JRF Programme Paper
Anti Poverty Strategies for the UK

A REVIEW OF DEVOLVED APPROACHES TO CHILD POVERTY

Jim McCormick

October 2013

This paper:

- provides an overview of devolved strategies to tackle child poverty in the UK;
- builds on JRF’s earlier work assessing the impact of devolution for low-income people and places;
- looks at what more can be done within existing powers to tackle child poverty.

The Joseph Rowntree Foundation (JRF) commissioned this paper as part of its Anti Poverty programme.

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1. Introduction

JRF is investing in a major programme to develop strategies against poverty across the UK. This will consider powers available to governments, both reserved to Westminster and devolved to Scotland, Wales and Northern Ireland. This paper offers a summary of how the devolved administrations are implementing their respective child poverty strategy commitments (2011). It does not cover UK Government policies, which apply only to England, although a full account of different approaches and relative impacts would ideally be UK-wide.

The paper is based mainly on the accounts given in annual child poverty reports published to date. Reports for two years (2012 and 2013) are available for Northern Ireland and Scotland. Reference is also made to the all-age tackling poverty plan in Wales, which includes relevant policy commitments on child poverty. Scotland’s wider anti-poverty strategy Achieving Our Potential dates back to 2008. It has not been revised or reported on recently.

The paper is intended as a contribution to the various evidence reviews being undertaken by the JRF. It serves as an update on child poverty to complement JRF’s earlier work on the impact of devolution for low-income people and places, which assessed progress after ten years in terms of employment and training; housing and homelessness; community regeneration; and older people’s social care.¹

This is a partial account of the powers available and currently being used in each case. Apart from Wales, it does not look at poverty as a whole, although some policy commitments will have an impact beyond families with children. Nor does it look in detail at the shifting boundary between devolved and reserved powers, although further change is probable. A referendum in 2011 resulted in greater legislative powers for the Welsh Assembly and further powers are being considered following the work of the Silk Commission. A referendum on Scottish independence will take place in September 2014. The Scotland Act passed at Westminster in 2012 will extend devolution from April 2015, with increased powers to vary income tax and devolution of stamp duty as well as various other legislative powers which appear, at this stage, to have less relevance to the goal of tackling poverty.

Before any of this, the devolved administrations have had to decide how to introduce newly devolved powers and reduced budgets for Council Tax...
Benefit (rate rebates in Northern Ireland) and are devising new systems of eligibility for passported benefits when Universal Credit replaces a batch of ‘gateway’ qualifying benefits. However, even a brief review of devolved approaches to tackle poverty can offer some useful insights into how the different governments frame the issues and propose to use the powers and budgets currently available to them.

Broadly, these approaches fall into four types:

- **Resource allocation**: devolution comes with very limited fiscal powers such that policy choices are largely about how to spend grant revenues from Westminster and the EU across spending departments. There is some scope to target resources through local government and the NHS, based on deprivation for example.

- **Reduce costs**: for example, council tax/rates frozen, prescription charges abolished, concessionary fares, reduce fuel poverty, wage subsidies for employers.

- **Raise awareness** and take-up of available support: money advice on benefits/tax credits, debt and low-cost credit; guidance and advocacy services; skills training; and awareness of employment rights.

- **Regulate** to improve the quality, value and effectiveness of public services, e.g. pre-school and childcare provision, education, housing standards, health and social care, adult skills (rather than for consumer goods like energy and financial services which remain subject to UK-wide regulation).

Each administration has framed the anti-poverty debate in subtly different ways. Priorities differ, reflecting variable powers as well as different policy choices. An elegant way of thinking about these priorities was proposed by the Tackling Poverty Board convened in 2009–10 to review progress with the Scottish Government/COSLA *Achieving Our Potential* strategy. Key actions were grouped into three categories:

- **Pockets**: Policies aimed to boost incomes and reduce the cost of essential goods and services (i.e. the money that flows in and out of people’s pockets in a here-and-now sense).

- **Prospects**: Policies to improve life chances for children and young people and for progression in the workforce, which will have a longer-term impact on reducing poverty risks and effects.
• **Places**: Policies to improve the supply of quality, affordable housing and to regenerate communities, especially targeted in places that experience multiple disadvantage.

This three-dimensional approach to tackling poverty appears to offer a sound basis for policy and practice. It acknowledges that poverty cannot be measured only in terms of money but that an adequate income is a necessary part of any anti-poverty strategy. It has been adapted for use in the Scottish Government’s second annual report on the Child Poverty Strategy (Scottish Government, 2013).

The following sections look at each devolved administration in turn. Measures of how each country is faring on poverty and social exclusion — and distinctive features of the context — are provided separately in JRF’s biennial *Monitoring Poverty and Social Exclusion* reports and in country analysis of the annual households below average income (HBAI) figures, as well as in-depth country reporting such as the report *Child Poverty Strategy for Wales: Baseline Indicators* (Welsh Government, 2013a). The case of devolution to Greater London is not considered here since JRF’s primary focus within England is on the urban North. However, the London Child Poverty Commission’s *Legacy Report* (2010) provides a benchmark against which to assess the actual and potential impact of devolution in the capital.

**Where has child poverty been ‘abolished’ already?**

Another way to set a benchmark is to consider where a target has already been achieved. The target for relative poverty is that by 2020, fewer than 10 per cent of children in the UK will live in households whose income is less than 60 per cent of the median level of UK household income. A child poverty map published in 2012 indicates that this target had been achieved in 66 local authorities and 88 UK parliamentary constituencies. The table shows where they are: all but a handful were in England, and the majority of these are in the South. None of the local authorities were in Wales, Northern Ireland or the North-East of England.²
Table 1: Areas with fewer than 10 per cent of children living in poverty

<table>
<thead>
<tr>
<th>Local authorities</th>
<th>Parliamentary constituencies (UK)</th>
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<tbody>
<tr>
<td>Wales</td>
<td>0</td>
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<tr>
<td>Northern Ireland</td>
<td>0</td>
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<tr>
<td>Scotland</td>
<td>6</td>
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<td>North-East</td>
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<tr>
<td>North-West</td>
<td>3</td>
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<tr>
<td>Yorkshire and Humber</td>
<td>5</td>
</tr>
<tr>
<td>West Midlands</td>
<td>2</td>
</tr>
<tr>
<td>East Midlands</td>
<td>8</td>
</tr>
<tr>
<td>East of England</td>
<td>7</td>
</tr>
<tr>
<td>London</td>
<td>1</td>
</tr>
<tr>
<td>South-East</td>
<td>27</td>
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<tr>
<td>South-West</td>
<td>7</td>
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<tr>
<td>England</td>
<td>60</td>
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<tr>
<td><strong>Total (UK)</strong></td>
<td><strong>66</strong></td>
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2. Did the early years of devolution reduce poverty?

Before looking at the current picture in each of the devolved countries, what was achieved previously? In 2010, JRF published findings on the position of low-income people and places across the UK over the first ten years of devolution (1999–2009). It found a mixed picture (McCormick and Harrop, 2010).

First, the period saw falling levels of poverty and improving employment rates in most of the UK. Significant improvements were seen particularly in Scotland and the north-east of England. These reflected the impact of economic growth and policies reserved to Westminster (including welfare-to-work and tax-benefit reforms). Given the limited powers available to devolved administrations, a modest contribution to tackling poverty might have been expected. Nonetheless, progress was made in areas influenced by devolution:

- On adult skills, the proportion of working-age people with no qualifications fell significantly in Wales and Northern Ireland, while the north-east of England improved most.

- Infant mortality fell most in Wales but least in Northern Ireland.

- Early mortality among adults under 65 improved in all parts of the UK, but least in the three devolved countries (with Scotland lagging furthest behind).

- The gap between those parts of the UK faring best and worst narrowed on most of the other indicators explored, although the rate of progress was modest.

- Over the period to 2008–09, it is notable that regions in the north of England fared just as well as the devolved countries on various indicators.

Progress in Scotland, Wales and Northern Ireland reflects the interaction of UK reserved and devolved policies. Political support for tackling poverty in the devolved countries has run ahead of powers to act, which have varied in important ways. It may take considerably more than ten years to see the true impact of devolution in terms of early years support, adult
skills and public health. This is especially true in Wales, with fewer powers even after further devolution arising from the 2011 referendum.

Did particular devolved policies bring benefits to low-income people and places? Social housing improvements were a major element of regeneration activities, especially in England and Scotland, but low-income households in other tenures were less likely to benefit and more likely to live in accommodation falling below quality standards.

Employment rates improved steadily in the three devolved countries compared with only a slight increase for England as a whole. But there is no clear evidence that actions by the devolved governments accounted for this progress. Changes in employment rates and average incomes for the lowest-income 20 per cent of the population showed no significant differences between the devolved countries and comparable regions in the north of England.

Regeneration delivered various benefits to low-income neighbourhoods, addressing the three dimensions of ‘landscape, atmosphere and horizons’ more effectively in England and least so in Northern Ireland. England and Wales showed relative consistency over the decade in regeneration policy, in contrast to Scotland where the emphasis shifted away from area-based initiatives towards local authority-wide approaches, and Northern Ireland where the ‘stop–go’ nature of devolution delayed progress in regeneration substantially in the first half of the decade.

The Welsh approach to social care for older people has enabled local authorities to level out care charges and reduce costs for those on lower incomes. This targeted approach should benefit those on the margins of poverty rather than extending support to the better-off, while Scotland’s universal approach is both more comprehensive and costly.

**Evidence of added value: not proven**

The 2010 JRF *Round-up* (McCormick and Harrop, 2010) concluded that better evidence was needed to identify those devolved approaches which benefit low-income people and places, to ensure they are applied on a big enough scale and to ensure investment follows good evaluation evidence for long enough to really make an impact on poverty.
For example, a total of 47 employment and skills initiatives in the three devolved countries with an intended or potential impact on tackling poverty were identified by Paul Bivand and colleagues (Bivand et al., 2010). About half of these had been evaluated. Evidence on impact was found to vary widely. Several evaluations had limited or no evidence on additionality, making it hard to judge how far job outcomes would have occurred without the programme. Use of control groups to gauge added value has been uncommon. The Working for Families programme in Scotland supported disadvantaged parents (especially lone parents) into work, training or education by addressing childcare and other barriers. It ran in selected local authorities and was one of the very few evaluations to include a random control group. This pointed to strong additionality reflected in various positive net impacts (McQuaid et al., 2009).

Devolved initiatives would need to be evaluated to best practice standards to be sure if and how far they add value. The authors expressed scepticism about whether devolved policies to boost employability can be shown to have net positive effects or are cost-effective, in contrast to UK-wide active labour market programmes over the same period which, when evaluated fully, showed small positive effects with some being cost-effective. Not enough evidence was available to say what difference devolution had made in the case of employment and skills, leading the authors to reach a judgement of ‘not proven’.

To improve on this position, devolved administrations and local authorities will need to set out a clearer strategy for investing in approaches that have been demonstrated to be more effective in tackling poverty. At a time of austerity, it is even more important that limited budgets follow good evidence, but the practical difficulty of doing this in the face of unprecedented spending cuts at the local level is already clear (Asenova et al., 2013).

Some devolved policies may take longer to show benefits. Dave Adamson (2010) noted that improvements in housing, the physical environment and public spaces had helped to stabilise neighbourhoods in decline. Changing local culture (‘horizons’ in regeneration terms) and health takes much longer than ten years. Yet it seems significant that progress on some fronts was relatively slow despite the unprecedented scale of investment and, in the short term, this could be regarded as a troubling conclusion. However, it is possible that some devolved policies (e.g. on public health and adult skills) will deliver longer-term returns which have not been captured fully in evaluation evidence to date.
The scale of programmes was also identified as a factor. Most devolved employment and training initiatives are voluntary and designed for participants before much larger, compulsory UK programmes kick in (or serve different client groups). Small-scale initiatives, no matter how well designed and implemented, are unlikely to make a significant dent in the overall employment or poverty rate. For example, the major devolved initiatives had up to 3,000 participants per year. Very large sums were spent through European Social Fund (ESF) programmes with match funding in West Wales and the Valleys, with a mid-range estimate of 33,000 new jobs created and an estimate of 33 per cent of the total gross jobs reported as added value.
3. Devolved strategies to tackle poverty

This section considers the approaches to tackling poverty by the devolved governments. Any strategy must take account of the limited and variable nature of devolution. Most of the reduction in poverty achieved in the decade prior to recession was due to labour market improvements and reforms to benefits and tax credits (Brewer, 2012). However, many of the longer-term influences on poverty – early years provision, schools, adult skills, housing and public health – are the responsibility of devolved governments. In the absence of fiscal devolution or Scottish independence providing greater revenue-raising powers, devolution is mainly about spending – and weighing up the pros, cons and opportunity costs of these decisions.

For Northern Ireland and Scotland, the main focus is on child poverty, since their respective strategies and annual progress reports have formed the main focus of activity. For Wales, a wider-ranging anti-poverty strategy has been agreed for the rest of the Assembly term (until 2016) and updated in July 2013. This includes action on child poverty but covers all ages. This section provides a brief summary of how each country has framed its response to poverty and some of the distinctive features in each case, while Section 4 explores how common policy themes are being addressed.

Wales

The Children and Families (Wales) Measure in 2010 set out 13 broad aims which were reflected in the revised Welsh Child Poverty Strategy (Welsh Assembly Government, 2011). This new strategy replaced the earlier 2005 version *A Fair Future for our Children*. Reducing child poverty is a statutory duty for the Welsh Government on the way to ending it by 2020:

“*The Welsh Assembly Government, by using the policy levers at its disposal, aims to eradicate child poverty by 2020.*”

Welsh Assembly Government (2011)

The Welsh child poverty strategy defines eradication as matching the lowest rate achieved in Europe, 5 per cent before housing costs. Devolved powers and budgets will not be sufficient to achieve this, but actions taken in Wales can still contribute. Welsh local authorities have a duty to prepare a Child Poverty Strategy built into Single Integrated Plans, meaning that local public services are working together to support children and families
to get out of poverty. The duty also applies to public bodies funded by the Welsh Government (e.g. the National Museum of Wales, the Arts Council of Wales, Sport Wales and the National Parks) which are ‘encouraged’ to prioritise better outcomes for low-income families by helping to improve learning, skills and health. Local authorities have a related duty to reduce inequalities among children and young people.

On the face of it, greater requirements are placed upon public authorities than in Scotland or Northern Ireland. The Welsh approach appears to be the most ambitious in tone, least couched in terms of limited powers and explicitly rooted within international rights-based approaches, with reference to the United Nations Convention on the Rights of the Child.

Introducing the new strategy in 2011, the Minister for Social Justice and Local Government explained it should be based on sound evidence and focused on those policies likely to contribute most to child poverty objectives. Supporting work by the Welsh Government has included commissioning the New Policy Institute to prepare a set of baseline indicators (Welsh Government, 2013a) as the first output from evaluation of the child poverty strategy. In addition, a mapping of evaluation evidence across existing child poverty programmes has been undertaken by analytical staff (although the proposed synthesis report remains unpublished); development of an evaluation framework for the strategy has been commissioned; and members of the Child Poverty Expert Group have agreed to peer review the strategy.

At this point, Wales appears to diverge from Northern Ireland and Scotland. The Welsh Government’s child poverty strategy seems to have been incorporated within the wider-ranging Tackling Poverty Plan 2012–2016 (TPP) published by the minority Labour administration in 2012 (Welsh Government, 2012a). This appears to have overtaken the annual reporting of progress specifically on the child poverty strategy. The TPP provided a detailed account of the Welsh Government’s current activity to tackle poverty at all ages. The plan was revised in July 2013 in Building Resilient Communities: Taking forward the Tackling Poverty Action Plan (Welsh Government, 2013b). This action plan looks ahead and provides more detail about the Welsh Government’s plans until 2016. It serves as the most current and comprehensive account of how devolved powers are being used to tackle poverty in Wales.
The original plan stated:

“We cannot do everything that needs to be done but we will do all we can and we will do it well...not just because it is right, though a life free from poverty is indeed a civil right, but because it makes financial and economic sense...Given that many of the factors that influence poverty directly and immediately are outside our control, it is even more important that we optimise what we can do and measure the outcomes of those actions. The effectiveness of our actions will depend on our capacity to do things differently and to maximise the impact...by being more focused and joined up across departments and with our partners.”

Welsh Government, 2012a

The updated action plan added:

“The Welsh Government does not have control over the key levers that determine how and where jobs are created. We are subject to international economic movements and key policy areas such as economic development and benefits are controlled by Westminster. However … we will do all we can to make a difference.”

Welsh Government, 2013b

**Tackling Poverty Action Plan**

The action plan has three overarching aims:

- Preventing poverty – actions are largely about improving prospects for children and young people;

- Helping people into work – actions are largely about reducing worklessness and improving skills; and

- Mitigating the impact of poverty – actions here are about improving access to high-quality health, housing, financial and digital services (expressed as ‘reducing inequalities’ in the original 2012 version) and minimising the negative effects of welfare reform.

And a fourth cross-cutting aim of:

- Joining up in communities and across government – the focus here is upon the regeneration programme Communities First as the primary means of ensuring the action plan succeeds in the most disadvantaged places.
The first section of the action plan explains how Communities First will be used to help integrate policies across government and make them work in support of disadvantaged communities:

“We want to build resilient communities … which are well informed, supported and organised. People living in resilient communities will know what support is available to them, where that advice is available and how to access the help needed.”

Welsh Government, 2013b

Each of the three broad aims will therefore map onto Communities First areas. For example, the plan to create 5,000 training and employment opportunities for people in workless households will begin in at least six of these areas.

Appendix 1 shows how each aim is to be pursued along with examples of targets to be achieved up to and beyond 2016 and milestone measures. These are discussed further in comparison with Scotland and Northern Ireland in Section 4.

The action plan also refers to the impact of poverty on different groups in society. It seeks to ‘dovetail’ approaches with the Welsh Government’s Strategic Equality Plan (Welsh Government 2012b) in order to have maximum impact for particular groups. Finally, it notes that the Welsh Government also wants a socio-economic duty on key public authorities to consider how their decisions might help reduce inequalities associated with socio-economic disadvantage:

“This isn’t the path which the UK Government has chosen, but we want the socio-economic duty in Wales.”

(Welsh Government, 2013a)

Northern Ireland

The Northern Ireland Executive published its Child Poverty Strategy, Improving Children’s Life Chances in 2011. It is required to report each year on progress and to issue a revised strategy, taking account of developments. The Executive’s latest progress report was published in March 2013 (Northern Ireland Executive, 2013). The child poverty strategy sits alongside the Executive’s anti-Poverty and Social Inclusion Strategy Lifetime Opportunities (OFMDFM, 2010). This takes a whole life-cycle approach to tackling poverty and social exclusion, recognising that taking action from the early years is crucial in order to prevent a ‘cycle’ of
deprivation persisting through generations. Northern Ireland is distinctive in the weight attached to inter-generational cycles of poverty and its reference to families with young mothers as factors sustaining poverty. The evidence base for these two elements is unclear. Both strategies sit within the wider Delivering Social Change framework where additional proposals to tackle poverty are found. Actions under each are also detailed in the Programme for Government 2011–15 (Northern Ireland Executive, 2012a).³

Priorities and progress in Northern Ireland

The Northern Ireland child poverty strategy set out four strategic priorities:

- Ensure, as far as possible, that poverty and disadvantage in childhood does not translate into poorer outcomes for children as they move into adulthood.
- Support more parents to be in work that pays, or pays better (also described as ‘to access reasonably paid work’).
- Ensure the child’s environment supports them to thrive.
- Target financial support to be responsive to family situations.

The two key strands of emerging work relevant to the causes and the consequences of child poverty are:

- to reduce poorly paid work and unemployment among adults with children;
- to improve longer-term prospects through child based interventions which are designed to tackle the cyclical nature of child poverty.

Related strands of activity such as reducing the living costs faced by low-income families are highlighted in the annual progress reports.

The first progress report presented a reminder of how devolution works:

“The benefits system here is run on a “parity” arrangement with the Coalition Government. This mean the same benefits are paid here, at the same rates and conditions as across the water, and that the costs are met by the government in London and not the [Northern Ireland] Executive. Any decision to make differential payments would have to be met from the Block Grant.”

Northern Ireland Executive, 2012b
Although the power to vary some welfare rules exists, a political consensus typically does not. The imperative within Unionist parties – and therefore a ‘veto’ position within the multi-party coalition government – is usually for parity with Great Britain. However, divergence has occurred in some New Deal regulations (Bivand et al., 2010), in the recent devolution of Air Passenger Duty to achieve parity with the Republic of Ireland and is seen, for the same reason, in pressure to devolve corporation tax. There has been little use of flexibility in welfare powers beyond the interesting example of a one-off winter fuel payment for low-income working-age families through the Social Protection Fund. However, politicians in Northern Ireland have agreed changes to the design of Universal Credit, which could help low-income households and may decide not to implement the bedroom tax (see Section 5).

The progress report goes on to state:

“This does not mean we are powerless to address poverty. The Executive is fully committed to making step improvements in multi-generational deprivation. However, we need to understand how our interventions need to be tailored … Our focus continues to be to increase household incomes, particularly for the poorest households and to reduce the costs of living.”

Northern Ireland Executive, 2012b

Looking ahead to the impact of welfare reform, the progress report envisaged proposed cuts in benefits and lower uprating over time having a more severe impact on child poverty in Northern Ireland than in other parts of the UK due to higher levels of benefit uptake. A year on, the most recent annual report (March 2013) said:

“To date we have avoided reductions in spending on devolved areas to protect the programme of activities … to address child poverty. While Universal Credit aims to assist people back into work by removing the benefits trap, there are concerns by some that the overall welfare reform package could impact negatively on claimants and on the economy. This situation will require close monitoring to determine the real impact the changes will have. An Executive sub-committee is looking at ways we can use flexibility to
minimise any potentially negative impacts.”
Northern Ireland Executive, 2013

Similar to the Welsh emphasis on the familiar goal of joining up across government, the report identified the need for a more coherent approach:

“Arising from the child poverty strategy and first report, OFMDFM has actively sought to maximise its coordinating role across government in relation to poverty. Instead of producing a list of things departments were already doing, we have been examining how we can do things differently in order to achieve an elimination of child poverty by 2020… Across government, thousands of actions take place against a wide range of objectives. Much of this work is beneficial, yet we are conscious that more needed to be done to achieve tangible progress against the statutory outcome.”
Northern Ireland Executive, 2013

The latest report suggests an approach that is rooted in the original four strategic priorities for tackling child poverty, with a clearer focus on outcomes and delivery on a cross-departmental/agency basis within the revised framework of Delivering Social Change (DSC). In October 2012, six ‘signature projects’ were announced which ‘reflect the values of the DSC Framework and will be driven forward from the centre’. The projects focus on support for families in areas of multiple deprivation; extra literacy/numeracy support for under-achieving pupils; and targeted support to improve skills/enterprise. On a smaller scale than Wales, Northern Ireland’s approach has a clear element of targeting disadvantaged households and places.

The report (Northern Ireland Executive, 2013) shows the four strategic priorities on child poverty mapped against a detailed list of measures within 30 priority action areas (Appendix 2). Northern Ireland’s approach appears to be comprehensive, if less cohesive than in Wales. The Executive states that these actions show ‘the factors which sustain relative poverty – especially unemployment, disability, poor qualifications and families with young mothers – will continue to be addressed’.

Looking ahead, continuing economic downturn and significant welfare changes are described as risks which could ‘potentially hinder the prospect of maintaining progress’. This understates the degree of vulnerability in the province arising from relatively lower pay and higher rate of long-term benefit claims (both unemployment and especially disability) and the nature of Northern Ireland’s income distribution. The
The report shows significant clustering close to the 60 per cent median income threshold, such that many households appear vulnerable to poverty if their incomes were to fall even by small amounts (Northern Ireland Executive, 2013).

Scotland

The Scottish Government’s Child Poverty Strategy was published in March 2011, shortly before the end of the parliamentary term. A year later, the first annual progress report was published (Scottish Government, 2012). It was debated by the Parliament’s Health and Sport Committee when the Public Health Minister Michael Matheson appeared before MSPs, but otherwise generated little scrutiny. Towards the end of 2012, the Deputy First Minister established an advisory group to review the Scottish strategy in light of progress to date and UK welfare reform. However, the wider anti-poverty strategy Achieving our Potential, which dates back to 2008 (Scottish Government, 2008), has not been subject to revision and there is no real equivalent to the Welsh tackling poverty action plan. The related strategies on Early Years and Health Inequalities have had greater emphasis. The first annual report identified the constraints on devolved action arising from the bulk of tax and welfare powers being reserved to Westminster:

“The powers of the Scottish Parliament cover many very important areas in relation to tackling child poverty across … health, education and housing; however policies reserved to the UK Government have a significant influence on poverty levels in Scotland. The welfare state and tax and benefits systems play a large part in supporting those who are in poverty now … It is clear that the UK Government’s policies … will have a significant and detrimental impact on vulnerable groups and individuals and do nothing to tackle the scourge of child poverty … The Scottish Government believes the Scottish Parliament should have control over tax and benefits in order that a more socially progressive system could be developed to better serve the people of Scotland.”

Scottish Government, 2012

The second annual report develops the theme of mitigation within the constraints of devolution. The Deputy First Minister’s Foreword states:

“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 being 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.” Nicola Sturgeon, Deputy First Minister, Scottish Government, 2013

It also underlines the Scottish Government’s reservations about the DWP Child Poverty Unit’s consultation on a new multi-dimensional measure of child poverty – both in the proposed revision and how it has been handled.

**Aims and measures to tackle poverty in Scotland**

The Scottish Child Poverty Strategy has two main aims:

- to reduce child poverty by maximising household resources (increased incomes and reduced expenditure); and
- to improve children’s wellbeing and life chances (with the ultimate aim being to break inter-generational cycles of poverty, inequality and deprivation).

In 2012, progress was reported against eleven measures set out in the child poverty strategy. The 2013 report notes that there is significant crossover between these measures and presents them under three headings – Pockets, Prospects and Places – to more closely reflect the aims of the strategy.

The 2013 report explains the Scottish Government’s approach and describes some key actions taken in the past year by government, the third sector, local authorities and business. This is designed to ‘showcase good practice’ and indicates how actions fit with the Scottish Government’s National Performance Framework. Appendix 3 presents a summary of current measures and actions. The Scottish approach is the least centrally-driven, offering most discretion for local government and community planning partners to devise their own responses within the Single Outcome Agreement framework. There is no requirement to show how the child poverty strategy is being delivered. Rather, the good
practice examples in the progress report offer a descriptive account of promising approaches.

The Scottish Government has undertaken a considerable amount of analysis on likely welfare reform impacts reflected in the first of five annual reports in June 2013. Thematic reports have been produced by Scottish Government analysts as well, covering various impacts, including by gender, family types and the move to household and monthly payments.⁵
4. Overview: devolution and tackling poverty since 2011

The Child Poverty Act 2010 requires that the annual progress report of each government describes the measures taken in accordance with the strategy and describes the effect of those measures in contributing to meeting the targets, as well as describing other effects of those measures that contribute to its achievement. In each of the devolved countries, annual reports and action plans have been mainly descriptive of policy measures and budget inputs but light on assessment of the impact of current or previous measures intended to tackle child poverty. They vary in the forward-looking emphasis on evaluation and outcomes.

Progress reports present a very detailed list of policy actions (Northern Ireland) or a set of case studies to illustrate the work of local authorities, the third sector and business as well as government (Scotland). Although there is a fairly consistent approach in each country to the causes and consequences of child poverty, it is less clear that the powers and resources available within the limits of devolution are being targeted to their maximum effect based on sound evidence.

Table 2 summarises the key policy commitments as reflected in annual reports and action plans across nine common areas, plus the theme of measuring progress. It shows actions in comparable areas as identified in each administration’s latest reporting. This does not cover all anti-poverty actions being undertaken. For example, Wales has a distinctive anti-poverty focus in its approach to increasing digital inclusion. Northern Ireland’s very broad areas of action include reference to food poverty, youth services and play. Scotland focuses on mainstream changes like curriculum reform and long-term work to reduce health inequalities rather than specific anti-poverty programmes. Nor does it cover significant actions by local authorities or the third sector, which are more of a feature in Scotland.

Devolved approaches across these common areas are compared in three clusters (prospects, pockets and places as used in the 2013 child poverty annual report in Scotland) as a tool to aid comparison. A fourth theme – Progress – is added.
Table 2: Policy commitments on poverty within annual reports and action plans (2013)

*S* denotes six ‘signature projects’ announced by the Northern Ireland Executive in October 2012.

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<tr>
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<th>Wales</th>
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<tr>
<td><strong>PROSPECTS</strong></td>
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<tr>
<td><strong>Early years:</strong></td>
<td>Double number of children benefiting from Flying Start Health Visitor</td>
<td>Ensure at least one year of pre-school for all families who want it, expand Sure Start</td>
<td>Early Years Change Fund/Collaborative (£272m), prevention focus, 600 hours pre-school education and care for 3 and 4 year-olds and looked-after 2 year-olds by 2015.</td>
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<td><strong>pre-school children</strong></td>
<td>services and increase take-up to 95%. Families First and Integrated Family Support Services to address multiple and complex needs (not limited to pre-school).</td>
<td>and target 25% most disadvantaged wards, 10 Family Support Hubs for early intervention. (S*)</td>
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<td><strong>School-age</strong></td>
<td>Narrow the attainment gap at end of Foundation phase (age 7) by 10%. Target support to lower-performing schools, literacy programme, Pupil Deprivation Grant, EMAs retained.</td>
<td>Additional 20 nurture units (S*), eligibility for free school meals extended, EMAs retained, new grant for uniforms, extra literacy and numeracy support for under-achieving pupils. (S*)</td>
<td>Curriculum for Excellence, reduced class sizes in P1–3 and EMAs retained.</td>
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<tr>
<td><strong>Young people’s employment, education and training</strong></td>
<td>Improve quality and relevance of work experience. Jobs Growth Wales assists 4,000 unemployed</td>
<td>65,000 job training places, Youth Employment Scheme: training/work for</td>
<td>25,000 apprenticeships, Community Jobs Scotland: £20m over 2 years for up</td>
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<td>16–24 year-olds into work experience for 6 months, Young Recruits wage subsidy programme.</td>
<td>13,000 unemployed 18–24 year-olds, 10,000 apprenticeships, graduate internships programme, scale-up/roll-out skills development and jobs link pilot activity for up to 500 families including NEET young people. (S*)</td>
<td>to 3,000 unemployed 16–24 year-olds to work for 6 months at minimum wage in third sector.</td>
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<tr>
<td><strong>Adult employment and training</strong></td>
<td><em><em>£40m from Social Investment Fund in 8 disadvantaged areas for improved employment, education and health, 10 Social Enterprise Incubation Hubs in areas of multiple deprivation. (S</em>)</em>*</td>
<td>Employer Recruitment Incentive of £1000 to take on adults unemployed more than 6 months (up to 5,000 jobs); and Employment Support of £1000 to assist with costs of recruiting extra staff – both for SMEs.</td>
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<tr>
<td>Offer 5,000 sustainable training/employment opportunities to adults in workless households by end of 2017. 30 projects (£280m) including ESF budget to boost employment and skills e.g. ReAct, School Gates Employment. Employers seeking public funding to sign up to CSR principles.</td>
<td><strong>Employer Recruitment Incentive of £1000 to take on adults unemployed more than 6 months (up to 5,000 jobs); and Employment Support of £1000 to assist with costs of recruiting extra staff – both for SMEs.</strong></td>
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<tr>
<td><strong>Health inequalities</strong></td>
<td><em><em>Family Nurse Partnership pilot, Positive Parenting initiative for families in areas of deprivation. (S</em>)</em>*</td>
<td>8 Equally Well sites in disadvantaged areas, Family Nurse Partnerships.</td>
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<tr>
<td>Close gaps in healthy life expectancy between each fifth of the population by an average of 2.5%. Reduce the no. of low birth-weight babies in the most deprived fifth by 19%. Healthy</td>
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<td>POCKETS</td>
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<tr>
<td>Reducing costs and expenditure pressures, mitigating impact of poverty</td>
<td>New Discretionary Assistance Fund – payments/in-kind support to vulnerable people. Advice to 14,700 families in/at risk of fuel poverty, extra funding for Citizens Advice Cymru to help generate £8m more in benefits per year, more than double no. of credit union members and assets by 2020 and through advice services.</td>
<td>Winter Fuel payment of £75 to low-income working-age households from Social Protection Fund in severe winter of 2010–11. Increase financial competency. Implement redesigned child support arrangements.</td>
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**PLACES**

<p>| Community | Communities First: A further £40m from People and |</p>
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<th><strong>regeneration</strong></th>
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<td>fewer, larger areas refocused on links to mainstream work, training, education. Ensure that all Welsh Government infrastructure projects above £2m adopt Community Benefits approach.</td>
<td>Social Investment Fund to address dereliction, physical regeneration and rural poverty.</td>
<td>Communities Fund (£7.9m per year), Community Empowerment and Renewal Bill.</td>
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<tr>
<th><strong>Housing, energy efficiency and fuel poverty</strong></th>
<th>Wales</th>
<th>Northern Ireland</th>
<th>Scotland</th>
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<tr>
<td>7,500 homes energy efficiency to be improved (Nest &amp; Arbed), 7,500+ extra affordable homes (social and intermediate) and 5,000 extra empty homes brought back into use.</td>
<td>9,000 homes per year improved.</td>
<td>Investment of £65m in three energy efficiency programmes.</td>
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<th><strong>PROGRESS</strong></th>
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<tr>
<td><strong>Performance and progress: how will we know?</strong></td>
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<tr>
<td>Proxy indicators with 2020 targets, baseline indicators (March 2013) and interim milestones, major Welsh Assembly Government programmes to include child poverty impact assessment.</td>
</tr>
</tbody>
</table>
Prospects

*Early years*

Each jurisdiction places growing emphasis on early support for families with children. Early intervention appears consistently, while Scotland continues its emphasis on prevention across public services. Wales and Northern Ireland are pursuing targeted approaches in disadvantaged areas, reflected in regeneration and employment policies as well as pre-school provision, while Scotland is taking a universal approach. They differ in the scope of support available as well.

Northern Ireland has the most limited goal of achieving one year’s pre-school education ‘for families who want it’. The child poverty strategy focuses on understanding and addressing patterns of low take-up. Sure Start expansion will target the 25 per cent most disadvantaged wards and Family Support Hubs in 10 disadvantaged areas will focus on early intervention. However, approaches to early years and childcare appear to have been developed quite separately. The *Programme for Government 2011–15* proposes to publish and implement a childcare strategy to provide integrated and affordable childcare and ‘seek to provide greater coherence between care and education’. As things stand, Northern Ireland remains the only part of the UK without a childcare strategy and where there is no legislative remit to ensure that parents have access to childcare services.

The *Flying Start* programme in Wales extends free, part-time childcare to 2 and 3 year-olds living in disadvantaged areas (see Box 2). The latest action plan confirms it will be doubled in size with a target of 95 per cent take-up. Scotland has the most ambitious commitment – to increase early learning and childcare provision for 3 and 4 year-olds to at least 600 hours a year by 2015. This will be the highest level of provision in the UK. However, the offer for 2 year-olds applies only to looked-after children. This appears more limited than in Wales (with a focus on disadvantaged areas) and certainly than England, where the plan is to reach up to 40 per cent of 2 year-olds, though at the likely expense of Sure Start services. Other actions, like the Early Years Collaborative and associated Change Fund in Scotland (see Box 3), may yield significant results in preventing or reducing poverty in future.
Box 2: Wales spotlight – Childcare

Access to affordable childcare ‘of a quality that ensures developmental outcomes for the child are improved’ is central to supporting parents back to work and is a key priority for tackling poverty. A cross-government group is looking at integrated early years childcare provision (from pre-birth to 7 years), including Flying Start and Foundation Phase (to age 7). Further work will cover services and ‘wrap-around’ care outside of school hours for 8–16 year-olds, including Out of School Childcare Grant and free school breakfasts. The Welsh Government will:

- analyse Childcare Sufficiency Assessments and further develop cross-government work on early years to encompass the priority of affordable childcare, in the context of reducing poverty;
- establish where there are gaps in childcare provision and make early recommendations on how supply can be stimulated and supported;
- analyse the financial assistance available to parents through local and Jobcentre Plus programmes;
- explore where key programmes like local Family Information Services can be used to maximise the ability for parents to access childcare support;
- make initial recommendations on the type of support that could be provided to parents, indicative costs and potential delivery models.

Box 3: Scotland spotlight – Early Years Collaborative and Change Fund

The Early Years Taskforce, chaired by the Minister for Children and Young People, the Convention of Scottish Local Authorities (COSLA) and the Chief Medical Officer, has set up the Early Years Collaborative (EYC). The objective of the EYC is to translate the high level principles in Getting It Right for Every Child (GIRFEC) and the Early Years Framework into practical action – a quality improvement approach to the early years and ‘the first time in the world that this kind of approach has been tried in a multi-agency context’ (Scottish Government 2013). The aim is to:

- deliver tangible improvement in outcomes and reduce inequalities for Scotland’s vulnerable children;
- put Scotland squarely on course to shift the balance of public services
towards early intervention and prevention by 2016;

- sustain this change to 2018 and beyond.

A range of compelling evidence indicates that children’s experiences in their earliest years are pivotal in terms of their later outcomes – cognitive, social and emotional. The drive to preventative spending is overseen by the Early Years Change Fund (£272 million). This represents a significant commitment across the public sector to shift resources to where they make the most difference – by supporting prevention and early intervention.

**Schools**

During school age, extra support is targeted to lower-performing schools (Wales) or under-achieving pupils (Northern Ireland) through payment of deprivation-based grants (Wales) and extra support with literacy and numeracy (both). Narrowing the attainment gap between those who achieve least – expressed variously as pupils eligible for free school meals, children in care and those from the lowest-income households or neighbourhoods – features in each country’s most recent report or plan, though it was absent from Scotland’s 2012 report and was less prominent in its child poverty strategy than in the other devolved countries. This is not because educational inequality is lower in Scotland. Although attainment has risen among the lowest-achieving 20 per cent of 15–16 year-olds, it has risen faster for others so the gap remains large and the risks of low attainment are significant in OECD terms (Machin et al., 2013). Broad reform in the shape of Curriculum for Excellence and support for school leadership, rather than explicit area-based or school-based targeting, is regarded as the ‘the major tool’ for raising attainment among children from the poorest backgrounds. In all three countries, and in contrast to England, means-tested Education Maintenance Allowances (EMAs) have been retained but there is no direct equivalent of the Pupil Premium.

**Training and employment**

There are strong similarities between Wales and Scotland in their approach to employment and training for young people and adults. Both have job placement schemes for unemployed young people lasting at least six months and paid at or above minimum wage: 4,000 places in Jobs Growth Wales (private and voluntary sectors) and 3,000 places in Community Jobs Scotland (voluntary sector). An Employer Recruitment
Incentive (Scotland) of £1,000 will assist small and medium enterprises (SMEs) to take on adults unemployed for more than six months (up to 5,000 jobs), while the wage subsidy initiative in Wales is focused on employers taking on unemployed young people. Northern Ireland has committed to a Youth Employment Scheme creating training and work opportunities for 13,000 unemployed 18–24 year-olds. This appears relatively larger than in Scotland or Wales, although differences in approach make direct comparison difficult. All three strategies involve expansion of apprenticeships. In addition, one of Northern Ireland’s six new ‘signature projects’ will provide intensive work opportunities for up to 500 families with young people outside education, employment or training.

One of the few references to impact evidence is found in the latest Scotland progress report (Scottish Government, 2013). Activity Agreements focus on 16–19 year-olds who are not yet ready to continue with formal learning. These can be regarded as ‘promising.’ Of the 2,500 young people who signed up to an Activity Agreement in 2012:

- Two-thirds (65 per cent) were qualified below SCQF level 4 and almost 40 per cent had no qualifications.
- Around 40 per cent had an additional support need, a history of offending, drug/alcohol problems or were previously looked after and accommodated – all recognised characteristics of vulnerable young people.
- 70 per cent of young people who completed their Activity Agreement went on to college, Get Ready for Work or employment.

This indicates a strong degree of targeting towards young people at risk of dropping out of education, training or employment entirely and a high success rate in moving on among those completing. These are pathway indicators: moving on to a positive destination is likely to be a necessary but not sufficient condition of escaping poverty. But such indicators are more useful than listing policy inputs and associated budgets.

The range and scale of adult employment and training programmes identified appear bigger in Wales, largely due to the significance of European Social Fund investment. The 2013 action plan pledges to create 5,000 sustainable training/employment opportunities to adults in workless households by the end of 2017. Northern Ireland again takes a targeted approach to employment and social enterprise across 8–10 areas of disadvantage/multiple deprivation.
Increasing the number of parents in good quality employment is a clear measure within the Scottish strategy, similar to Northern Ireland’s priority on helping parents into better or reasonably paid work. The quality of jobs is addressed partly through progress in setting a Living Wage in parts of the Scottish public sector. However, other actions reported are about access to work for adults as a whole, especially young people, not parents specifically. The 2012 report says expansion of early learning and childcare will ‘support parents to access improved employment opportunities, especially those in negative cycles of worklessness and low-paid work’, but it is not yet clear how employment, training and in-work support will link consistently with childcare provision following localisation of the Scottish programme Working for Families (McQuaid et al., 2010).

Sinclair and McKendrick (2009), writing in a JRF Viewpoint on Scotland, noted:

“A recurring theme from the JRF reports [on child poverty] is the need to change the nature of jobs, particularly those available to low-income families with children. Governments must go beyond existing employment policy, which concentrates on training provision and developing human capital. For example … further government action is required to encourage employers to create more jobs with varied working hours compatible with parents’ caring responsibilities.

In the longer term, a right to work flexible hours may be necessary … Governments may be reluctant in the current economic climate to impose what could be perceived as additional or restrictive duties on employers. However, the Scottish Government has considerable powers of patronage and procurement which could be used to influence employers’ behaviour. The Scottish Government itself could become an exemplar of best employment practice in this respect.”

Sinclair and McKendrick, 2009

The Welsh strategy appears distinctive in seeking to shift employers towards more responsible practice:

“We will be expecting any business seeking support to sign up to our principles of Corporate Social Responsibility which includes a
commitment to good employment practices, such as flexible working arrangements to encourage the creation of jobs that are accessible for parents and other carers."

Welsh Government, 2012a

This reference sits within the broad framework of encouraging good practice rather than contract compliance rules, but it may be a glimpse of how devolved governments (or other public bodies) can engage with employers in a creative manner.

Pockets

Boosting household incomes and reducing costs

Each country’s strategy and progress reports focus mainly on the long-term influences on poverty (early years, education, skills, health inequalities) rather than addressing income poverty in the here-and-now. This is a fair reflection of devolved powers. Northern Ireland has more power to act due to a greater element of welfare devolution, but it lacks the fiscal devolution to pursue any major divergence of policy. So each strategy is stronger on improving ‘prospects’ (and ‘places’, though less so in Scotland) than on boosting net incomes (‘pockets’). Nonetheless, we can identify choices made by each administration that serve to raise incomes or reduce costs. Whether these can be regarded as anti-poverty responses may be a different matter.

Common approaches to income maximisation can be grouped as:

- support for benefit take-up and access to low-cost credit;
- freezing or reducing living costs;
- approaches to tackle fuel poverty and improve energy efficiency of homes;
- setting a living wage above the national minimum wage.

Benefit take-up and low-cost credit

A common response is to increase investment in money advice services and income maximisation programmes. Examples reported show a return on investment of more to 10:1 from various projects including one led by Macmillan Cancer Support (Scottish Government, 2012). In Wales, extra funding for Citizens Advice Cymru is linked to generating an extra £8m in
confirmed benefits for clients (Welsh Government, 2012a; 2013b). Expanding these approaches to further client groups and locations would appear to be a sound investment for devolved governments, although welfare reforms could disrupt the range of returns typically achieved. Neither of the latest reports from Northern Ireland or Scotland mention access to low-cost credit, although both have financial inclusion programmes. The Welsh action plan aims to double the number of credit union members by 2020 and support credit unions to provide access to financial products for 7,500 people excluded from mainstream finance.

**Freezing or reducing living costs**

Devolved governments have taken steps to abolish some charges, freeze others, cap costs, reduce the rate of increase and to target financial support. Table 3 gives some examples. Scotland has gone furthest in the direction of reducing costs, badging its policies together as a ‘Scottish social wage’. These policies provide tangible help to those who benefit. But from an anti-poverty perspective, many people in receipt of qualifying benefits would not normally pay these costs. For example, they may have been claiming full Council Tax Benefit before its replacement and the poorest do not pay water rates in Northern Ireland, assuming people actually claim the support they are eligible for. Meanwhile, better-off households will gain as much or more benefit than people living in poverty. Many low-income households on the margins of poverty will benefit from ‘social wage’ approaches without resorting to a means-test. These policy choices have revived debates on affordability and the appropriate balance between universal and targeted services.

The Scottish Government has pledged to continue with a Council Tax freeze for all households until the end of the parliament (2016), though water charges have risen. In Northern Ireland, domestic rates are currently pegged to inflation. In Wales, there is no national scheme to freeze Council Tax rates – these change from year to year according to grant settlement and local priorities. In 2012–13, three councils implemented a freeze, while in 2013–14 increases varied from 0.6 per cent to 5.0 per cent. However, one of the Welsh Government’s ‘flagship policies’ is the cap on the weekly cost of non-residential care for older people, with a significant proportion of service users paying no charges. It is also exploring the option of a social tariff for water charges.
### Table 3: Devolved approaches to reducing living costs

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<th>Policy approach</th>
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<th>Wales</th>
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<tr>
<td>Abolish costs</td>
<td>Prescriptions</td>
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<td>Bus fares for older/disabled people</td>
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<td>Personal/nursing care for older people</td>
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<td>Personal/nursing care for older people</td>
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<td>Graduate endowment abolished (no tuition fees)</td>
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<tr>
<td>Freeze costs</td>
<td>Council Tax freeze</td>
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<tr>
<td>Reduce or cap costs</td>
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<td>Weekly cap on non-residential social care costs</td>
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<tr>
<td>Limit increases</td>
<td>Some rail fares (RPI+1%) below rest of UK</td>
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<td>Domestic rates pegged to inflation</td>
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<td>Targeted financial support</td>
<td>Education Maintenance Allowance</td>
<td>Education Maintenance Allowance</td>
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<td>Winter fuel payment to low-income working-age households</td>
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**Fuel poverty**

Rising gas and electricity costs are a significant cause of price inflation affecting low-income households particularly. This is often compounded by higher tariffs, more costly bill payment methods, meter fees and poor energy efficiency in homes. Each devolved government has a programme to address fuel poverty. Northern Ireland’s use of additional welfare
powers to make a one-off Winter Fuel payment of £75 to working-age households on qualifying benefits in the severe winter of 2010–11 is an unusual example of extra financial support paid directly to eligible households. Current powers would not allow Scotland or Wales to do the same. Typical actions include expanding energy efficiency improvements and making progress towards meeting Decent Homes Standards. The 2013 Scottish progress report offers a glimpse of the impact made by the three-strand Home Energy Efficiency programme (Area-Based, Affordable Warmth and Energy Assistance strands), which targets private tenure homes:

- Although an extra 26,000 households experienced fuel poverty in 2010–12, improved energy efficiency prevented a further 35,000 households falling into fuel poverty despite fuel rises in Autumn 2011.

- Scottish Government spending of £150m on energy efficiency programmes up to 2010/11 led to an estimated net gain in household income of about £700m (a return of 4.5:1) and a saving of 3mt of CO₂.

While the report does not say how much of this net income gain went to poor or low-income households, it does suggest that improved energy efficiency helped to limit the rise in fuel poverty that would otherwise have occurred (Scottish Government, 2013).

**Wages**

Low pay is a significant cause of poverty, alongside under-employment. There are few references to in-work poverty in the devolved strategies, in part reflecting limited powers around wage-setting and labour market powers resting with Westminster. However, policy choices may still have an impact – for good or ill – in this area. The Scottish Government’s decision to become a living wage employer (see Box 4) has a symbolic value beyond the relatively small number of employees affected. There is growing interest in local government and the NHS Boards to pay a living wage. On the other hand, government objectives to ‘rebalance’ the economy, especially in Northern Ireland, may reduce overall wage levels. Even with significant growth in private sector jobs, wages are about one third lower than in the public sector.
Box 4: Scotland spotlight – Living Wage

The Scottish Government has committed to paying its own and its agencies’ staff a Living Wage set at £7.45 per hour in 2013–14. The Budget for 2013–14 includes a basic pay rise of at least £250 for those earning below £21,000, with a 1 per cent pay rise for those earning up to £80,000 and a pay freeze above this. Local authorities are responsible for their own pay-setting.

Glasgow City Council has taken a lead in raising its Living Wage rate while many other local authorities have committed to pay a Living Wage starting in this financial year. Through the Scottish Parliament, a consultation began in 2012 on changes to procurement rules to persuade contractors to the public sector to meet Living Wage rates. The Parliament’s Petitions Committee has taken evidence on the case for a Living Wage Recognition Scheme. The Deputy First Minister has written to the Committee noting that the European Commission has confirmed that ‘any requirement on contractors to pay above the UK minimum wage is unlikely to be compatible with EU law’ while expressing the Scottish Government’s willingness to continue dialogue with the petitioners.9

Responding to welfare reform

Each government is undertaking analysis of the impact of welfare reform. Scottish Ministers are required by the relevant Act10 to report to the Scottish Parliament over the next five years on the impact that the UK Welfare Reform Act is likely to have on people in Scotland. The first annual report was published in June 2013. The Welsh Government has embarked on a three-stage analysis. In Northern Ireland, a sub-committee led by the Department for Social Development is looking at how flexibility in powers can be used to minimise potentially negative impacts of welfare reform.

Council Tax reduction and Social Fund elements

Limited welfare powers to Scotland and Wales in April 2013 marked a new phase of devolution, being a consequence of the UK Government’s motivation to reduce costs and decentralise responsibility. With abolition of Council Tax Benefit and elements of the Social Fund as GB-wide payments, governments in both countries are responsible for deciding how to design and fund replacements. Work is also underway on designing eligibility systems for ‘passported’ benefits once qualifying gateway benefits are replaced by Universal Credit.
Both Scotland and Wales have introduced Council Tax reduction schemes on a country-wide basis. This has required each administration to make up a 10 per cent budget shortfall passed on by Westminster – being £40m in Scotland (2013–14), contributed by the Scottish Government and COSLA, and £22m in Wales. This avoids the complexity and extra costs faced by low-income households below retirement age as a result of localisation to English councils (Bushe et al., 2013). It is an example of devolution acting to prevent hardship for low-income working-age households. Northern Ireland continues with a system of domestic rate rebates, which was already devolved.

Elements of the Social Fund providing crisis loans for living expenses and community care grants were also abolished in April 2013. Other elements of the Social Fund will continue to be managed by the Department for Work and Pensions (DWP), such as short-term advances and hardship payments. A new Scottish Welfare Fund of £33m has been introduced as a replacement, including an extra £9.2m on the previous budget. It is administered by local councils to reach an estimated 100,000 individuals. Extra funding for frontline welfare advice is being provided to various agencies including Citizens Advice Scotland and the Child Poverty Action Group and an extra £20m has been allocated in 2013–14 for local authorities to top up discretionary housing payments to help mitigate the impact of the ‘bedroom tax’.

The Welsh Government has introduced a similar Discretionary Assistance Fund, which offers two types of non-repayable grant support (Emergency Assistance and Individual Assistance Payments). The Fund is run by a single partnership rather than by each local authority. A total of £10.2m per year has been set aside for two years, although it is not clear whether additional resources have been added to the DWP transfer from the Welsh budget. These are examples of increased capacity to address hardship and potentially to mitigate the impact of some benefit cuts, including tougher sanctions.

The Social Fund already operates on a devolved basis in Northern Ireland as part of 1998 legislation to establish the Assembly. If the new Welfare Reform Bill for Northern Ireland becomes law, current payments from the Social Fund will change from Spring 2014. Some payments will be part of a new Discretionary Support scheme replacing community care grants and crisis loans for living/household costs, while other elements (e.g. cold weather payments, short-term advances and budgeting advances) will become part of Universal Credit.
Impact of welfare reform: Universal Credit

Each administration will need to decide how to align its Council Tax reduction or rates rebate scheme with Universal Credit. The latest Northern Ireland progress report cites research by the Institute for Fiscal Studies (commissioned by the Northern Ireland Executive) estimating the impact of Universal Credit on households in the province (Brown and Roantree, 2013). The research found relatively more households will be affected, both as winners and losers, than in the UK as a whole. A summary of the findings is shown in Box 5. In addition, Northern Ireland will take a different approach to implementing Universal Credit with provisions for income sharing within households and maintaining direct payment of the housing element to landlords.

Box 5: Northern Ireland spotlight – Projected impact of Universal Credit

The total sum of benefit entitlements will fall slightly in Northern Ireland and the UK as a whole, but Universal Credit will create winners and losers. In Northern Ireland, around 9 per cent of households will gain and 9 per cent will lose – more than in the UK as a whole because average incomes are relatively lower and more people are entitled to means-tested support.

The main losers will include those on Disability Living Allowance (DLA) claiming the severe disability premium in means-tested benefits, which will be abolished. Receipt of DLA is significantly higher in Northern Ireland. The main winners will be single earner couples with children. This group will gain more than in the UK as a whole, because the gains are focused on those with lower incomes who form a larger share of the population. By increasing support for this group and reducing support for workless families on average, Universal Credit might strengthen the incentive for one partner to do paid work. Universal Credit also strengthens work incentives for single people without children. However, as means-tested support will reduce more quickly when the second partner enters work, the incentive for both adults in a couple to be in paid work will be reduced. This effect is particularly acute in Northern Ireland.

Source: Brown and Roantree (2013)

Before Universal Credit begins, changes to disability benefits are likely to impact hardest in Northern Ireland, especially the replacement of Disability Living Allowance (DLA) with Personal Independence Payments. This is
due to the higher proportion of individuals claiming DLA, especially for mental ill health.

**Places**

*Community regeneration*

Turning to community regeneration, the three devolved countries continue to diverge in policy approaches. Wales provides a case study in long-term consistency in its approach to area-based regeneration through Communities First (CF), although the programme has undergone extensive revision. From 2012 it has been remodelled as a community-focused tackling poverty programme with 52 Clusters, which cover the 10 per cent most deprived areas in Wales as defined by the Welsh Index of Multiple Deprivation (2011).

Northern Ireland appears to be pursuing a version of the Welsh approach on a smaller scale, having lagged significantly behind in the previous decade (Adamson, 2010). A Social Investment Fund (providing around £80m) will focus resources on employment, enterprise, education, health, addressing dereliction and tackling rural poverty in up to ten target areas.

This contrasts with the Scottish policy of main-streaming, which followed substantially less ring-fencing of national grants since the SNP was first elected in 2007. Local authorities are expected to pursue regeneration goals according to local priorities reflected in Single Outcome Agreements, which are negotiated with the Scottish Government. A Community Empowerment and Renewal Bill due later in 2013 could signal an ambitious new approach to developing community assets and creating opportunities for disadvantaged places as a result. The People and Communities Fund (budget of around £8m a year) arising from the latest Regeneration Strategy, is intended mainly for housing associations and development trusts. It represents a modest degree of investment compared with earlier place-based policies (Adamson, 2010).

**Governance, measurement and accountability**

The previous discussion shows the range of areas in which devolved strategies work. But what difference are they likely to make to poverty among families with children or more widely? How are proposed actions to be gauged for impact? How will we know? The strategies and action plans reveal some distinct features about each country’s approach to managing and measuring progress.
Governance

At a ministerial level, the Welsh Government includes the only Cabinet Minister with a dedicated focus on tackling poverty (the recently-appointed Communities and Tackling Poverty Minister). The Scottish Government has appointed the first and only dedicated Minister for Youth Employment in the UK.

At a strategic level, greater expectations are placed on public authorities in Wales than in Northern Ireland or Scotland. Tackling child poverty is a duty for local authorities, health boards and all public agencies funded by the Welsh Government, which are in turn encouraged to ensure they prioritise better outcomes for children living in poverty.

The Welsh Government has asked all 22 councils to appoint Anti-Poverty Champions to help the poorest in society and protect those most at risk of poverty and exclusion (News Wales, 2013). In addition, local authorities have a duty to reduce inequalities among children and young people. In Northern Ireland, the latest annual progress report notes that:

“Uniquely, in terms of the responsibilities in other devolved administrations, the legislation places a duty on each department within the Executive [to contribute to achieving the Child poverty Strategy]”
Northern Ireland Executive, 2013

How will we know the devolved strategies are succeeding?

Wales

A set of targets has been established up to 2020 with interim milestones and baseline indicators. This appears to continue the tradition of Opportunity for All indicators used by the previous UK Labour government in the first half of the last decade and the Social Justice milestones published by the first Labour/Lib Dem Scottish Executive (1999–2003). Each major Welsh Government programme evaluation will include an assessment of impact upon child poverty. There is a broad commitment within each programme to identify the position of people with complex needs or families with children experiencing severe/persistent poverty.

A set of 18 performance indicators were published in the action plan under the three main aims of preventing poverty, helping people into work and
mitigating the impact of poverty, while a further 12 indicators apply to 52 Communities First (CF) Clusters under the aim of ‘joining up in communities and across Government’ (Welsh Government, 2013b). Results Based Accountability (RBA) forms the basis for a new Outcomes Framework in CF Clusters. Monitoring is underway to ensure each Cluster is contributing effectively to achieving Wales-wide targets. A strategic aim of ‘programme bending’ seeks to ensure all Welsh Government programmes support the Clusters and to lever additional resources into these areas, with the active involvement of the Cluster teams and communities themselves. Outcomes range from 25,000 to 45,000 interventions per theme with a notably precise ‘better-off’ target range of 58–64 per cent.

Indicators reflect different aspects of progress, for example:

- input measures (number of events held);
- measures of risk or harm (low birth-weight babies, adult smokers, homeless households with children, child pedestrian injuries);
- engagement and take-up rates (child immunisation, numbers ‘accessing, benefiting from or supported by programmes’ e.g. Wales Union Learning Fund; Nest/Arbed home energy efficiency schemes);
- progression measures (EMA recipients who go onto further and higher education; those completing Steps to Employment who go into work or further learning).

In addition, the Welsh Government is supporting a three-stage programme analysing the impact of the UK Government’s welfare reforms.

**Northern Ireland**

The various targets around reducing poverty within section 3 of the Child Poverty Act (2010) are set – and success in meeting them is measured – on a UK-wide basis. The Northern Ireland Executive notes that the legislation does not propose separate targets for the devolved administrations. However, the Executive’s *Lifetime Opportunities* Strategy and the associated Public Service Agreement (PSA No.7) included in the *Programme for Government* (PfG) set a benchmark target for reducing child poverty in Northern Ireland in comparison with how children are faring in England, Scotland and Wales. The PSA supports the target by
setting out actions to reduce levels of child poverty. In order to track progress towards reducing child poverty in Northern Ireland, the PfG set a number of milestones and outputs:

- Ensure that actions are consistent with commitments under the Child Poverty Act (during 2012–13).

- Design actions on the basis of a Child Poverty Outcomes Model to show which interventions will have the most significant effect in tackling child poverty. As part of the Executive’s research investment to underpin Delivering Social Change, the Office of the First Minister and Deputy First Minister (OFMDFM) has commissioned the National Children’s Bureau working with C4EO to develop the model. This work will inform departments charged with delivering against the child poverty strategy’s objectives. The outcomes model will use data which departments are already collecting to measure the impact of their actions towards reducing poverty (2012–13).

- Implement key milestones and monitor performance through lead indicators. Ensure that this feeds into the Area Plans being developed for the Social Investment Fund and Social Protection Fund as well as the Childcare Fund (2013–14).


Delivery on the child poverty strategy involves various public agencies and specific measures aim ‘to reflect local circumstances’, but Northern Ireland appears to have the most centrally-driven approach in the UK. In common with Wales, there is a strong focus on targeting disadvantaged communities through area-based programmes funded by the devolved administration, with much less emphasis on local government being a key partner, compared with Scotland.

Scotland

In Scotland, there is no measurement framework for the child poverty strategy. The 2013 progress report links selected actions to Scottish Government outcomes and indicators relevant to child poverty in the national framework Scotland Performs\(^\text{11}\) which was revised in December 2011 (see Table 4). These are very broad measures of progress.
compared with the set of baseline indicators in Wales and Communities First areas or Northern Ireland’s development of child poverty outcomes.

It is for each local authority to report on the actions they decide to pursue through Single Outcome Agreements (SOAs). New SOAs agreed with local authorities from April 2013 reflect the Scottish Government’s emphasis on prevention across six priorities, including early years support and older people’s care. Many of these ought to contribute to reducing child poverty. For example, the Early Years Change Fund/Collaborative could have a very significant anti-poverty impact over time. However, there is no duty on local authorities to report on child poverty and no explicit reference to the strategy within SOA guidance.

Table 4: National indicators in Scotland

<table>
<thead>
<tr>
<th>Relevant National Indicators (Scotland Performs from Dec 2011)</th>
<th>Relevant National Indicators mentioned in Child Poverty Strategy (Mar 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce the proportion of individuals living in poverty</td>
<td>Decrease the proportion of individuals living in poverty</td>
</tr>
<tr>
<td>Reduce children’s deprivation</td>
<td>N/A</td>
</tr>
<tr>
<td>Increase the proportion of babies with a healthy birth-weight</td>
<td>Increase healthy life expectancy at birth in the most deprived areas</td>
</tr>
<tr>
<td>Increase the proportion of young people in learning, training or work</td>
<td>Increase the proportion of school leavers in positive and sustained destinations</td>
</tr>
</tbody>
</table>

Local discretion, rather than delivery of a national strategy, is a more dominant theme in Scotland’s annual reporting than in the other countries. There is a risk that local priority-setting and resource allocation will not be based consistently on the best available evidence of what works in reducing child poverty – or that we will not know which actions across Scotland are contributing to the strategy most effectively.

The 2013 report also includes findings from the UK Poverty and Social Exclusion (PSE) Survey, noting that additional Scottish Government funding will ensure adequate coverage of rural areas. A comparative look
at urban/rural poverty will be published later in the year. It also notes that work will be undertaken by Scottish Government analysts to establish figures on persistent poverty using the longitudinal *Understanding Society* dataset as well as a feasibility study on producing robust local poverty estimates using the *Scottish Household Survey*.

**Conclusion: what difference does it make?**

Governments are well-versed in producing targets, milestones, indicators and monitoring frameworks. The Welsh Government appears to be investing a great deal of time and effort into developing the accountability tools to support its tackling poverty action plan (wider than its child poverty strategy). The Northern Ireland Executive has commissioned a child poverty outcomes model and will monitor progress on an area basis. Scotland does not appear to have a delivery plan for its child poverty strategy but enables local authorities and their partners to make broad public service improvements with less emphasis on area-based targeting. This seems like a clear contrast. However, it is unclear how much significance should be attached to having the right measurement framework as distinct from investing more in effective approaches.

Valuable analytical work is being undertaken in each country assessing the likely impact of UK welfare reforms, but there is less evaluation evidence on the impact of devolved approaches to poverty. We can infer that many of the anti-poverty actions taken will prove to be good and helpful steps in their own right, but we do not know yet which actions, for whom, when or where have had the biggest impact. Each country would benefit from developing the evidence base underpinning its approach and reporting on evaluation findings in annual progress reports. This would improve their ability to gauge which programmes have the biggest positive impact and which make little or no difference, and to decide how better quality evidence should be reflected in policy design and funding decisions.
5. What more can be done within existing powers?

Three JRF Viewpoints published in 2009 considered what is needed to tackle child poverty in each of the devolved countries (Winckler, 2009; Horgan and Monteith, 2009; Sinclair and McKendrick, 2009). Each Viewpoint explored what more could be done within existing powers as a contribution to ending poverty, recognising that many of the most influential powers are reserved to Westminster.

The authors recognise that the devolved administrations have considerable powers over issues that affect children’s wellbeing (childcare, education, play, social care) and can influence the risks of poverty longer-term. In each case, the need for greater investment in childcare is identified to improve its availability (across the year as well as by geography), affordability and quality. This is seen as one important element of improving employment prospects, especially for women. Moving further in this direction would require each administration to recognise the opportunity costs of under-investing in childcare and to invest less over time in other areas.

Taking an international perspective, the paradox of increased public spending on early learning and childcare combined with very high costs for parents could be explained by the extent of reliance in the UK on demand-led support to parents within a childcare market, where for-profit providers play a major role in common with Australia, NZ, USA and Canada. This lacks price control and creates inefficiencies compared with directly-provided services in countries like Denmark. There is a limit to how far devolution allows a different childcare model, but this is one area where extra powers could lead to greater divergence across the UK in future.

Improving the quality and flexibility of employment is a complex task related to the macro-economic context as well as employment regulations and incentives. Devolution allows for variation in economic development and enterprise policies as well as different choices on adult skills. The link between these inputs and the outcome of more jobs contributing to less poverty is unclear, but likely to be indirect, moderate and long-term. Extending a living wage to public sector employers, using community benefit clauses with contractors and encouraging other employers to engage in partnership activity around good human resources practice may be more direct ways of influencing the labour market in the absence
of formal powers. The Welsh action plan reference to corporate responsibility by employers in offering flexible work options signals a voluntary route of persuasion in the absence of regulation powers.

Each of the three countries has its own experience of devolution. In the case of Northern Ireland, Horgan and Monteith (2009) identified some distinctive features of the province which need to be addressed by any strategy on poverty:

- persistent child poverty is double the GB rate and especially high among lone parent families;
- a serious lack of affordable childcare in poorer areas;
- very high rate of worklessness and long-term unemployment, lower wages and a greater share of jobs in the public sector;
- significantly higher claims for Disability Living Allowance due to mental health problems than in Great Britain;
- disadvantage underlined by ‘deep social distress’ in the aftermath of conflict: child poverty is substantially concentrated in areas most affected by conflict.

Elements of UK welfare reform pose a particular threat given this poverty profile. Although Northern Ireland has more welfare powers than either Scotland or Wales, the Executive is still funded by a grant settlement from Westminster based on the Barnett formula. It does not have any additional fiscal powers. Alternative policies on welfare would need to be paid for within the existing budget, if cross-party support for doing so could be achieved.

The bedroom tax (under-occupancy charge) may be an important exception to Northern Ireland’s usual default position of parity with Great Britain. With the backing of politicians from the four biggest parties, it is considered likely that a deal with the UK Treasury will see the bedroom tax left out of the province’s Welfare Reform Bill, for existing tenants in the social rented sector (Clarke, 2013). If the bedroom tax is not implemented, the Executive would have to meet an estimated shortfall of £17m in the first year. The Northern Ireland Federation of Housing Associations estimates the cost to social landlords of going ahead with the tax would be at least £21m across housing associations and the Northern Ireland Housing Executive due to transitional costs to adapt rent systems, the cost
of temporary accommodation due to shortage of smaller properties and likely arrears (Bury, 2013). If Northern Ireland rejects this element of welfare reform, it will have adhered to the principle ‘first do no harm’ – people living on low incomes will at least not have to find extra money for rent.

Looking ahead, Horgan and Monteith (2009) note that the Northern Ireland Executive has the power to change the earnings disregard. For example, increasing the amount that can be earned before benefits are reduced from £20 per week to £60 would allow a lone parent to work an extra 10 hours with the additional earnings kept. For comparison, the lone parent disregard in the Republic of Ireland (One-Parent Family Payment) was equivalent to £110 a week in 2012. They argue this could be revenue-neutral if an improved income security platform allowed higher earnings and payment of income tax/national insurance in future. It might be argued that Northern Ireland (or any other jurisdiction) would only have an incentive to do this if it had the fiscal devolution to ensure it benefits from greater tax revenues.

Further devolution of power is likely and in the case of Scotland an independence referendum will take place in September 2014. The process by which greater powers might be acquired is unclear and likely to be different in each case. An independent Expert Group has been convened by the Scottish Government to consider welfare policy options in the event of independence. At the same time, it is legitimate to ask if the devolved countries are making the most of the powers and resources currently available to reduce poverty – even within the constraints of austerity. This might be gauged by exploring three issues: how money is raised; how powers are interpreted; and how evidence is used.

**How money is raised**

Whether to mitigate the negative effects of welfare reform, or take action to reduce poverty in the longer-term, devolved budgets are determined mainly by the grant settlement each administration receives from Westminster. There is some scope to raise additional revenue (for example, business rates, Council Tax, water charges, various local authority charges and, in the case of Scotland, a time-limited Public Health Levy on large retailers). However, the power to vary the basic rate of income tax up or down by 3p devolved only to Scotland (worth up to £850m) has never been used, nor has any of the larger parties proposed using it since 1999. Provisions in the Scotland Act (2012) will expand
flexibility on borrowing, income tax and stamp duty by 2015. The Silk Commission in Wales and a review for the Northern Ireland Executive have made the case for an element of fiscal devolution as well as more legislative powers. But what about the choices made within current limits?

It is reasonable to ask whether decisions on revenue foregone (Council Tax freeze) and on spending (e.g. free bus travel from the age of 60) are the best choices available when each comes with its own opportunity cost. Freezing Council Tax for all over a period of years eases the pressure on households, but does not address the underlying distribution which sees relatively low earners paying the full rate of Council Tax. The freeze is worth three times more in absolute cash to those living in top-banded properties than to those in the lowest-banded homes. Similarly, holding down the level of rates increase in Northern Ireland is worth more to those with the largest bills than the poorest who do not pay. The case for introducing separate water rates in Northern Ireland has been considered. Direct rule ministers introduced legislation and an independent Water Review Panel recommended separate charges.\(^{13}\)

The power to reform local taxation already exists. For example, a local Income Tax element would reduce costs for many low-income households and exempt others entirely. But the Scottish Government’s decision, for now, is to avoid a complex reform which would create a large number of winners and losers at a time when income tax revenues have slumped. Eventually, an alternative way of funding local government will be needed, probably involving some mix of property or land plus income tax. Before then, powers to vary the rate of Council Tax change could be explored. For example, Council Tax could rise for higher-band properties at the consumer price index, rise at a lower rate for Band D properties and continue to be frozen for lower-band homes. If the power to vary annual changes is established, the decision on how to use it should be for local authorities. Within a reasonable limit, grant reductions should not be imposed if local authorities decide to raise more from local taxes. The simplest way to make local tax more progressive would be to add further bands at the top, reflecting the continued growth of prices for the highest-value homes.
How powers are interpreted

Powers to tackle poverty are split between Westminster and the devolved governments, and the dividing line is likely to carry on shifting. However, the scope for action is not restricted to legislative powers:

- Ministers could seek to use powers of ‘procurement and patronage’ (Sinclair and McKendrick, 2009) for example to persuade major banks and energy companies to improve the range of tariffs, products and payment options available. They can scrutinise how far these are appropriate for low-income consumers and to what extent they are taken up. Local authorities could choose to do the same, by seeking to negotiate service agreements with the companies they bank and insure with.

- In addition, partnerships with bus and rail services could ensure lower fares for jobseekers and apprentices, and that they are widely promoted. Targets to increase take-up could be established and integrated with existing Department for Work and Pensions/Jobcentre Plus schemes to help with back to work costs. The 2012 Welsh strategy proposed smart cards to cut fares for young people seeking training/work, although this does not appear in the updated action plan.

- Take-up rates among those eligible for key welfare benefits vary across the UK. Northern Ireland has recorded a significantly higher rate of Pension Credit take-up than the rest of the UK. This may reflect a sharper focus and different operational choices within its social security regime.

- The operational culture of UK agencies may fit with the grain of local conditions or cut against it. For example, Jobcentre Plus management regimes are known to vary across the UK. A review of employability initiatives (Bivand et al., 2010) found that some places were more ‘efficient’ in administering Jobseekers Allowance claims and assisting claimants into work sooner than in other places with similar labour market conditions. This type of administrative devolution is not very well understood but may be significant, not least in the context of staff discretion in managing tougher benefit sanctions.
• Some reserved powers involve negotiation between devolved
governments and UK bodies e.g. Sector Skills Agreements
brokered by Sector Skills Councils, which are independent,
employer-led, UK–wide organisations. Sectoral approaches which
apply across the UK could still be varied to reflect the particular
circumstances found in the devolved countries – and for that matter
in the North of England – relative to London and the South-East.

How evidence is used

Doing more with existing powers and resources also means drawing on
good quality evidence. In a time of austerity, it is even more important that
policy-making takes account of approaches that make the biggest positive
difference. Research and evaluation evidence is not the only factor that
matters. But applying it consistently should be a more transparent feature
of policy-making. For example, programmes from the first ten years of
devolution to help disadvantaged parents back into education, training and
work or improve the employability of people with complex circumstances
arising from addiction, poor mental health, homelessness and offending
showed evidence of positive impact for many participants. The lessons
were often mainstreamed into local practice, but without a clear national
focus on maintaining progress. Such approaches are likely to be
vulnerable to spending cuts, when the evidence suggests they need to be
provided on a bigger scale and for much longer to really see the benefits.

Similarly, a review of devolved programmes on employability and training
for JRF (Bivand et al, 2010) concluded they were delivered on too small a
scale, with too few beneficiaries, to make a long-term impact. The most
effective of these need to be delivered on a bigger scale, targeted more
effectively and expanded into other spaces left unoccupied or partly
developed – most notably, enhanced in-work support to improve job
retention and skills progression.

Conclusion: making the most of current powers

Each of the countries frames its approach to tackling poverty in different
ways.

Scotland is a case of pursuing a shift towards prevention and early
intervention through mainstream public services with the aim of achieving
long-term improvements in children’s life chances. The Early Years
Change Fund and Collaborative appear to be promising examples in this
regard. Delivery on the child poverty strategy is not driven by a separate framework to link inputs to milestones and outcomes, so it is harder to gauge progress. Addressing poverty may be part of each local authority’s Single Outcome Agreement but there is no requirement to do so. Scotland puts much less emphasis than Wales on area-based approaches and has relatively less focus on closing the attainment gap within schools. A universal freeze on Council Tax helps many low-paid households but at the cost of helping the better-off most. On the other hand, there are genuine strengths to the Scottish approach. Limited devolution of welfare powers in April 2013 has led to Council Tax rebates being fully protected – making up a 10 per cent cut in funding from Westminster – and a new Scottish Welfare Fund with additional funding over the devolved UK budget. Extra funding for the welfare/money advice sector has also been committed. Progress in paying a living wage appears to be furthest advanced in Scotland. By 2015, families with 3 and 4 year-olds are set to have a more generous entitlement to free, part-time childcare than in other parts of the UK although access for under-3s is more limited than in Wales or England.

**Wales** appears to have the most coherent strategy based on the 2013 tackling poverty action plan. It has a delivery framework based around four broad aims, backed by a set of baseline indicators, milestones and targets to the end of the decade. An emerging focus on synthesis of evaluation evidence gives the Welsh approach more of a ‘what works’ feel than the other countries. There is a duty on public bodies to demonstrate they are contributing to a reduction in child poverty and each local authority has appointed a champion to focus efforts. Strong aspects include a doubling of Flying Start for pre-school children in disadvantaged areas, the Jobs Growth Wales initiative and Communities First. Wales places a consistent emphasis on targeting disadvantaged communities, with a recent focus on ‘bending’ mainstream programmes to work better. There is much less evidence of area-based approaches in Scotland. Wales has also committed full funding for council tax rebates. However, adequacy of the Discretionary Assistance Fund remains unclear and there is little emphasis on improving wage levels to address in-work poverty.

**Northern Ireland** takes a different approach again. It has developed a comprehensive anti-poverty strategy, described in detail in the latest child poverty progress report (Northern Ireland Executive, 2013). Stretching to 30 priority action areas, it is difficult to gauge which programmes are likely to contribute most. However, the Northern Ireland Executive plans to
develop a child poverty outcomes model to inform the work of all departments and has commissioned important work on the likely impact of Universal Credit. It appears to be the most centrally-driven strategy, probably reflecting the more limited powers of local government in the province. The addition of six ‘signature projects’ shifts the focus towards extra support for pre-school children and families, improving literacy and numeracy and reducing worklessness. Its Youth Employment Scheme seems larger than in Wales or Scotland, though initiatives are not directly comparable. Similar to Wales, there is a growing focus on targeting a number of disadvantaged places in various strategies. Weak spots in Northern Ireland include the lack of a statutory childcare policy to complement emerging early years activity.

The most significant aspect of Northern Ireland’s approach is how it might use its more extensive welfare powers. A one-off winter fuel payment to working-age households on qualifying benefits could not be made within current powers in Scotland or Wales. Universal Credit is likely to have different features compared with Great Britain with potential anti-poverty benefits and it is possible that the bedroom tax will be rejected by the Executive, which would then need to meet the extra costs from its own budget.

Each country shows that devolution contributes to the goal of ending poverty but that more can be done within existing powers. For example, we know that improving childcare support, addressing fuel poverty and increasing the supply of affordable housing can have clear anti-poverty effects. The single biggest risk to progress is common to all: as welfare reform continues, benefit cuts and growing use of tougher sanctions will increase demand for hardship support. The Scottish Welfare Fund and Discretionary Assistance Fund in Wales will probably need to expand. But short-term mitigation to stop things getting worse will have to be balanced with improving long-term prospects. Reforming council tax and domestic rates could reduce the local tax burden on low-paid households. Engagement with employers to improve the position of lower-skilled and lower-paid staff (skills training, living wage, childcare support) and with essential service providers (energy, financial services, transport) to reduce the costs of fuel and bill payment is an under-explored area where devolved governments have limited power to legislate but wider contracting influence and powers of persuasion.

The paper supports a more detailed look at how revenue is raised, how powers are defined and how evidence is used – in other words, to look
inside the kind of policy-making cultures that devolution has created – as well as considering how new powers might be used to reduce poverty. A great deal of valuable analysis is underway in each country assessing the likely impact of welfare reform. But future progress reports and action plans need to draw upon good impact and evaluation data – to ‘follow the evidence’ – more clearly in order to identify which measures are contributing most. This would allow for greater policy learning between the jurisdictions. Short of enhanced fiscal devolution or independence, spending more on effective measures will mean doing less in other areas. Knowing how to shift resources towards proven poverty-reducing actions becomes even more important in the context of austerity.
Notes


2. Northern Ireland’s 2013 Annual Report on the Child Poverty Strategy (Northern Ireland Executive, 2013) identifies one authority (Castlereagh) having achieved this level based on a three-year average of survey data from 2008–09 to 2010–11. Lagan Valley, South Down and Strangford constituencies are closest to achieving the target (all at 13 per cent). In Wales, Monmouthshire and Powys Councils are closest to achieving the target (both at 12 per cent), while Brecon and Radnorshire, Cardiff North and Monmouth are the closest constituencies.

3. Various anti-poverty measures are included under Priority 2 – Creating Opportunities, Tackling Disadvantage and Improving Health and Wellbeing (Northern Ireland Executive, 2012a).

4. Office of the First Minister and Deputy First Minister in the Northern Ireland Executive.


10. Welfare Reform (Further Provision) (Scotland) Act 2012


12. For example, economic sectors characterised by recurrent poverty. See Metcalf and Dhudwar (2010).

13. Paddy Hillyard’s (Chair of the Child Poverty Alliance) evidence to the OFMDFM Committee:
http://www.niassembly.gov.uk/Documents/Official-
Reports/OFMDFM/2011-
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Appendix 1: Welsh Tackling Poverty Action Plan 2013

<table>
<thead>
<tr>
<th>Ambition</th>
<th>Preventing poverty</th>
<th>Helping people into work</th>
<th>Mitigating the impact of poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>How?</td>
<td>By improving overall attainment levels of Flying Start children and those eligible for free school meals.</td>
<td>By reducing numbers of workless households and young people not earning or learning.</td>
<td>By ensuring fair access to healthcare, housing, financial/advice and digital services.</td>
</tr>
<tr>
<td>Targets</td>
<td>By 2016, increase by 5% the proportion of 3 year-olds receiving Flying Start services who achieve/exceed developmental milestones (from 64% in 2012–13).</td>
<td>Offer 5,000 sustainable training/employment opportunities to adults in workless households by end of 2017. Invest at least 20% of current ESF programmes in helping people to find and maintain sustainable jobs.</td>
<td>Close gaps in healthy life expectancy between each fifth of the population by an average of 2.5%. Reduce the no. of low birth-weight babies in the most deprived fifth by 19% (both by 2020).</td>
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<tr>
<td></td>
<td>By 2017, narrow the gap in attainment of expected levels at end of Foundation Phase (age 7) by 10% between children eligible for free school meals and others (from 18% gap, 2012).</td>
<td>By 2017, reduce the no. of 16–18 year olds not in employment, education or training to 9% (from 12% at the end of 2011) and reduce proportion of 19–24 year olds in same position relative to UK as a</td>
<td>To achieve 7,500 additional affordable homes (social and intermediate) and an extra 5,000 empty homes brought back into use (both by 2016).</td>
</tr>
<tr>
<td>Milestone actions include:</td>
<td>Double no. of children benefiting from Flying Start Health Visitor services and increase take–up to 95% (2015–16).</td>
<td>Ensure that 100% of Welsh Government infrastructure projects over £2m adopt Community Benefits approach in contract negotiations.</td>
<td>Two Health Boards to develop programmes to improve health and reduce gap in life expectancy between poorest communities and others.</td>
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<tr>
<td>Integrated Family Support Services delivered by regional consortia across Wales by</td>
<td>Pilot different models of childcare (e.g. atypical work hours, school holidays),</td>
<td>Welsh Housing Quality Standard and Supporting People programme to improve quality of</td>
<td></td>
</tr>
<tr>
<td>whole.</td>
<td>By 2017, improve attainment of Level 2 inclusive at KS4 (age 15) to 37% by students eligible for free school meals (from 23% in 2012).</td>
<td>By 2017, increase percentage of care leavers in education, training or employment to 51% (from 47% in 2011–12).</td>
<td></td>
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<tr>
<td>To more than double the number of credit union members and assets in Wales by 2020 and generate an extra £8m in benefits per year through advice services.</td>
<td>By 2015, to increase digital inclusion in Wales to 80% of unemployed people and at least 60% of other target groups (economically inactive, social tenants and over-50s).</td>
<td></td>
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<tr>
<td>end 2013–14</td>
<td>including social enterprise models.</td>
<td>social housing and support for independent living.</td>
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<td></td>
<td>New Discretionary Assistance Fund (following UK abolition of community care grants and crisis loans) – payments/in-kind support to vulnerable people; and support Credit Unions to provide access to financial products for 7,500 people excluded from mainstream finance – by end of 2013.</td>
<td>Communities 2.0 Programme joins with Communities First Clusters.</td>
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</tr>
</tbody>
</table>
Appendix 2: Northern Ireland’s strategic priorities and action areas on child poverty (2013)

<table>
<thead>
<tr>
<th>Child Poverty – Strategic Priorities</th>
<th>Priority Action Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure, as far as possible, that poverty and disadvantage in childhood does not translate into poorer outcomes for children as they move into adult life</td>
<td>1 Provide all children and young people with opportunities to reach their educational attainment regardless of background and address barriers to pupils achieving their full potential (e.g. expansion of Sure Start).</td>
</tr>
<tr>
<td>2 Support disadvantaged families to promote the physical, social, intellectual and emotional development of their children so that they flourish at home and when they get to school (e.g. one year of pre-school education).</td>
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<tr>
<td>3 Target young people not in employment, education and training (NEET) to support them to re-engage (e.g. Pathways to Success Strategy).</td>
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<tr>
<td>4 Create training and employment opportunities for young people (Youth Employment Scheme for 13,000 unemployed 18–24 year olds).</td>
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<tr>
<td>5 Support the delivery of an accessible, flexible and quality childcare sector, so that it is effective in reducing barriers to employment, particularly those experienced by disadvantaged groups, and supports child development and wellbeing.</td>
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<tr>
<td>6 Improve health outcomes and target those groups who are particularly at risk or vulnerable, in order to tackle health inequalities of children and young people.</td>
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<tr>
<td>7 Strengthen and improve prevention and early intervention for all children and their families, particularly in the first three years of life, to maximise</td>
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<td>8</td>
<td>Help support those families that are experiencing food poverty so that they can acquire the food and nutrition required for good health.</td>
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<tr>
<td>9</td>
<td>Provide family support and intervention services to children in vulnerable families.</td>
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<tr>
<td>10</td>
<td>Improve school readiness and increase participation in formal and non-formal education, youth services and sports through accessible and affordable culture, arts and leisure services.</td>
</tr>
<tr>
<td>11</td>
<td>Address socio-economic disadvantage in children and maximise access to key services for children and young people.</td>
</tr>
<tr>
<td>12</td>
<td>Support parents in low-income families to gain education, training and job-ready skills to avail of paid employment.</td>
</tr>
<tr>
<td>13</td>
<td>Grow the local economy, to improve employment opportunities and the value of the employment, and promote enterprise, entrepreneurship, and the social economy.</td>
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<tr>
<td>14</td>
<td>Promote affordable, accessible play and leisure provision for all children and young people.</td>
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<tr>
<td>15</td>
<td>Provide different learning environments through youth services which complement formal learning and are focused on the personal and social development of children and young people.</td>
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<tr>
<td>16</td>
<td>To improve opportunities for low-income families to participate in arts, cultural, sporting and leisure activities.</td>
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<tr>
<td>17</td>
<td>Ensure that parents can access information and services, including the Regional Family Support Database in their local areas to support them in carrying out their parental responsibilities.</td>
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<tr>
<td>18</td>
<td>Make public transport more accessible and affordable to all children, including those with a disability in both urban and rural areas.</td>
</tr>
<tr>
<td>19</td>
<td>Continue to take action to address fuel poverty in vulnerable households.</td>
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<tr>
<td>20</td>
<td>Ensure children and young people are living in homes which achieve the Decent Homes Standard.</td>
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<tr>
<td>21</td>
<td>Increase social housing and employment opportunities through regeneration.</td>
</tr>
<tr>
<td>22</td>
<td>Support statutory and voluntary agencies, including local councils, to provide services and programmes which meet the needs of local communities, particularly disadvantaged communities.</td>
</tr>
<tr>
<td>23</td>
<td>Continue to address the underlying causes of disadvantage and improve the physical environment of the most deprived neighbourhoods.</td>
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<tr>
<td>24</td>
<td>Reduce the risks to children which have been identified as increased due to living in deprived neighbourhoods, including for example road safety.</td>
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<tr>
<td>25</td>
<td>Maximise access to and uptake of grants, benefits and services, including social security benefits.</td>
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<tr>
<td>26</td>
<td>Increase the level of financial competency in Northern Ireland.</td>
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<tr>
<td>27</td>
<td>Ensure that, as far as possible, children living in low-income families are not materially deprived i.e. they have the things they need such as warm home and adequate goods and services as further defined in The Act.</td>
</tr>
<tr>
<td>28</td>
<td>Provide support to families with specific needs e.g. families with disabled children, lone parents etc.</td>
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<tr>
<td>29</td>
<td>Prevent people/families in Northern Ireland from becoming homeless as a consequence of housing</td>
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<td>related debt.</td>
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<tr>
<td>30</td>
<td>Implement redesigned child support arrangements.</td>
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</tbody>
</table>
# Appendix 3: Scotland’s measures, actions and approaches to tackle child poverty (2013)

<table>
<thead>
<tr>
<th>Headings</th>
<th>Key measures (10)</th>
<th>Approach and key actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pockets</strong></td>
<td>Increase household incomes</td>
<td>Scottish Social Wage: universal policies to reduce costs (e.g. Council Tax freeze, no prescription charges or university fees) and Living Wage set at £7.45 an hour.</td>
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<td></td>
<td>Reduce pressure on household budgets</td>
<td>Welfare Reform: Scottish Welfare Fund to replace elements of UK Social Fund with additional funding; Council Tax reduction scheme funded nationally and in full in 2013–14 (£40m cost).</td>
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<tr>
<td></td>
<td>Ensure that families receive the support they need, when they need it – especially the most vulnerable</td>
<td>Fuel Poverty: Home Energy Efficiency programme targets private tenure homes (Area-Based, Affordable Warmth and Energy Assistance strands). Advice services: Additional £7.9m in frontline advice to meet growing demand and mitigate negative impacts of welfare reform.</td>
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<tr>
<td><strong>Prospects</strong></td>
<td>Ensure that more children have positive outcomes in the early years, and that more children grow up in nurturing, stable households, with good parenting and home learning environments</td>
<td>Early Years Collaborative: Established by Early Years Taskforce as a quality improvement on a multi-agency basis. Backed by Early Years Change Fund (£272m) to support prevention/early intervention. Childcare: At least 600 hours a year of free learning and childcare for 3–4 year-olds and looked-after 2 year-olds. National Parenting Strategy: Backed by £18m fund to develop high quality, co-ordinated and accessible family support</td>
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<tr>
<td>Place</td>
<td>Objectives</td>
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<tr>
<td><strong>Ensure that children and young people receive the opportunities they need to succeed, regardless of their socio-economic background</strong></td>
<td>Educational attainment: Curriculum for Excellence as ‘the major tool’ for raising attainment among pupils from poorest backgrounds. Raising Attainment Groups advises Education Secretary. Education Maintenance Allowance retained and benefits 34,000+ school and college students (2011–12).</td>
<td></td>
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<tr>
<td><strong>Increase the numbers of parents in good quality employment;</strong></td>
<td>Employability: ‘Opportunities for All’ guarantee for 16–19 year-olds plus Activity Agreements for 16–19 year-olds not yet ready for more formal learning. Employer Recruitment Incentive (ERI) for Targeted Young People (1,000 vulnerable 16-24 year olds by 2015) to move into work.</td>
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<tr>
<td><strong>Ensure that more young people are in positive and sustained destinations</strong></td>
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<td>affordable homes (at least two-thirds for rent) by 2015–16.</td>
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<tr>
<td>Regeneration: Tackling area-based deprivation by reforming how mainstream resources are used. People and Communities Fund targeted at housing associations and community anchors like development trusts.</td>
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</tbody>
</table>
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