

Poverty in Scotland

The independence referendum and beyond

2014



Edited by: John H McKendrick, Gerry Mooney, John Dickie, Gill Scott and Peter Kelly

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CPAG • 94 White Lion Street • London N1 9PF

CPAG promotes action for the prevention and relief of poverty among children and families with children. To achieve this, CPAG aims to raise awareness of the causes, extent, nature and impact of poverty, and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. If you are not already supporting us, please consider making a donation, or ask for details of our membership schemes, training courses and publications.

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CPAG in Scotland is part of the Child Poverty Action Group. It promotes action for the prevention and relief of poverty among children and families with children. To achieve this, CPAG aims to: raise awareness of the causes, extent, nature and impact of poverty, and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. If you are not already supporting us, please consider making a donation, or ask for details of membership schemes, training courses and publications. For further information, please visit www.cpag.org.uk/scotland.

With over 15,000 students across Scotland, **The Open University in Scotland** is one of Scotland's leading providers of higher education. It is committed to widening access to higher education and has an open admissions policy. As a result, no previous qualifications are necessary to study at degree level. Many of its students are on a low income and receive help towards the cost of their course fees. For further information, contact The Open University in Scotland on 0131 226 3851, scotland@open.ac.uk or visit www.open.ac.uk/scotland. Learning resources are also available on the Open University's OpenLearn website (www.open.edu/openlearn), YouTube platform (www.youtube.com/user/OUlearn), and iTunes library (www.open.edu/itunes/). Together, these offer a wide range of resources relating to different aspects of poverty in Scotland, the UK and beyond.

Established in 1992, the **Poverty Alliance** is the national anti-poverty network in Scotland. It works with a range of community, voluntary and statutory organisations to find better solutions to the problems of poverty in Scotland. The Alliance attempts to influence anti-poverty policy by lobbying and campaigning, organising seminars and conferences, producing briefing papers and other information. A key goal for the Alliance is to have the voices of people experiencing poverty heard in policy processes. For further information, please visit: www.povertyalliance.org.

The Scottish Poverty Information Unit of **Glasgow Caledonian University** was the driving force behind the first edition of *Poverty in Scotland*. The study of poverty in Scotland remains a focus within Glasgow Caledonian University and Emeritus Professor Gill Scott and Dr John H McKendrick continue its long-standing association with this publication. A commitment to engage with practitioners beyond the academy is the hallmark of much of the applied poverty research undertaken within the Glasgow School for Business and Society at the university.

The **Scottish Council for Voluntary Organisations** (SCVO) is the membership organisation for Scotland's charities, voluntary organisations and social enterprises. SCVO has helped fund this publication because it believes poverty is now the biggest crisis ever to hit Scotland, and the recent economic and financial crisis has proved that it could land at anyone's doorstep. In a country as rich as Scotland, this is a disgrace. SCVO works with its members to shine a light on the scale and impact of the poverty crisis, and wants people in Scotland to take action and work with the third sector to help alleviate the impact of poverty. For more information about SCVO and its work, see www.scvo.org.uk.

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Section One

Introduction

One

Poverty, 'austerity' and Scotland's constitutional future

Gerry Mooney

2014: a momentous year

2014 will be a momentous year, not only for Scotland but for the entire UK. On 18 September 2014, voters in Scotland will be asked to give their verdict on independence for Scotland or staying in the United Kingdom. While at the time of writing, in late 2013, the opinion polls are pointing to a 'No' to independence vote, irrespective of the outcome of the ballot, Scotland – and consequently the rest of the UK – will be a very different place. This latest edition in the *Poverty in Scotland* series is out of sequence with the previous volumes in that it has not been produced ahead of a Scottish Parliament election campaign. In the 2002, 2007 and 2011 editions, we were aiming to locate the exploration of poverty and anti-poverty policy within the context of devolution, and to centre the issue of poverty and social welfare more generally at the heart of the then forthcoming electoral debates in Scotland. This remains the committed aim of this volume too, but the sub-title, 'The independence referendum and beyond', immediately points to a rapidly changing political landscape in Scotland, one that has undergone profound transformation since the introduction of devolution in 1999. Few could have argued that within 15 years of devolution, a ballot would be held on independence for Scotland. However, along with change there are continuities: this is a landscape which remains profoundly disfigured by poverty, disadvantage and, of course, by inequality. The constitutional question and the poverty/inequality question have become crucially interlinked. This has also been reflected in the independence debate itself as it has unfolded during the course of 2013 and into 2014. In some ways, different ways, this goes to the very heart of the kind of society we wish Scotland to become – irrespective of the outcome of the referendum. But it is also important that we recognise

from the outset that social policy issues and, in particular, issues around poverty and welfare, have been pivotal to the discussion of Scottish devolution since 1999, not least that the Scottish Parliament is largely a social policy-making body.¹

This book as a whole is neutral on the question of Scotland's constitutional future, though the editors and contributors have different views on this.² In **Section Four** you will encounter contributions from the two main sides of the debate – from the 'Yes' (to independence) campaign and from the 'Better Together' (in the UK) camp. While the different contributors to this book have their own particular views and perspectives on independence, all of us as editors, as contributors, and in the organisations represented, think the issues of poverty and social welfare should be central to the constitutional debate.

The constitutional question aside, *Poverty in Scotland 2014* carries on with other traditions that have become established as central to the series: providing an accessible account and overview of the evidence base on poverty in Scotland, exploring its main dimensions, dynamics, and its uneven social and geographical impacts. In similar fashion, it reviews a range of different anti-poverty policies and, again as with previous editions, offers a wide range of different thematic essays that focus on particular aspects of poverty and inequality in Scotland today or which advance particular arguments for addressing such issues. However, to the goal of looking forward and offering new insights, this edition departs from the previous ones in that it includes a series of essays that consider poverty and anti-poverty policy making in other countries and national contexts (see **Section Six**).

'Austerity' UK, 'austerity' Scotland

By any measure, Scotland remains a society that continues to be scarred by poverty. The 'headline' poverty statistics from 2013 show us that:

- 870,000 people in Scotland still live in poverty (17 per cent of the population);³
- 200,000 children in Scotland still live in poverty (20 per cent of all children).

Poverty in Scotland, and across the UK, is significantly higher than in many

other European countries. In Denmark and Norway, for example, 10 per cent of children or fewer live in poverty, while the Netherlands has an overall poverty rate of 11 per cent.⁴

Poverty exists across Scotland. Nearly all local authorities in Scotland have council wards where over 20 per cent of their children live in poverty.⁵

Real progress had been made in reducing the numbers of people living in poverty, specifically among children (down by 160,000 since 1996/97) and pensioners (down by nearly two-thirds since 1996/97). These trends follow dramatic increases in poverty between 1979 and the mid-1990s.

However, recent independent modelling forecasts that, as a result of current UK coalition government tax and benefit policies, there will be massive rises in child poverty in the coming years.⁶ In Scotland alone, forecast trends suggest around 65,000 more children being pushed into poverty by 2020.⁷

While child poverty has further declined since 2010, this is because the median income, against which it is measured, had itself fallen.⁸ However, investment in, and uprating of, family benefits in line with rising prices until 2011/12 protected low-income families' incomes (to some extent) as the median fell. This protection has now been removed as a result of UK government social security cuts and the 1 per cent cap on benefit uprating, leading in large part to the forecast explosion in child poverty referred to above.

Any discussion of poverty in Scotland must acknowledge from the outset that the patterns, distribution and depth of poverty and disadvantage are shaped in no small part by a policy-making agenda that takes place outside Scotland (that is, at the UK Parliament in London), policies that are working to erode social protection. While the devolution of more powers to Scotland is the stated position of the four main political parties, albeit to varying degrees, at present it is the UK government that largely determines the social welfare landscape of Scotland. In previous issues, we have discussed the role of reserved (to the UK government) and devolved (to the Scottish government) powers and possible tensions between these, and it is understood that work and employment policy, welfare benefits and pensions, the minimum wage, most taxation and trade union legislation remain within the policy remit of the UK government. In Chapter 1 of *Poverty in Scotland 2011* we highlighted that, in 2011, the political and policy-making landscape had undergone a significant shift from the early days of devolution in the late 1990s.⁹ The UK government, a Conservative/Liberal Democrat coalition, administers key

areas of social welfare and benefits in Scotland, a Scotland governed by an SNP-led majority government in a Parliament in which the two UK governing parties lie a distant third and fourth in terms of votes and seats. The Labour Party is the main opposition party in both Parliaments, a far cry from its dominance in UK and Scottish politics in the early years of devolution.¹⁰

In 2011, the coalition partners in London had been in government for a year, and already there were indications of the direction of travel in relation to policy towards social welfare, benefits, work and employment. In what was referred to by Conservative leader David Cameron as 'the new age of austerity', large-scale cuts in public expenditure had already been announced.¹¹ Yet relatively few could have predicted with any degree of certainty just how far the UK government would be prepared to go in a new era of, to use the heavily worn phrase, 'welfare reform'. A total £22 billion of cuts to the annual value of UK benefits and tax credit support will have been made by 2014/15. It is estimated that between £1.6 billion (around £480 for every adult of working age)¹² and £2 billion¹³ will be cut from Scottish household incomes.¹⁴ The Scottish government estimates that the cumulative impact of UK government welfare reforms over the five years to 2014/15 could result in the welfare bill for Scotland being reduced by over £4.5 billion.¹⁵

The idea of 'austerity' has entered political, popular and media discourse as a shorthand way of capturing the period of economic and financial crisis that engulfs much of the UK today. It is presented and represented almost as a technical term, devoid of any political basis, seemingly neutral in that the main Westminster political parties all saw 'austerity' cuts as offering the only way to economic growth and financial health. The only issue of contention was the timescale for rolling out cuts in public expenditure. Alongside the idea of austerity, other phrases came to be popularised: 'sharing the pain' and 'we are all in this together' were among the most notable of a plethora of terms deployed in an effort to convince us all that everyone should suffer in largely equal measures.¹⁶

Yet if we approach the notion of 'austerity' with a more critical eye, we can see that it was never going to be 'equal' or 'fair' in its impact – nor was it intended to be. Austerity for the contributors to this book is, at its most basic, a government strategy to reduce a budget deficit by slashing public spending, public services and, significantly, pensions and other welfare benefits. These cuts impact most adversely on those who are already among the most disadvantaged in society, but also have a disproportionate impact on women, both as public sector workers and as users of pub-

licly provided services that are now being reduced.¹⁷

However, this is still a largely superficial understanding of what austerity denotes. It is also about an assault on the very social contract that was held by successive generations of people in the UK to be a core part of UK citizenship. Across the UK and elsewhere in Europe, notably in Greece, Portugal and Spain, austerity programmes have dismantled or are dismantling not only benefits and services, but also the mechanisms and structures that work to reduce inequality and enhance equity.¹⁸ Cutting wages, in-work and out-of-work benefits, pensions and the social wage more generally (that is, the range of public services) is also about restoring conditions for profit and wealth accumulation. It is clear from the UK Treasury's own analysis that, aside from the very richest quintile, the cumulative effect of the coalition's spending decisions on tax, benefits and services is highly regressive.¹⁹

Through this more critical, indeed deeper, understanding of austerity, we can see that it is not a neutral or technical strategy. On 1 April 2013, in a leading article entitled 'The day Britain changes: welfare reforms and coalition cuts take effect', *Guardian* journalist Patrick Wintour highlighted the range of measures taking effect from that day which heralded a far-reaching and hard to reverse change to the UK social security system.²⁰ Among the most notable of UK-wide measures was the scrapping of what was termed the 'under-occupancy charge' (or 'spare-room subsidy'). Now popularly known as the 'bedroom tax', this aimed to cut the levels of housing benefit. Disability living allowance was abolished to be replaced by a personal independence payment, the change of label significant in denoting that it is no longer based on an individual's condition but on how that condition affects her or his independence – and that means her/his ability to work. For the first time ever, welfare benefits and tax credits will not rise in line with inflation, but between 2013 and 2016 will rise by only 1 per cent per year, amounting to a cut in their real value. The introduction of universal credit replaces most working-age means-tested benefits for those in and out of work. But behind this administrative change lies a much greater range of sanctions aimed at forcing the recalcitrant 'workless' into employment.

'Benefit bashing' has become the order of the day for the UK coalition and its supporters in some sections of the media. What seems an endless supply of shock stories about 'welfare scroungers' or benefits claimants living in mansions (even better if they are recent immigrants) works to secure the narrative ground and to legitimise UK government welfare reforms, an issue that we return to later.

Amidst the various welfare reforms introduced by the UK coalition government, it is the 'bedroom tax' which stands out for many as capturing the punitive thrust of much government policy. In September 2013, the 'bedroom tax' hit the headlines with a United Nations official arguing that the UK government should 'suspend immediately' its introduction, as it could represent a violation of the human right to adequate housing.²¹ While widely attacked by Conservative politicians and commentators, these claims sat alongside figures showing that over 50,000 people faced eviction from their social housing as the UK government's under-occupancy charge kicked in, within only four months of its being introduced.²²

Insecurities, risk and uncertainties

Austerity is working in other ways to change the social fabric of the UK. 'Social security' is steadily being diminished for an increasing proportion of the population across Britain, and this includes larger numbers of people who are in some form of paid employment. Insecure and low-paid employment is increasingly prevalent,²³ as is the phenomenon of labour market 'churning' – that is, a working life characterised by episodic low-paid, low-quality work and then a period of unemployment.²⁴ The growth and spread of 'poor work' across many areas of the UK lays the lie that 'economic recovery' is benefiting everyone. Indeed, for many there is a degradation of work as hard-fought wages and conditions are eroded in an atmosphere in which having a job is seen as better than having no job at all – irrespective of pay or security. The spread of low pay is one of the hallmarks of this latest period of austerity. For the Resolution Foundation, the economic crisis has pushed a further 1.4 million workers below the living wage, the rate seen as necessary for a basic standard of living. In its *Low Pay Britain 2013* report, the Foundation highlights that 4.8 million workers in Britain (20 per cent of all employees) earn below the living wage – a leap from 3.4 million (14 per cent) in 2009, at the height of the recession.²⁵ Further, such figures can hide the uneven impact of the growth of poor work on particular sections of the population. Young workers are hit particularly hard, with one in three young workers (those aged 16–30, some 2.4 million people) active in some form of low-paid and low-skilled employment. In 2013, 37 per cent of new employees entered part-time work, with a further 32 per cent taking temporary work (an issue which is discussed by Stephen Boyd in Chapter 16 of this book).²⁶ In 2013, 58 per

cent of low-paid workers (2.9 million people) worked part time – up from under 30 per cent in 1975. And there is a very clear gender dimension to this, with women accounting for almost 66 per cent of the five million workers of all ages living in poverty. Further, the precarious labour market position of many recent immigrants and refugees is also noteworthy here (see Chapter 18).

Such inequalities are reflected across Scotland too. Here, between 2008 and 2013, the numbers in in-work poverty increased from 255,000 to 280,000.²⁷ Alongside this, the number of people in part-time work but seeking full-time employment increased by 50,000 over the same period.²⁸

UK government policies have worked to reduce expectations of a secure working life, not only for many young workers but also for many of those who have decades or more of work ahead of them. The provision of good quality pensions remains a diminishing hope for more and more workers, while the erosion of other long and hard-fought terms and conditions promises a working life – if fortunate enough to have a working life – of hardship and insecurity, accompanied by personal and familial risk and uncertainty. UK government policies may also have detrimental health outcomes for working-age people in receipt of benefits, as well as for their families.²⁹

The insecurities of working life in Britain in 2014 have been laid bare by the growth and spread of zero-hours contracts. TUC figures published in mid-2013 estimated that over 300,000 workers in the care sector alone are employed on zero-hours contracts, with such contracts prevalent in other areas of the public sector, including in further and higher education, and elsewhere across the economy.³⁰ That the care sector in particular is highlighted here as an area of the labour market where such work is prevalent also serves as a reminder that in our society it is all too often the most socially necessary or socially valuable work that is poorly paid and characterised by poor-quality conditions of employment. That this is also an area of the labour market where women workers are found in particularly high numbers also serves to remind us again that occupational segregation remains a feature of employment and that female workers are often among the most vulnerable sections of the labour force, such vulnerability compounded by the negative effects of welfare reforms on women's role as carers of children.³¹

However, with 30 per cent of working families in the UK having at least one parent employed in the public sector, the TUC reports that the impact of the decline in real public sector wages as a result of pay freezes, combined with benefit changes, will see an additional 180,000 children

with at least one parent employed in the public sector ending up in poverty as a result of UK coalition government policies by 2015.³² Many public sector jobs are far removed from the image of generously rewarded, cossetted and financially secure work as presented by sections of the media and some politicians in recent years.

Highly insecure forms of employment not only contribute to the rise in the proportion of the working population who are in poor work, but also lead to a significant deterioration in the quality of service provided, services that are already heavily relied on by the poorest and most disadvantaged groups in the population.

The inequalities that characterise working life, namely low income, low-quality work and low expectations, alongside working patterns that are disruptive of family and other areas of life – income-poor and time-poor – impact on people in many other ways. Health, both physical and psychological, can be affected as can people's general sense of wellbeing, which is undermined by stress and feelings of marginalisation and alienation. Low income and poor-quality work is associated with personal debt and exclusion from forms of consumption that are considered socially acceptable and desirable.³³

Returning to the assertion that we are, in some vague way 'all in this together', the 2013 edition of the *Sunday Times* 'Rich List' recorded a massive increase in wealth for the super-rich in the United Kingdom.³⁴ The number of billionaires stands at a record 88 – up from 77 in 2012. The combined wealth of the richest 1,000 UK residents has reached £450 billion, a total increase of £35 billion on the 2012 figure. The wealth of the top 200 richest residents in Britain and Ireland amounts to £320 billion, an eight-fold increase on the £38 billion held by the richest recorded in the first 'Rich List' in 1989.

Scotland remains one of the most unequal countries in the Western world. According to figures from the Office for National Statistics, the UK government's own agency, the most affluent households in Scotland are 273 times richer than the poorest households.³⁵ Further, in 2012, the richest 100 men and women in Scotland saw their combined wealth increase from £18 billion in 2011 to £21 billion in 2013.³⁶ The problem is, therefore, not an overall shortage of resources as such – more the uneven distribution of private wealth.

Challenging disrespect, stigma and punitive approaches to poverty

That Scotland and the rest of the UK are increasingly unequal places now almost passes without comment. 'Fairness' and 'equality' have come to be among the most contested notions in relation to the impact of austerity policy making. While voices are frequently heard about fairer taxation, alongside protests against tax evasion by large corporations and the wealthy, there is at a political and policy-making level little sign that the wealthy should be contributing much more to society or that rising inequality is shameful. 'Shame' is something that seems to be reserved for those who are worse off, much worse off.

While the significant rise in low-paid and low-quality work (the 'poor work' detailed earlier) stands in sharp contrast to and counters historic, long-standing and dominant myths about a Britain engulfed by hordes of 'workless' families, often trapped in 'welfare ghettos', such myths remain hugely potent, arguably more so than in a long time.³⁷ Austerity has also carried with it punitivism against people experiencing poverty and disadvantage.

Under New Labour and now under the UK Conservative/Liberal Democrat coalition, welfare reforms have been driven by: the themes of 'worklessness', reflecting a lack of individual responsibility; that there exists a pervasive 'culture of dependency' that is personally and socially corrupting and fuelled by over-generous state support; and that such state-invoked personal failure is a primary cause of unemployment, a refusal to work and poverty in general – alongside a lengthy list of other social ills ranging from illegitimacy, family breakdown, addiction and educational failure through to indebtedness, crime and deviancy. Both the Green Paper, *21st Century Welfare*,³⁸ and the White Paper, *Universal Credit: welfare that works*,³⁹ reflect these themes of a 'broken society' characterised by welfare dependency and worklessness – in particular, 'inter-generational' worklessness.⁴⁰ Here, worklessness is understood as natural and cultural, produced and transmitted across families. In some senses there is little that is new here in that it reflects long-held beliefs that there is a segment of the population that is feckless, undeserving and an 'underclass'.

Austerity and welfare reform have invoked a much harsher language and a more punitive attitude to poverty.⁴¹ A language of 'workless families', 'welfare dependency', 'worklessness' reflects the belief that welfare ben-

efits are a 'lifestyle choice'.⁴² This is an image of a 'broken Britain' populated by problem groups who are a drain on hard-pressed resources in a time of economic crisis. Notable among such groups are the '120,000 troubled families' who require particular intervention – or sanctions – to force a turnaround in their lives.⁴³ Again, the familiar themes of 'dysfunctional' and unstable family structures, inter-generational transmission and generally dysfunctional and destructive behaviour are to the fore here. Elsewhere, UK government politicians and their supporters point to a landscape where 'welfare ghettos' house such 'troubled' families and other problem populations.⁴⁴

These ways of thinking – while dominant – do not go unchallenged by those labelled activists, by campaigning groups and by some politicians, academics and researchers. While this negative and punitive language is overwhelmingly associated with the Conservatives and UK government politicians and policy makers, and is markedly less evident in Scotland where the Scottish government has generally avoided the punitive language that has come to characterise UK government welfare reform rhetoric, it is a mistake to think that such ways of thinking, the view that people experiencing poverty and disadvantage are in some ways culpable for their own predicament, is not to be found in Scotland (see Chapter 2).

Once more though, there is resistance to such representations – the misrepresentation of poverty and the disrespect of those experiencing poverty and marginalisation. In recent years, a range of campaigns has emerged that seek to challenge discrimination and hostility against people experiencing poverty. The Scottish Campaign on Welfare Reform has advocated a different kind of 'reform' to the welfare system – one that sharply contrasts with successive UK governments' notions of 'reform' (reform here deployed as a euphemism for cuts in benefits, increasing conditionality and reduced entitlements).⁴⁵ In challenging inaccurate and discriminating media stories which demonise or stereotype benefit claimants, the Campaign is one of a number of campaigning organisations that seek to shift the emphasis away from blaming individuals, families and indeed entire communities to a renewed focus on wider societal and structural issues, such as the lack of good quality and well-paid employment. The 'Stick Your Labels' campaign and Child Poverty Action Group's initiative, 'People Like Us' strive to highlight 'the shocking news' that people receiving benefits 'are just like us'.⁴⁶ Re-emphasising that benefit claimants are real people, real families and real children is central to challenging the many myths that surround poverty and people in poverty. 'Myth busting' has taken on a renewed importance in the context of aus-

terity and UK government welfare reforms.⁴⁷ A further report in 2013 saw a number of church organisations come together to challenge the myths and lies surrounding the discussion of poverty.⁴⁸

Poverty remains then a hugely contentious and contested area of investigation, reporting and policy making. The contributors to this edition of *Poverty in Scotland* share a commitment to challenging the myths and lies that unfortunately continue to inform its discussion.

The Scottish government 2011 and poverty policy

The headline poverty figures provided earlier show in very stark terms the extent of poverty in Scotland today – and the challenges that face both the Scottish and UK governments. In its *Annual Report for the Child Poverty Strategy for Scotland 2013*, the Scottish government laid bare the extent of child poverty in Scotland and its debilitating and unequal impact on young people across Scottish society.⁴⁹ The report, which the Scottish government must publish each year, in accordance with the UK Child Poverty Act 2010, showing how it will contribute to meeting UK targets, charts progress towards the eradication of child poverty by 2020. While this report shows a reduction of two percentage points in relative child poverty since 2011 (before housing costs are taken into account), massive increases in child poverty are forecast – in part as a consequence of wider economic changes and rising unemployment, but also as a result of UK government policy measures and the downward pressure on budgets and deepening cuts in welfare benefits and other tax changes. The challenge for the Scottish government is to address child poverty in a policy and political climate that is increasingly unfavourable as far as child poverty is concerned.⁵⁰

It is important to reaffirm that policies do make a difference, and do have an impact, albeit perhaps less than poverty campaigners fought for, as was shown as a result of the policies introduced by the New Labour UK government, some of which have only demonstrated an impact following Labour's defeat in 2010. Between 1998/99 and 2011/12, for example, using the 'before housing costs' measure used to measure progress against statutory child poverty targets, child poverty was nearly halved in Scotland, the rate dropping from 28 per cent to 15 per cent. However, predictions for the current decade until 2020 point to a deteriorating picture. From 14.8 per cent in 2011, one estimate is that child poverty in

Scotland will have increased to 20 per cent by 2020. On a UK level, it is estimated that an additional nearly one million children will be in poverty, giving a rate of 22.5 per cent.⁵¹

The UK coalition government has reaffirmed its commitment to the Child Poverty Act introduced by Labour in 2010, yet with £20 billion of cuts to the social security budget by 2015/16 alone, together with cuts leading to deteriorating services, it is increasingly apparent that it will not only fall well short of the goal of a further significant reduction in child poverty by 2020, but that the rate will increase markedly.⁵²

The Scottish government has the capacity to invest more ambitiously in combatting child poverty by, for instance: moving towards a more universal approach to childcare and early years provision; free school meals, enhancing access to affordable and good quality food; helping address fuel poverty; and as helping to meet the 'hidden' costs that are often associated with schooling (such as uniform and clothing costs, school trips, activities and materials), which will alleviate hard-pressed family budgets and provide young people with a better quality life, both at home and in education.

UK government welfare reform has been seized on by the SNP government and the 'Yes' campaign more generally to argue that independence would protect Scotland from such policies. In her foreword to the Scottish government's *Annual Report for the Child Poverty Strategy for Scotland 2013*, the Deputy First Minister commented:⁵³

While we are doing all we can to tackle child poverty, the actions of the UK Government will result in more than £4.5 billion being cut from Scottish households. As a devolved government we are seeking to mitigate the damage done by welfare reform. We cannot possibly mitigate all of the impacts it will continue to have on children and families in Scotland...Through our commitments on the social wage and protecting universal benefits we have already demonstrated what we can do with just some of the powers available to us... This government wants to eradicate child poverty. I believe Scotland can do better and given the full range of powers that independence will deliver, I believe we will do better.

That things will be better after independence can leave the current Scottish government vulnerable to claims that it could be doing more, within existing devolution legislation and budget choices, to address issues of poverty. There have been significant job losses in Scottish public services in recent years and, as elsewhere in the UK, public sector work-

ers have endured pay freezes. There is then, at least potentially, a gulf between the rhetoric of what benefits independence *may* provide and the reality of the current situation in which austerity is biting as hard in Scotland as it is in many other parts of the UK.

Before 2012, however, arguments for independence rarely addressed social welfare and benefits issues, so in some way this marks a significant shift, but this was also built on the unpopularity of UK government policies among Scotland's voters, something that was given political expression in the Scottish Parliament. In December 2011, SNP and Labour MSPs voted to withhold legislative consent for the UK Welfare Reform Bill. While the Scottish Parliament in Edinburgh cannot prevent the UK government changing the benefits system, such a move meant that these reforms were out of step with Scottish laws and necessitated the Scottish Parliament introducing its own legislation. That this was the first time that the Scottish government had withheld legislative consent for a UK government bill highlights once more the increasingly central role of welfare in Scottish politics.⁵⁴ Lying behind this though is the wider question of Scotland's constitutional future.

The referendum and beyond: towards a Scottish welfare regime?

The Scottish Parliament is very much a social policy-making parliament. By that is meant that the majority of powers devolved to that Parliament relate to matters of social policy. This encompasses areas such as education, health, social work and housing, but also extends to important Scottish government interventions around equalities, anti-poverty policies and a diverse range of other powers that impact on social policy in some form. That Scotland-specific policies are developed and implemented, together with important differences in practice and governance between Scotland and other parts of the UK, has contributed to the idea that social policy making is very different in Scotland and, in turn, that this is related to what would appear to be a distinctive political arena around which such issues are debated.

However, key social policy areas, such as most taxation, social security benefits and employment policy, remain under the control of the UK government and it is the devolution of these areas, or their incorporation into a *Scottish* welfare state in the context of an independent

Scotland, which is becoming an increasing element of the debate around the creation of a 'fairer' Scotland.

The fact that the debate around social welfare in Scotland has embarked on an increasingly divergent path from that in England and is tied up with other issues relating to more powers and/or independence does point to a welfare landscape that is increasingly different to that in England (in particular), at least in important respects.

In 2011/12, total public sector expenditure for Scotland was estimated to be £64.5 billion. This was equivalent to 9.3 per cent of the comparable total UK public sector expenditure in 2011/12, so a higher proportion than Scotland's share of the UK population at around 8.38 per cent at the time of the 2011 census. This may be accounted for primarily by Scotland having more people on a lower income, a higher share of pensioners and a larger number of people with disabilities in its population. Social protection was the largest Scottish expenditure programme and, together with health expenditure, accounted for over half of total public sector expenditure for Scotland – equating to around half of Scotland's GDP. Welfare reforms and changes in the public sector are felt far and wide across Scotland and these also in no small part contribute to the ongoing political controversies around the role of social welfare in both the devolved, and a potential independent, Scotland.⁵⁵

The political debate in Scotland around social welfare is distinctive in important respects from other areas of the UK. In part, this distinctiveness also emerges not so much from what is happening in Scotland – but from developments taking place in England. There is, for example, no widespread privatisation of the NHS in Scotland – a process that appears to be developing apace across key areas of NHS provision in England. Differences in other aspects of social policy making, in education policy, criminal justice policy and across a range of other issues means that the policy landscape of Scotland and England appear increasingly different – as do the debates to which these policy landscapes both reflect, and give rise. This is the context in which arguments around social welfare have become increasingly central, both to the independence debate and to the future of Scottish society. It is also significant that the existence of a Conservative-led government at Westminster, rather than a Labour one, has led to more vocal opposition to UK government policies and, in particular, to the further roll-out of yet another set of welfare 'reforms'.

UK government welfare reforms have been criticised by the SNP as out of step, not only with the wishes of voters in Scotland but also as seriously at odds with 'Scottish values'. Much of this is related to other claims

that Scottish voters and the wider public in Scotland are in some way less hostile to people in receipt of benefit, that negative attitudes to welfare are more diluted in Scotland. While the evidence to support this view is weak, it is notable that much of the Scottish press is less prone to the moralising and punitive tone that often accompanies welfare reporting in England.

In late 2012 and in 2013, First Minister Alex Salmond and Deputy First Minister Nicola Sturgeon have repeatedly made forays into the welfare debate. At the March 2012 SNP conference in Glasgow, the Deputy First Minister argued that:⁵⁶

'Only independence can put a stop to heartless Tory welfare reforms that will punish the vulnerable and the disabled. And only independence will give us the tools we need to rid Scotland of the poverty and deprivation that still scars our nation and create the jobs and opportunities that will get people off benefits, not for Tory reasons, but for the right reasons.'

In subsequent speeches, Sturgeon, Salmond and other Scottish ministers continued to push this line, adding themes that spoke of Scottish values and attitudes underpinning social policy and equity, promising a Scottish welfare system that would be driven by social justice and demonstrating a strong commitment to social democracy. There was now, however, an added dimension to such claims – that the UK government's welfare reforms were not only 'eroding the social fabric' of society, but they also marked a radical departure from the foundations of the post-war British welfare state. Alex Salmond had previously flagged this line of argument in his Hugo Young Lecture in London in January 2012. Clearly speaking to an English audience, Salmond claimed that:⁵⁷

'... anyone who accepted the union partly because of the compassionate values and inclusive vision of the post-war welfare state may now be less keen on being part of a union whose government is in many respects eroding those values and destroying that vision... And looking at the problems of health reform now, I thank the heavens that Westminster's writ no longer runs in Scotland on health issues. But the looming issues of welfare reform exemplify why Scotland needs the powers to make our own policies to meet our own needs and values.'

That the SNP has been only too willing to seize on UK government welfare reforms to advance the case that only an independent Scotland with a distinctive Scottish welfare state is true to the foundations of the post-war UK

welfare state leaves the nationalists open to counter-claims that independence for Scotland will further erode what is left of that welfare state, introducing competing notions of citizenship and entitlements for different parts of the UK. The claim made here is that more devolution or full independence leaves not only the population in England vulnerable to further erosions in welfare entitlement, but that it would diminish trans-UK systems of benefits and social security. These issues are considered in more depth in **Section Four**, but at this stage it is also important to acknowledge that some of the proposed alternatives to full independence also advocate the transfer of further powers over welfare spending to the Scottish government. In part, this also reflects the provisions of the Scotland Act 2012, which paved the way for the transfer of further fiscal powers to Scotland. Therefore, the future state of welfare across the UK is likely to be characterised by even more divergence and complexity, but again this is also being driven by developments in England as much as it is by proposals for further devolution to Scotland.

Issues for a Scottish welfare state

Social welfare issues are, and have been, central to other perspectives in the independence debate and around the idea of a 'fairer Scotland' more generally. 'Fairness' itself remains a key goal, but as yet undefined with little clear indication of what it might mean in a future Scotland. The controversies and arguments around social welfare in the independence debate are ongoing, and in the run up to the September 2014 referendum these issues will come to take on more significance. In the 2012 Scottish Social Attitudes Survey, almost two-thirds (64 per cent) of those polled in Scotland believed that the Scottish Parliament should make the important decisions for Scotland about the level of welfare benefits, while 56 per cent say the same about tax levels.⁵⁸ This evidence can, of course, be taken as a signal of support not only for independence but also for 'devolution max' – that is, the maximum devolution of powers to Scotland *within* the UK.

The Scottish government has yet to fully cost a Scottish welfare system and this has left the SNP open to attack by opponents. However, work has begun on developing proposals for a Scottish welfare state. Scottish government ministers have set out their vision on welfare in an independent Scotland in *Your Scotland, Your Voice* and in *Working for*

Scotland: the government's programme for Scotland 2012/13. The Deputy First Minister established an Expert Working Group on Welfare in January 2013 to review the cost of benefit payments upon independence and the delivery of those payments in an independent Scotland.⁵⁹

In its report in May 2013, the Group rejected claims, often voiced by politicians, that Scotland was more dependent on welfare than the UK as a whole.⁶⁰ The Group noted that the overall difference between Scotland and other parts of the UK is minimal, but is also largely accounted for by key demographic differences mentioned above, notably a higher proportion of the population on incapacity benefit and severe disablement allowance. It further argued that Scotland could afford to meet its welfare commitments under independence – and that the infrastructure was already in place in the shape of UK government departments based in Scotland, which would transfer to Scotland with independence. However, it is also acknowledged that it would take several years for the benefits system of an independent Scotland and the rest of the UK (or whatever it comes to be termed) to be completely disentangled, with implications for the shaping of a new welfare system.

Important questions remain. What would a Scottish tax regime look like? How could it generate more income for Scotland on a more equitable basis? What might a Scottish welfare state look like? What sorts of social provision could be developed with a higher tax base? How could this be used to tackle poverty and promote greater equality and fairness for Scotland as a whole?

There is, as yet, from the SNP or Scottish government (or from any of the opposition parties in the Scottish Parliament, with the exception of the Greens) no argument for a major redistribution of income and wealth. Against this there are other arguments that fairness can only come about through challenging the major inequalities, and sources of inequality, that exist within Scotland itself (for example, inequalities in and at work) through improving the rights of workers and so on. This will bring challenges to all the main political parties in Scotland and it remains an issue to which they have not as yet faced up. There is considerable uncertainty over the vision for a Scottish welfare state that will emerge over the next few years. Might this be a Scandinavian model of social welfare – or a system which represents a more residualised form of welfare?

Common Weal: a new vision for welfare in a new Scotland?

The debate around what kind of welfare state Scotland should have is of course a debate around the kind of society we would wish to see Scotland become. That this debate is directly linked with the question of Scotland's constitutional future is clear. But it is not a debate that is limited by constitutional matters alone. During 2012 and 2013, the notion of 'Common Weal' as the basis of a distinctively Scottish welfare system has risen to prominence. In a series of papers published by the Jimmy Reid Foundation, proponents of the Common Weal have advocated a far-reaching vision of Scotland as a fairer, progressive and more sustainable society.⁶¹ Looking to some of the economic and social policies in the Nordic countries, it places an attack on entrenched inequality and wealth by a completely revamped taxation system that would enable better quality, well-funded public services. Social goals would drive economic development, not the pursuit of private profit. A new set of principles would underpin a Scottish welfare state, in the form of contract between people in Scotland delivered through the state. Greater participation in all forms of governance would remove corporate political and policy-making influence. We return to these issues in the concluding Chapter 28.

That there is a debate around the future of Scotland's welfare system⁶² brings into sharp focus the questions of poverty and inequality – but also wider issues about the kind of economy and society that would be necessary for the eradication of poverty. That this is leading to new thinking around new forms of welfare system is positive and to be encouraged, but at the same time the challenge is also to advance now the issue of poverty in a way that is free of stigma and disrespect. We cannot afford to wait for independence or any other future constitutional arrangement to be bedded down before rethinking poverty and anti-poverty policy.

The Structure of Poverty in Scotland 2014

Section Two: The nature of poverty in Scotland begins with the vexed question of how poverty is best to be understood. Here issues of definition and measurement occupy centre stage (Chapters 2 and 3). Long-standing controversies around these issues are also reflected in the discussion

of the primary causes of poverty in Scotland, which are considered in Chapter 4.

Section Three: Poverty in Scotland: the evidence explores recent trends in the distribution and patterns of poverty and inequality across Scotland (Chapters 5 and 6). It also considers the ways in which poverty is impacting on particular groups within Scotland (Chapter 7) and how the day-to-day lives of a large number of people are adversely affected by the experience of living in poverty and on low income (Chapter 8).

Section Four: Poverty, social welfare and the constitutional question provides a platform for the two main opposing sides in the independence debate – the 'Better Together' ('No' to independence) campaign (Chapter 10) and the vote 'Yes' (for independence) campaign (Chapter 11) – to argue their respective cases and to offer the most suitable constitutional foundations for tackling poverty and disadvantage. Elsewhere, in Chapter 9, we provide other commentary that reflects the fact that the wider constitutional debate also encompasses arguments for the greater devolution of powers to the Scottish Parliament – while remaining within the UK.

In line with previous editions, **Section Five: Principles for a more equitable Scotland** offers a range of short and accessible themed essays (Chapters 12 to 19), which have as their common goal identifying and advancing principles for a more equitable Scotland, principles it is felt should be central to the future direction of policy on poverty, disadvantage and inequality in any future constitutional settlement. The choice of essays here span a wide range of issues and areas of interest – some of which overlap and all of which are connected in different ways. In any volume such as this, it is always a difficult task to decide which areas should be included. Our choice here was partly informed by the areas that were included in *Poverty in Scotland 2011*. We did not wish to go over the same ground, but felt safe in the knowledge that the debates and issues covered then, three to four years ago, remain as relevant today.

Section Six: Perspectives from Europe and beyond marks a new departure for the *Poverty in Scotland* series. The title of this section highlights that we are concerned about learning the lessons from the fight against poverty and the promotion of social welfare in other countries. There was a range of factors that informed our choice of countries: on the one hand, we were keen to include contributions that discussed poverty and social welfare issues in other countries where there were movements for autonomy, separation or independence – all terms that are heavily value laden – and in which similar kinds of issues to those being voiced in

Scotland were being mobilised in discussions. The inclusion of chapters from Catalonia (Chapter 21) and the Basque Country (Chapter 22) in Spain, and Belgium (Chapter 23), where there is a marked and growing divide between Flanders and Wallonia, represented obvious likely case studies from which we might be able to draw lessons for Scotland. The choice of Canada (Chapter 27) and Germany (Chapter 25) also, in part, reflected (at least in the case of Canada, where in Quebec there has long been a movement for independence) the interest with movements for autonomy. However, both countries, as different kinds of federalism, also offer other potential lessons and insights for Scotland, where possible tensions between different levels of government, federal and regional, may have consequences for anti-poverty and social welfare policy making.

The inclusion of a chapter on the experience of the Irish Republic (Chapter 26) is also important for the lessons that it can offer Scotland. As is pointed out in the chapter, Scotland can learn much from what Ireland *did not* do, and we are reminded once again that a strategy based on economic growth alone is never enough to effectively challenge poverty and disadvantage.

The decision to have an essay which considered the lessons which could be learned from the experience of Nordic states (Chapter 24) is perhaps not surprising. Scotland is not the only country where politicians and policy makers have looked to Scandinavia, often enviously, for an ideal type of welfare system, a model to be followed. However, in keeping with the critical stance and approach adopted across this book, we were keen to have a critically informed account of the 'Nordic model', an account which not only forces us to be more questioning about other welfare regimes, but also to reinforce the need for a similarly critical approach to be a feature of any discussion of a possible future welfare regime in Scotland.

Section Seven: Conclusion (Chapter 28) provides a brief overview of the main themes that have emerged from the contributions that span this book, and advances the case for social welfare, poverty and inequality (and wealth!) as key issues to be considered alongside constitutional matters.

Notes

- 1 For further discussion of the central role of social policy since 1999, see G Mooney and G Scott (eds), *Social Justice and Social Policy in Scotland*, Policy Press, 2012
- 2 For background discussion on the independence referendum and on the con-

- stitutional choices facing Scotland, see I McLean, J Gallagher and G Lodge, *Scotland's Choices*, Edinburgh University Press, 2013 and I Macwhirter, *Road to Referendum*, Cargo Publishing, 2013. A range of learning materials on the independence debate are also available from OpenLearn at <http://www.open.edu/openlearn/society/politics-policy-people/politics/the-context-the-independence-debate>.
- 3 From *Poverty in Scotland Summary Briefing*, updated August 2013, <http://www.cpag.org.uk/sites/default/files/CPAG-scot-briefing-poverty-in-scotland-up-date-August-2013.pdf>
 - 4 International comparisons are for 2011 on a 'before housing costs' basis under which 15 per cent of Scotland's children live in poverty (see Chapter 5, Figure 5.3, p90)
 - 5 http://www.endchildpoverty.org.uk/images/ecp/Scotland_LA%20and%20ward%20data%20upload.xls
 - 6 See <http://www.ifs.org.uk/comms/comm121.pdf> and www.ifs.org.uk/comms/r78.pdf
 - 7 *Child Poverty Action Group in Scotland Response to the Local Government and Regeneration Committee Call for Evidence on 14/15 Draft Budget*, 27 September 2013
 - 8 See H Aldridge, P Kenway and T MacInnes, *Monitoring Poverty and Social Exclusion in Scotland 2013*, Joseph Rowntree Foundation, 2013, <http://www.jrf.org.uk/publications/monitoring-poverty-scotland-2013>
 - 9 J H McKendrick, G Mooney, J Dickie and P Kelly (eds), *Poverty in Scotland 2011: towards a more equal Scotland*, CPAG, 2011 is free to access from the Open University's OpenLearn website at <http://www.open.edu/openlearn/society/poverty-scotland/content-section-1>
 - 10 Even if New Labour depended on a coalition with the Liberal Democrats to form the first two Scottish governments in 1999 and 2002.
 - 11 David Cameron, 'The age of austerity', speech at Spring Forum, 2009, http://www.conservatives.com/News/Speeches/2009/04/The_age_of_austerity_speech_to_the_2009_Spring_Forum.aspx
 - 12 Report by Sheffield Hallam University for Scottish Parliament Welfare Reform Committee, April 2013, <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/62069.aspx> – excludes the impact of the switch from RPI to CPI for benefits uprating.
 - 13 Scottish government analysis, March 2013, see <http://www.scotland.gov.uk/Topics/People/welfarereform/analysis/welfareexpenditurecutsn> – includes the impact of the switch from RPI to CPI for benefits uprating.
 - 14 For more detail and a discussion of the overall impact of welfare reform on families in Scotland, see <http://www.cpag.org.uk/content/welfare-reform-impact->

- families-scotland and a CPAG factsheet at http://www.cpag.org.uk/sites/default/files/CPAG_Scot_factsheet_WR_families_April13.pdf
- 15 Scottish government, *UK Government Cuts to Welfare Expenditure in Scotland: welfare analysis*, 2013, <http://www.scotland.gov.uk/Resource/0041/00417011.pdf>
- 16 See 'Themed Issue on Social Policy in an Age of Austerity', *Critical Social Policy*, 32, 2012, p3
- 17 See G Mooney, 'Scotland, the CSR and Public Sector Cuts', in *In Defence of Welfare: the impacts of the Spending Review*, Social Policy Association, 2011, <http://www.social-policy.org.uk/downloads/idow.pdf>
- 18 Oxfam, *A Cautionary Tale: the true cost of austerity and inequality in Europe*, 2013
- 19 See S Lansley and J Mack, *A More Unequal Country?*, 2013, <http://www.poverty.ac.uk/editorial/more-unequal-country>; J Hills, J Cunliffe, L Gambaro and P Obolenskaya, *Winners and Losers in the Crisis: the changing anatomy of economic inequality in the UK 2007–2010*; R Lupton, *Social Policy in a Cold Climate*, Research Report No.2, London School of Economics and Political Science Centre for Analysis of Social Exclusion, June 2013, <http://sticerd.lse.ac.uk/dps/case/spcc/rr02.pdf>; HM Treasury, *Impact on Households: distributional analysis to accompany Autumn Statement 2013*, December 2013
- 20 P Wintour, 'The day Britain changes: welfare reforms and coalition cuts take effect', the *Guardian*, 1 April 2013
- 21 A Gentleman, "'Shocking" bedroom tax should be axed, says UN investigator', the *Guardian*, 11 September 2013
- 22 See E Dugan, '50,000 people now facing eviction after bedroom tax', *The Independent*, 19 September 2013; and False Economy, 'Our research in *The Independent*: bedroom tax: 50,000 people face eviction', 2013, <http://falseeconomy.org.uk/blog/our-research-in-the-independent-bedroom-tax-50000-people-face-eviction>
- 23 See J Plunkett and J P Pessoa, *A Polarising Crisis? The changing shape of the UK and US labour markets from 2008 to 2012*, Resolution Foundation, 2013, <http://www.scribd.com/doc/183978630/A-Polarising-Crisis-The-changing-shape-of-the-UK-and-US-labour-markets-from-2008-to-2012>
- 24 See T Shildrick, R MacDonald, C Webster and K Garthwaite (eds), *Poverty and Insecurity*, Policy Press, 2012
- 25 Resolution Foundation, *Low Pay Britain 2013*, 2013
- 26 See note 25
- 27 See K Trebeck and S Francis, *Our Economy: towards a new prosperity*, Oxfam, 2013, <http://policy-practice.oxfam.org.uk/publications/our-economy-towards-a-new-prosperity-294239>
- 28 See note 8

- 29 See G McCartney and others, *Making a Bad Situation Worse? The impact of welfare reform and the economic recession on health and health Inequalities in Scotland (Baseline Report)*, NHS Health Scotland, 2013, <http://www.scotpho.org.uk/publications/reports-and-papers/1109-making-a-bad-situation-worse>
- 30 'Rise in zero-hour contracts a "worrying trend"', TUC Press Release, 3 July 2013, <http://www.tuc.org.uk/workplace/tuc-22328-f0.cfm>
- 31 See Scottish government, *The Gender Impact of Welfare Reform: equality and tackling poverty analysis*, 2013, <http://www.scotland.gov.uk/Resource/0043/00432337.pdf>
- 32 '180,000 children with a parent working in the public sector to be pushed into poverty by 2015', Trades Union Congress, 24 June 2013, <http://www.tuc.org.uk/economic-issues/economic-analysis/180000-children-parent-working-public-sector-be-pushed-poverty>
- 33 See note 27
- 34 'Rich List 2013', *Sunday Times*, 21 April 2013
- 35 T Peterkin, 'Britain's wealthiest families 500 times richer than the poorest', *The Scotsman*, 13 July 2012
- 36 F MacGregor, 'Rich List: fortunes soar 60% for wealthiest Scots', *The Scotsman*, 12 April 2013
- 37 See for example, Centre for Social Justice, *Signed On, Written Off: an inquiry into welfare dependency in Britain*, 2013
- 38 Department for Work and Pensions, *21st Century Welfare*, 2010
- 39 Department for Work and Pensions, *Universal Credit: welfare that works*, 2010
- 40 See L Hancock and G Mooney, "'Welfare ghettos" and the "Broken Society": territorial stigmatization in the contemporary UK', *Housing, Theory and Society*, 30:1, 2013, pp46–64; and G Mooney, 'The "Broken Society" Election: class hatred and the politics of poverty and place in Glasgow East', *Social Policy and Society*, 8, 4, 2009, pp1–14
- 41 Department for Work and Pensions, *Social Justice: transforming lives*, The Stationery Office, 2012; HM Government, *State of The Nation Report: poverty, worklessness and welfare dependency in the UK*, 2010
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