range of issues. The report has identified four main areas where sustained attention in future will be 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 voluntary and community sector organisations to promote the interests of low income and excluded groups.

Like education and the benefit and tax system, these areas relate to the fundamental causes of poverty and exclusion. Conditions at the bottom end of the labour market are obviously highly relevant. Public services are crucial for the quality of life. Private services are essential either in their own right (food, utilities) or as means to other ends (telecommunications). Strong voluntary and community organisations which involve people in poverty allow them degree of control and influence.

Government does not have direct control in these areas

In none of these areas, however, does government enjoy anything like direct control over what actually happens 'on the ground'. Rather, the key players are companies, charities, trade unions and local public authorities rather than the government itself. There are two main implications:

- First, government needs to marry its various programmes for *general* improvement in services with its programmes of action for social inclusion.
- Second, government needs to engineer a change in the climate of opinion about whose responsibility it is to tackle the problems of poverty and social exclusion. It must argue publicly and forcefully that organisations outside government must take responsibility for promoting social inclusion, especially where their actions have an impact on the deeper causes of poverty and social exclusion.

9.2. MARRYING SOCIAL INCLUSION TO MAINSTREAM REFORM

Government needs to weave measures for social inclusion into its existing programmes

Beneath the detailed discussions in chapters 5 through 8 lies a single, simple message. Government already has a 'programme' which is directed at securing overall improvements. Thus:

- Local Government Modernisation (for local authority services).
- Competitiveness (for private sector services).
- Welfare to Work (for employment).

The essence of our argument in each case is that the measures to promote social inclusion identified in each chapter need to be woven into the fabric of the corresponding mainstream programme.

Although we have not examined any other areas of government activity, we believe that this message is one that applies in principle everywhere. In particular, we would mention both education (where we think the pursuit of higher standards generally with reduced inequalities of educational outcomes *is* being attempted) and health (where the challenge remains to marry general improvements in standards to a reduction in health inequalities).

We recommend that there should be a comprehensive statement of government priorities and policies for social inclusion in those areas where the primary responsibility for action lies with others. This statement would need to be compiled on a department-by-department basis, and would need to include not just the obvious departments like the DSS but also those who have been less involved up to now, for example the DTI or the Lord Chancellor's Department.

9.3. THE ELEMENTS OF A STRUCTURE

The Institutions of a National Strategy

Mechanisms are need to promote a wider acceptance of responsibility

Arguing 'publicly and forcefully' requires more than a speech or two from a senior government minister. An institutional structure needs to be put in place ensure that the message presages real change. Three practical steps that would signal this change of approach and give it substance are:

- A Poverty 'Summit' to mark the start of the new approach.
- A published strategy drawn up with the involvement of all sectors, setting out a vision and a plan of action.
- A government-funded agency to monitor progress.

**A Poverty
'Summit'**

A Poverty 'Summit' held in the months after a General Election would be an ideal way to begin the new approach. The Summit would bring ministers and officials together with representatives from all sectors – charities, trade unions, local government, the NHS, schools and colleges, employers, major service providers, religious organisations – as well as community and other groups that speak directly for the interests of people in poverty.

The main business of the Summit would be to map out the scope of future action and to underline the fact that responsibility for carrying it out would have to borne by all sectors. It would also be the natural place to launch the work of creating a jointly agreed vision.

The main question about the Summit is whether it should be a one-off event or not. Certainly, it could be the start of the UK-wide version of the Scottish Social Inclusion Network which was called for in chapter 4. We think it much better, though, *not* to confuse the job of the summit (which is to make the argument for shared responsibility) with the task of creating a network. Indeed, establishing a sense of shared responsibility – or at least starting to do so – is one of the pre-conditions for a meaningful UK-wide network.

**A published
strategy**

Second, a statement, prepared with the involvement of other sectors, offering a vision of socially inclusive society would provide a way for organisations to commit themselves to the future strategy. It would be supplemented by an outline plan explaining how the vision was to be achieved.

The creation of this statement certainly presents some challenges. The vision that it would lay out must be tangible yet avoid too much detail. It would need to clarify roles and responsibilities without becoming too specific. It would also be seen as relevant by organisations who were not involved in drawing it up.

Some of the issues to do with the vision were discussed in chapter 4. A further point is that since it refers to a society in which poverty and social exclusion do not ordinarily arise, the accompanying plan would have to focus on how these problems are to be prevented, rather than just how they are to be coped with. This implies a statement that pertains to citizens in general (rather than poor citizens), describing what they are entitled to or may aspire to.

**An Agency To
Monitor Progress**

The Irish National Anti-Poverty Strategy, launched in 1997, offers an example of a strategy with a supporting institutional structure.⁵² The formation of an agency here to monitor progress would help ensure that the strategy retained a high public profile. While it must be funded by government, the agency could either be part of government (for example the SEU) or independent of it. There could either be one UK-wide body or four separate ones for each of the home countries.

The Relationship to *Opportunity for All*

The proposed arrangements should not duplicate what government does now

What would the relationship be between what is proposed here and, and, for example, the annual government report *Opportunity for All*? More fundamentally, should oversight of the government's existing set of policies be subsumed within this process?

While there is some overlap, we argue that these proposed arrangements do not duplicate what is in place now. In other words, *Opportunity for All* should remain as currently, with our proposed arrangements focussing on the wider picture. The reason for this is that this is that the whole thrust of these proposals is to help shift responsibility for promoting social inclusion onto the shoulders of organisations and sectors outside of government. A focus on what the government itself was doing would distract attention from this, and confuse the purpose of the exercise.

The exception to this would be those elements of the current programme where responsibility for action rests outside government, for example with schools for reducing educational inequalities or banks for extending certain basic financial services to all who want them. Government policies in these areas could then be the subject of attention, to the extent that they influenced the environment in which schools, or banks, took their actions.

The aim of these actions would be to generate a climate of opinion in which the eradication of poverty and promotion of social inclusion come to be regarded as national priorities and a responsibility for all.

9.4. SUMMARY OF THEMES FOR FUTURE STRATEGY

1. A social inclusion strategy whose scope includes matters where direct responsibility for action lies outside of government.
2. A primary role for government of persuading other sectors to share responsibility for social inclusion.
3. A Poverty 'Summit' held in the months following the General Election.
4. A statement of vision and supporting outline plan of action that the different sectors can sign up to.
5. An independent agency to monitor the progress that sectors outside of government are making in implementing the strategy.
6. The incorporation of government's policies for social inclusion within the mainstream programmes of reform, modernisation and competitiveness.
7. A statement of government priorities and policies for social inclusion compiled on a department-by-department basis, and including (for example) the DTI and the Lord Chancellor's Department as well as the DSS and the Treasury.

APPENDIX A – SEMINAR PARTICIPANTS AND INTERVIEWEES

Seminar Participants

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*Lisa Harker, Institute for Public Policy Research
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*Donald Hirsch, Joseph Rowntree Foundation
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Neil Jameson, TELCO
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Moraene Roberts, ATD 4th World
Linda Rosborough, Scottish Executive
Diane Sharratt, University of Warwick
*Sue Slipman, Camelot Group
Catherine Waddams, University of East Anglia
Bernie Ward, New Economics Foundation
Alan Whitehead, MP
Marlene Winfield, National Consumer Council

** denotes member of Advisory Group*

List Of Interviewees

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Irene Bruegel, South Bank University
Tony Colman, MP
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Willie Coupar, Involvement & Participation Association
David Darton, Joseph Rowntree Foundation
*Katherine Edwards, Tesco Plc
Larry Elliot, The Guardian
*Keith Harris, Wessex Water
Michelle Harrison, The Henley Centre
Neil Jameson, Citizen Organising Foundation
Paul Johnson, Financial Services Authority
Davy Jones, Audit Commission
John Kay
John Kelly, London School of Economics
*Damian Killeen, Poverty Alliance
Mark Kleinman, London School of Economics
Margaret Lochrie, Pre-School Learning Alliance
Anna Marsden, Wiltshire Community Foundation
Brendan Martin, Director, Public World
Jim McAuslan, PCS
Kathryn McDermott, S. London Health Action Zone
Julie Mellor, Equal Opportunities Commission
Alan Murdie, Doughty Street Chambers
*Ines Newman, Local Government Information Unit
Frances O'Grady, TUC
Gill Oliver, MacMillan Cancer Relief
Chris Pond, MP
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Richard Reeves, Industrial Society
Kathleen Richardson, House of Lords
Keith Ruddle, Templeton College
Mona Sehgal, Local Government Association
*Sue Slipman, Camelot Group
Phil Smith
Keith Sonnet, Unison
Dennis Stevenson, Pearson Group and Halifax Plc
Simon Street, Price Waterhouse Coopers
Mike Tuffrey, Corporate Citizenship Company
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END NOTES

- ¹ Speech given by John Moore, Secretary of State for Social Security in 1989; also letter to the UK Coalition Against Poverty from Peter Lilley, Secretary of State for Social Security in 1996.
- ² Parker (2000).
- ³ ADT 4th World (2000).
- ⁴ Details of the Social Summit at Copenhagen can be found at the UN's website. <http://www.un.org/esa/socdev/geneva2000/index.html>.
- ⁵ Listen Hear - The Right to be Heard, Report of the Commission on Poverty, Participation and Power, December 2000.
- ⁶ Independent Inquiry into Inequalities in Health Report, 1998, The Stationary Office.
- ⁷ Paper by Alan Whitehead MP for a seminar in this project.
- ⁸ Local Anti-Poverty Work in England and Wales, paper by Adrian Harvey, January 1997.
- ⁹ *Not Seen, Not Heard? Social Exclusion in Rural Areas*. Conference Summary, 2000, The Countryside Agency.
- ¹⁰ Opportunities for All: One Year On, DSS, September 2000; and Social Security section of Guardian's Manifesto, September 2000.
- ¹¹ Peter Ambrose (2000) provides a recent review of these issues.
- ¹² Select Committee on Scottish Affairs First Report. <http://www.parliament.the-stationary-office.co.uk>.
- ¹³ Kenway, P. and Palmer, G. (1999) *Council Tax: the Case for Reform*. New Policy Institute.
- ¹⁴ Audit Commission (2000) *Consultation on Voluntary Quality of Life and Cross Cutting Indicators for Local Authorities*.
- ¹⁵ Bramley, G. and Smart, G. *Who benefits from local services? Comparative evidence from different local authorities*. 1993, LSE.
- ¹⁶ Unquestionably, data on poverty have improved considerably in recent years and indicators of poverty and social exclusion now abound. New Policy Institute indicators, Opportunity for All indicators and the DETR Sustainable Development Indicators are a few examples. But the majority of these are outcome indicators and less data is available on the extent to which inputs, particularly resources, succeed in reaching the poorest relative to other groups.
- ¹⁷ Fran Bennett, *Poverty, Participation and Power, paper for a seminar in this project*, April 2000.
- ¹⁸ Scottish Executive (1999) *Making it Happen, Strategy Action Team Report*.
- ¹⁹ Their report states: 'Departments programmes targeted at particular local areas are poorly co-ordinated and waste scarce local capacity: they do not always work well with mainstream programmes. Progress on delivering the Government's priorities is being slowed down as a result.' *Reaching Out: The Role of Central Government at Regional and Local Level*, Performance and Innovation Unit, February 2000. <http://www.cabinet-office.gov.uk/innovation/2000/regions/index.htm>.
- ²⁰ Dowler, E. (1998) *Food as a utility: guaranteeing food security for all*. Consumer Policy Review, 5, 5, 162-168.
- ²¹ *Protecting Vulnerable People*, Better Regulation Task Force, October 2000, seeks to generalise this approach.
- ²² The importance of consumer interest groups reflecting the interests of disadvantaged consumers as well as more affluent consumers has been emphasised by the Better Regulation Taskforce.
- ²³ Water Industry Act, 1999.
- ²⁴ Speech by Stephen Byers at TUC/IPPR seminar on corporate governance, June 2000.
- ²⁵ Paper by Catherine Waddams for a seminar in this project.
- ²⁶ Paper by Ed Cox for a seminar in this project.
- ²⁷ Business in the Community, Response to the Draft National Strategy for Neighbourhood Renewal. www.bitc.org.uk.
- ²⁸ Street, C. and Kenway, P., 1999, *Food for Thought: Breakfast Clubs and their Challenges*, New Policy Institute.
- ²⁹ Paper by Maxine Holdsworth written for a seminar in this project.
- ³⁰ *Reaching Out: The Role of Central Government at Regional and Local Level*, Performance and Innovation Unit, February 2000. <http://www.cabinet-office.gov.uk/innovation/2000/regions/index.htm>.

- ³¹ Howarth, C. et al (1999) *Monitoring Poverty and Social Exclusion 1999*, Joseph Rowntree Foundation.
- ³² *Flourishing Communities* (1999) CAP/ CCWA/ Church Urban Fund.
- ³³ *Electing to Listen: Promoting Policies for British Muslims* (2000) Muslim Council of Britain.
- ³⁴ King's Fund Public Health Programme (2000) *Evidence and Public Health: Towards a Common Framework*.
- ³⁵ *The Modernisation of Britain's Tax and Benefit System, Number 3*, HM Treasury. 2000.
- ³⁶ Kreuger, A. and Summers, L. (1988) 'Efficiency wages and the inter-industry wage structure', *Econometrica*, Vol 56, pp 259-94. Cited in Glyn, P. and Miliband, D. 1994.
- ³⁷ Gregg P, Machin S and Manning A, *High Pay, Low Pay and Labour Market Efficiency*, in Glyn, P. and Miliband, S. 1994.
- ³⁸ *The National Minimum Wage: The Story So Far*, Second Report of the Low Pay Commission, February 2000.
- ³⁹ *Work and Parents: Competitiveness and Choice* at <http://www.dti.gov.uk/er/review.htm>.
- ⁴⁰ The Financial Times noted that the EU's Part-Time Work Directive was introduced by the DTI in 2000 as quietly as possible, thus losing an opportunity to signal conviction about the need for greater protection of the rights of part-timers.
- ⁴¹ Seeds Discussion Paper on Job Creation and the Demand for Jobs, 2000.
- ⁴² Andrew Oswald, 'Bridging the Public Sector Pay Gap', *Financial Times*, 24th August 2000.
- ⁴³ £221.16 per week for a 36 hour week in the blue collar work. This includes a £35.94 London weighting.
- ⁴⁴ Education and Employment Select Committee (House of Commons) Fourth Report, Hansard, 2000.
- ⁴⁵ MacFarlane, R, 2000, *Local Jobs from Local Development*, Joseph Rowntree Foundation
- ⁴⁶ Bernstein, J., 2000 *Issue Guide on the Living Wage*, Economic Policy Institute available at www.epinet.org.
- ⁴⁷ *Inquiry into Income and Wealth*, Joseph Rowntree Foundation, 1995.
- ⁴⁸ The tall story of widening inequality', AB Atkinson, *Financial Times*, 16th August, 2000.
- ⁴⁹ DfEE Skills Task Force, Research Paper 6, *The Leisure Sector*, Keep, E. and Mayhew, K., ESRC Centre on Skills, Knowledge and Organisational Performance, Oxford and Warwick Universities.
- ⁵⁰ Interview with Frances O'Grady, director of New Unionism at TUC.
- ⁵¹ Social Justice (1994) IPPR, Pg 251.
- ⁵² For example, in terms of monitoring and evaluation, a National Economic and Social Forum was asked to report on implementation progress whilst an independent government organisation, the Combat Poverty Agency, was given responsibility for evaluating the NAPS and acting in an advisory capacity.