

REDISTRIBUTION OF SOCIAL AND SOCIETAL RISK

UK austerity measures impact more acutely on disadvantaged groups and communities. Cuts to public services and complex ongoing changes to welfare provision are making daily existence in some communities increasingly challenging. These changes intensify existing societal problems by redistributing risk from state to individuals and communities.

This study offers insight into the cumulative impact of social and societal risk transfer on vulnerable groups in Scotland. Our case study research focuses specifically on older people, lone parents and those experiencing in-work poverty within an area of North Lanarkshire in Scotland.

Key points

- An increased responsibility for dealing with social risks has been placed with individuals and communities regardless of their ability or capacity to absorb them.
- Recent welfare reform and public service spending cuts are the most visible policy-driven contributing factors to risk redistribution in Scotland, creating a longer-term 'risk shift'.
- Changes to public service provision were less of a concern for respondents, their extended networks and communities. Individuals were more concerned about the potential adverse impact of welfare reform on their personal circumstances. The rapid pace of change has led to a heightened sense of insecurity for vulnerable individuals and communities.
- The key welfare changes impacting adversely on lone parents were the activation and sanction policies applied when out of work and earlier re-categorisation from carer to employee when seeking work.
- Increased risk transfer for respondents experiencing in-work poverty is expected from the further conditionality of the welfare system and requirements to seek more hours or higher paying work, regardless of individual circumstances.
- While older people may appear relatively protected from cuts, some have taken on more responsibilities such as childcare to support family members affected by the proposed changes.
- Local people and local groups assume responsibility for risk mitigation in their community, in addition to any familial responsibilities.

The research

by a team at Glasgow School for Business
and Society at Glasgow Caledonian University

MARCH 2015

BACKGROUND

Over recent years, our understanding of risk and uncertainty has expanded to include a broader interpretation of human value. While both *social and societal risk* are concerned with impacts on human value, there is also a subtle difference, with the former emphasising the need for social protection and the latter emphasising the public nature of those risks. Social risks are generally linked with experience of unemployment, increased health inequalities, financial instability, reduced educational attainment, loneliness and a breakdown of support networks, both formal and informal.

Increasingly, these social risks are being exacerbated by austerity measures. As the UK public sector budget cuts and welfare reform transfer responsibility for dealing with risk away from UK Central Government, devolved administrations and local governments play an important role in managing and redistributing social risk. Reduced provision of services such as educational support, youth services, leisure and social care, coupled with the welfare reform agenda, are likely to induce and deepen poverty for many vulnerable groups and exacerbate both social and societal risks which these groups appear insufficiently equipped to handle.

Evidence of risk transmission via cuts to public spending at a local level

Reductions of the block grant to Scotland amounted to a cutback of 11% in real terms between 2011/12 and 2014/15, together with a 36% cut in capital budget and public sector pension provision. This has resulted in efficiency savings and service reconfiguration (including service reduction, closure and transfer) across all Scottish local authorities.

In the literature, particular concerns have been expressed about the impact that service reconfiguration may have on vulnerable and disadvantaged groups. Lone parent families, and families with children in general, are key users of those public services which are being cut, such as pre- and after school care, aspects of school education (for example free music tuition) and social care services.

Overall, there was a general lack of awareness of service changes as a *direct* result of austerity across all our respondents from the three case study groups, possibly because many public service cuts are yet to be fully implemented in Scotland. However, case study research already confirmed a deterioration in some services, although respondents were unable to pinpoint the timing.

The lack of pre-school and after-school care was identified by respondents as a main barrier to employment. They also referred to changes to transport services, which created challenges when returning to employment. For example, Siobhan had to turn down work because she could not access childcare that would enable her to travel some distance for employment in a call centre. There was also a sense that the local bus service was not conducive to the needs of some older people and their changing circumstances:

“...a lot of people wouldn’t be able to walk that distance, and it’s isolating, a lot of the elderly people can’t get out.”

From a longer-term perspective, immediate cost-savings may ultimately lead to higher costs if these cuts exacerbate social inequality and increase negative outcomes for individuals.

Evidence of risk transfer via the Welfare Reform

Although the literature suggests that welfare reform and service cuts are both key conduits for social risk transfer, it is welfare changes that are of greatest concern to research participants.

The welfare state operated as a risk-pooling mechanism, which transferred social risks (in cases of unemployment, ill health or financial hardship) away from individuals and communities to larger societal groups. In recent years, fiscal consolidation measures and welfare reform have reduced the scope for risk-pooling, to the effect that pre-existing vulnerabilities have been significantly intensified.

Changes to the welfare system, with increased levels of activation at an earlier stage (when youngest child reaches five years old), require lone parents to move into work which is often low quality and low paid. Yet, childcare services are failing to respond to the impact of increased requirements of lone parents to be active in the labour market. For families experiencing in-work poverty, childcare also remains an important barrier to increasing hours or taking up more rewarding employment. For our respondent Mary, a lone parent, the lack of available, affordable and flexible childcare has made it financially impossible to return to employment:

“... I’ve never been so much a financial cripple my whole entire life. If you are going to get people to go back to work, I think the priority is to make sure it’s financially feasible for these people to go back to work.”

Furthermore, respondents were unclear about the implications of the removal of the spare room subsidy on a personal and household level. This has added to an overall sense of uncertainty and confusion surrounding welfare reform and what it might mean for individuals and their families.

The shift towards insecure employment such as self-employment, short-term or unstable contracts has reduced the quality of work available for jobseekers. Changes to employment patterns, quality of employment and increased propensity of low pay can have a direct impact on well-being.

Individually and collectively, these reforms signify a way in which the UK Government is transferring social risk to individual and community level. This includes widespread punitive measures, a tougher approach to sanctions, and a re-categorisation of groups at risk. It is notable that the full impact of austerity measures have not yet been realised.

Risk mitigation

Our case studies document real-life experiences of acute vulnerability and increased risk transfer, and also identify existing coping strategies and potential for risk absorption and mitigation. Despite increased efforts from community organisations and attempts from social networks to offer support, many individuals’ lives are adversely affected.

Drawing on the example from our case study area, North Lanarkshire Council’s Welfare Rights Team has undertaken outreach work to inform residents that discretionary housing payments are available to help with the costs of the spare room subsidy. Yet, take-up of these payments has been lower than expected and council employees expressed frustration that they could not sufficiently engage people who are entitled to such help. The Scottish Government has also intervened to mitigate risk, the most significant example of which is the financing of the discretionary housing payments that are administered locally. However, welcome as these are, current approaches to risk mitigation are piecemeal, short-term, single-issue focused and do not necessarily address the most pressing issues, let alone the totality of risk shift.

Our findings also show that some older people at our study location are functioning as a community asset in terms of immediate risk mitigation. This ranges from providing childcare for their own families, to supporting youth work services, and community organisations such as the Community Council and Credit Union. Respondents talked particularly warmly about their tight-knit community of Craigneuk, which they characterised as supportive and caring, particularly for those who had been residents for a long time. They were referring to relationships formed over generations that provided the social fabric of support networks.

Conclusion

Across all groups we found an increased level of insecurity and instability, coupled with uncertainty about the changes yet to come. Multiple vulnerabilities can combine to put individuals at even greater social risk, and vulnerable individuals may have to bear some of the social risks faced by members of their personal networks and communities. Overlapping risk categories are by no means an exception and in some communities they go hand-in-hand.

Our findings highlight how changes to welfare and cuts to public services combine with structural socio-economic factors to impact adversely upon the ability of individuals and communities to mitigate risk. The cumulative effect of such changes affects the distribution and the intensity of social risks experienced by particular groups and individuals, leading to further inequality, hardship and polarisation. Existing vulnerabilities experienced by individuals and communities limit their capacity to absorb or mitigate further social risk.

Recommendations

There is a need to adopt or strengthen analysis of the cumulative risk impact of policy changes at all levels of government. This analysis should take account of wider societal and socio-economic trends, and should seek to ascertain, and if necessary to ameliorate, any adverse impact of the risk shift on the most vulnerable groups in society.

The Scottish Government's Equality Statement should be expanded to identify the full range of social risk implications of the austerity measures, thus establishing the foundation for a comprehensive risk mitigation strategy.

About the study

Following an in-depth critical literature review, primary data collection focused on three case study groups: older people, lone parents and people experiencing in-work poverty. The case study work was based in North Lanarkshire, a local authority area in west central Scotland. Fieldwork was concentrated in Craigneuk, a multiple deprived neighbourhood, which contains the 'most deprived' data zone in North Lanarkshire - one of the ten most deprived small areas in Scotland.

FOR FURTHER INFORMATION

This summary is part of JRF's research and development programme. The views are those of the authors and not necessarily those of JRF.

The main report, **Redistribution of Societal Risk** by Darinka Asenova, John McKendrick, Claire McCann and Rebecca Reynolds is available as a free download at www.jrf.org.uk

Read more summaries at www.jrf.org.uk
Other formats available
ISSN 0958-3084

Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP
Tel: 01904 615905

email: publications@jrf.org.uk
www.jrf.org.uk
Ref: 3070