



House of Commons
Scottish Affairs Committee

Poverty in Scotland

Second Report of Session 2007–08

Volume I



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Report, together with formal minutes

*Ordered by The House of Commons
to be printed 11 December 2007*

HC 128-I
Incorporating HC 168-i to x, Session 2006–07
Published on 17 December 2007
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Scottish Affairs Committee

The Scottish Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the office of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General)).

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Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/scotaffcom. A list of Reports of the Committee in the present Parliament is at the back of this volume.

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Summary

Poverty is still a reality in Scotland today. The UK Government's policy for combating poverty is characterised by ambitious targets, particularly for the reduction of child poverty. There is evidence to suggest that these policies have had a positive effect in reducing poverty in Scotland over the past ten years. Nevertheless, there is still more work to be done.

We believe that the recent progress on reducing poverty must continue over the next decade. To achieve this, more resources and an even greater effort will be needed to reach those groups that have not yet benefited from the economic growth enjoyed by the UK as a whole.

In order for this to happen, the Government needs to make a concerted effort to present a coherent anti-poverty strategy across all policy areas, joining up across Government departments as well as with the work of the Scottish Executive and of local government in Scotland. On present evidence, we do not believe that the Government is doing enough to 'poverty-proof' all of its policies and to exploit the available opportunities to integrate services.

The introduction of the minimum wage has made a significant contribution to reducing poverty. The setting of an appropriate rate needs further investigation, but in principle, pay should be fixed at a level so that no-one in full time work is living in poverty. We recommend that the minimum wage should apply to apprentices and work-based trainees.

This inquiry has highlighted a number of issues that are of particular concern. The Government's focus on work as a route out of poverty has been responsible for a substantial part of the reduction in poverty that has been achieved so far. The Government cannot rely on economic growth alone to reduce the inequalities in society. Those that remain out of work face considerable barriers in the form of inadequate childcare, geographical isolation, employer attitudes, provision for disabilities and, in some cases, a loss of self-confidence. A considerable amount of work will be needed to remove these obstacles and we are not confident that the Government appreciates the scale of the task it faces.

Our evidence also suggests that some of those who have entered work in recent years have taken on low paid jobs with few prospects of advancement. Those in seasonal employment can hover around the poverty line in a 'no pay, low pay' cycle. Sustainable routes out of poverty can be provided by genuine career paths which, although they may start on relatively low pay, offer the chance of progression. The relatively poor progress that has been made on reducing poverty amongst single adults of working age is evidence of the problems in this area.

Rural poverty, fuel poverty and debt have been particular focal points for this inquiry. Each of these areas raises distinctive issues. We are concerned that, despite good intentions, there is a lack of integration and too much complexity.

The breadth and scope of this inquiry were extensive. We have therefore decided to publish our Report on Poverty in Scotland in two volumes. This Report focuses on issues surrounding the definition and measurement of poverty; the effectiveness of Government policy in rural and urban communities and the problems of fuel poverty and debt. In the course of the inquiry, the Committee received considerable evidence on the subject of child poverty. The reduction of child poverty is the aim of high-profile Government targets, whose success or failure will affect not only those currently living in poverty, but generations to come. We have therefore decided to produce a separate Report on this important subject, which we expect to publish shortly.

1 Introduction

1. The UK Government's policy for combating poverty is characterised by ambitious targets, particularly for the reduction of child poverty. There is evidence to suggest that policies such as the minimum wage have had a positive effect in reducing poverty in Scotland. Nevertheless, there is still more work to be done. Under the Government's favoured measure (those with a household income under 60% of median earnings) almost one million people in Scotland are living in poverty, a figure that represents just under a fifth of the population. It is estimated that there are 250,000 children in Scotland living in poverty.¹

2. The Scottish Affairs Committee last reported on poverty just over seven years ago. We stand by our predecessors' statement in that Report, that "it is diminishing for everyone concerned to be part of a community within which some people are forced into sleeping on the streets, enduring squalid and unacceptable living conditions or existing on an entirely inadequate income."²

3. The Committee announced its present inquiry in May 2006 with the aim of exploring the extent of poverty in Scotland; the contributing factors; the impact of Government policy on poverty; the availability of affordable money and the activities of loan sharks. The scope of the inquiry encompassed poverty in both urban and rural areas of Scotland. The inquiry examined the effectiveness of Government policy and its co-ordination with that of the Scottish Executive.

4. We began taking evidence in December 2006 by making a series of visits to rural communities to see at first hand the difficulties they experienced. This was followed by a series of oral evidence sessions which explored aspects of poverty ranging from child poverty and the different challenges of urban and rural settings to fuel poverty and debt. The Committee held further formal evidence sessions in Dundee and Glasgow as well as engaging in informal discussions with organisations and individuals involved in the fight against poverty. We also received written evidence from a large number of bodies and organisations, which directly informed the conclusions of this Report. Lists of oral and written evidence can be found at page 48. We are grateful to all those who contributed to this long-running inquiry.

5. The breadth and scope of this inquiry were extensive. We have therefore decided to publish our Report on *Poverty in Scotland* in two volumes. This Report focuses on issues surrounding the definition and measurement of poverty and the effectiveness of Government policy in both rural and urban communities. We devote particular attention to the problems of fuel poverty and debt, which, our evidence suggests, cause significant suffering for many Scots.

6. In the course of the inquiry, the Committee received considerable evidence on the subject of child poverty. Time and again, we heard evidence that "In our supposedly meritocratic society, the most reliable predictor of living in poverty is to be born in

1 <http://www.poverty.org.uk/reports/scotland%202006%20findings.pdf> and Ev 291

2 Scottish Affairs Committee, First Report of Session 1999–2000, *Poverty in Scotland*, HC 59-1, para 223

poverty”.³ The reduction of child poverty is the aim of high-profile Government targets, whose success or failure will affect not only those currently living in poverty, but generations to come. We have therefore decided to produce a separate Report on this important subject, which we expect to publish shortly.

7. Throughout this Report, we have assessed the extent to which people living in poverty are provided with sustainable routes out of their situation. People should not be lifted out of poverty, simply to fall back some months later. Nor should we as a society accept a strategy of helping those in poverty to just ‘scrape by’, or, as one witness termed it, of “educating people to be poor.”⁴ A piecemeal approach to the eradication of poverty is unlikely to be successful; what is needed is a coherent strategy.

2 What is poverty?

Defining poverty

8. Poverty in the UK is generally measured on a relative, rather than an absolute scale. Poverty, then, is not just a question of bringing all people up to a minimum standard of living, but also of addressing social and economic inequalities: “What thoughtful people call the problem of poverty, thinking poor people call, with equal justice, the problem of riches”.⁵ This inequality can have severe consequences.⁶ Those living in poverty have relatively lower lifespans, poorer health, reduced opportunities and a higher risk of social exclusion. In the words of Reverend Graham K Blount, from the Scottish Churches Parliamentary Office, “Poverty kills people, and that is why this inquiry really matters”.⁷

9. The effects of poverty are not confined to economic factors such as the inability to buy luxury items or to take a summer holiday. Poverty also affects an individual’s ability to participate fully in society. Once factors such as travel costs and clothing are taken into account, even the cheapest of activities, such as visiting the local swimming baths, may be out of reach for many living below the poverty line.⁸

10. Our evidence has shown that poverty is caused by low pay and low levels of benefits.⁹ Events such as family breakdown, low educational achievement or unemployment, are often cited as causes of poverty, but these factors are also to be found amongst those who are relatively well off. At root, poverty is caused by a lack of money. In 2000, our

3 Ev 326 from Barnado’s Scotland.

4 Q 264

5 Tawney, 1913 quoted in Ev 45.

6 Ev 341

7 Q 619

8 Qq 64–65

9 Ev 51 and Q128

predecessor Committee found that poverty could only be tackled with quality work and generous wholehearted benefits for those unable to work.¹⁰ This remains the case.

11. Society should not accept that poverty is an unavoidable, if unfortunate fact of life. Many other countries have reduced their rates of poverty to an extremely low level.¹¹ As Mr Richard Cairns, Head of Economic & Social Initiatives at Glasgow City Council, told us, “Poverty is not inevitable and we should never accept that it ought to be.”¹²

Measuring poverty

12. The poverty measure favoured by the Government, and used by many other bodies worldwide, classifies those with a household income under 60% of median earnings as living in poverty.¹³ This measure is disputed by some, who argue that those living on such an income do not in reality receive anything like a ‘living wage’.

Minimum income standards

13. Accurately identifying an adequate minimum level of income is an important step in the fight against poverty. We need to be sure that those targeted by anti-poverty measures are those in greatest need. As Professor Adrian Sinfield of the University of Edinburgh suggested in his evidence, if the poverty line is set too low, then those helped by Government measures will not really be lifted out of poverty, and, “the raising of incomes to a level which is not in fact high enough to take people out of poverty may not lead to the improvement in health, quality of life or behaviour which is expected.”¹⁴

14. The measurement of poverty and minimum income standards is a complex area and our evidence strongly suggests that further research is needed.¹⁵ In addition, the level of income required to meet an individual or family’s needs is likely to vary from region to region. Governments may resist re-evaluating the poverty line because they do not wish to admit that more people are living in poverty than was previously thought to be the case. Despite this fear, it is necessary to obtain an accurate picture of poverty levels if anti-poverty measures are to be effective.

15. We recommend that the Government should review its preferred measure of poverty (currently set at those with household incomes below 60% of the median). The poverty line should represent a minimum adequate income. If necessary, further independent research should be commissioned to determine a realistic minimum income standard.

10 Scottish Affairs Committee, HC (1999–2000), 59-I

11 Ev 44–45 and 326

12 Q 772

13 Ev 291

14 Ev 42

15 Ev 42 and 50

Housing costs

16. Measurements of income may be taken before housing costs (BHC) or after housing costs (AHC). Housing costs vary significantly between regions (for example, between London and Scotland or within Scotland itself). The Government publishes both measures, but prefers BHC targets.

17. We asked Ministers why BHC measures were preferred. Rt Hon Jane Kennedy MP, Financial Secretary to the Treasury, said:

We use after housing costs for measurements of pensioner poverty for very sensible reasons. About 80 per cent of pensioners own their homes outright and therefore measuring it after that makes more sense. We do publish, for child poverty figures, both forms of figures. We use the before housing costs, alongside the material deprivation indicator, precisely as Caroline [Flint] says, partly because that is what the whole range of academic, the voluntary sector and others advised us, but also because it allows us to compare ourselves particularly with other European Member States so that we can make judgments about where we are in comparison to our closest economic neighbours. The reason we publish both before and after housing cost figures is that we are seeking not to stifle the debate but to promote the debate. [...] Having two different sets of indicators that you can draw on and compare and contrast adds to that and adds to the general knowledge in this field.¹⁶

18. Our evidence suggests, and we agree, that in many cases, measures of poverty taken after housing costs present a much more accurate picture of disposable income and hence of a household's living conditions.¹⁷ We therefore recommend that the Government should continue to publish both BHC and AHC measures of poverty, but that it should prioritise AHC measures in most cases.

The Scottish Index of Multiple Deprivation

19. An issue particular to Scotland, which was raised by a number of witnesses, was the way in which areas of deprivation are measured. The Scottish Index of Multiple Deprivation (SIMD) is designed to compare relative deprivation at small area level across Scotland and to identify pockets of severe or multiple deprivation. Although this measure works well to prioritise the urban areas in most need, witnesses argued that it is unsuited to large rural areas such as the Highlands, where poverty is much more geographically dispersed.¹⁸ Ms Carron McDiarmid, Head of Policy and Performance at the Highland Council, said:

There is absolutely no denying the need to tackle concentrations of multiple deprivation, however our point is that there is more than one geography of poverty. In rural communities poverty is placed differently because of the settlement pattern. Forty per cent of our population in Highland live within communities of less than 1,000 people. That is a massive proportion of our population living in dispersed and

¹⁶ Q 884

¹⁷ Q 378 and Ev 121

¹⁸ Q 783

diffuse communities. You cannot identify concentrations of poverty if your population is not concentrated.¹⁹

20. Some witnesses have told us that reliance on the SIMD as a measure of poverty have given the misleading view that poverty is a predominantly urban issue and have suggested that, as a result, policies have been focused upon tackling the causes of urban deprivation.²⁰ We asked Stewart Maxwell MSP, Minister for Communities and Sport at the Scottish Executive, whether SIMD was unfairly channelling funding away from rural areas. He said:

The purpose of the Index of Multiple Deprivation, of course, was to do what it says on the tin, to tackle areas of multiple deprivation. In rural areas, clearly, at the local area level, it does not identify that because it is individual spots of deprivation as opposed to multiple deprivation in concentrated areas. The other thing I would say about the Index of Multiple Deprivation, of course, is that it accounts for less than 1% of GAE [Grant Aided Expenditure], for example. There is a lot of money going in in terms of local authority spend and local health spending, et cetera, which is not in any way affected by the Index.²¹

21. As with all measures of poverty, data emerging from the SIMD needs to be interpreted with caution. **Although the SIMD only influences a small amount of funding, there is a perception within some rural areas of Scotland that reliance on the SIMD does not properly capture the extent of poverty in rural areas. There is a clear need for improved measures of poverty in rural areas of Scotland in order accurately to assess the extent of poverty in these areas.** We consider specific issues pertaining to rural poverty in detail in Section 3 below.

Who is poor?

22. Poverty in Scotland has fallen significantly from 23% in 2001–02 to 18% at the end of last year.²² We welcome the reduction in poverty since our predecessors reported on the subject in July 2000.

23. The evidence we have taken suggests that the poverty profile in Scotland reflects that of the UK as a whole. On some measures, such as child poverty, Scotland is doing slightly better; on others, such as fuel poverty, it is somewhat behind, but the variation in poverty rates is small and on average, the picture matches that of the UK as a whole.²³

24. Although the rates of poverty in Scotland and in the UK as a whole are now broadly similar, progress on reducing poverty over the past ten years has been faster in Scotland than in other parts of the UK. Our evidence suggests that this is due to the fact that more people were living in poverty in Scotland in the baseline year of 1997. These people have

19 Q 53

20 Ev 18 and 315

21 Q 844

22 Ev 120. We discussed with Ministers whether the rate of fall had slowed in the most recent year for which figures were available. This discussion appears at Qq 868–69 and 872–77.

23 Q 352

benefited from Government measures aimed at reducing poverty and Scotland has therefore done better overall. Caroline Flint MP explained that:

Scotland, like parts of England, for example, had had a much higher level of people proportionately on benefits and in poverty than other parts of the UK before we introduced a number of our different strategies [...] Scotland started at a high base. What we have seen is that some of the policies we have introduced, both in terms of support for people who are on benefits but also the in-work support, and attached to that a number of different initiatives that look at deprivation in communities and targeting support to tackle some of the inequalities in those communities, looking at education, housing and what have you, looking at regeneration in terms of employment, a combination of that has partly contributed to a much quicker fall in those areas of higher disadvantage compared to when we look across the piece, which is good.²⁴

25. Poverty rates may have fallen overall, but progress has been uneven across different groups. Child poverty and pensioner poverty have seen the largest reductions, whereas poverty amongst working age adults (many of whom are in some form of work) has remained broadly unchanged.²⁵

26. Although there is a strong generational effect on severe poverty (which we will discuss in our forthcoming Report on child poverty), the population living just below the poverty line is not static. Instead, our evidence points to a constant ‘churn’ in this area: many people move in and out of poverty as they move in and out of work.²⁶

27. We recognise that progress has been made in reducing poverty, particularly amongst groups such as children and pensioners, which have been the subject of high profile Government targets. This is to be welcomed. We are concerned, however, that the benefits of Government measures should be felt by all those living below the poverty line, including adults of working age. The evidence we have received suggesting that many working age adults alternate between poverty and low incomes is particularly worrying in this regard, and suggests that sustainable routes out of poverty have not been made available to all.

Scotland and the UK

28. In Scotland, the Government’s approach to poverty reduction must work alongside the structures of devolution. In the view of our witnesses, the most powerful levers for the reduction of poverty are reserved matters. Social security benefits, the tax system and programmes such as the ‘New Deal’ are controlled by the Treasury and the Department for Work and Pensions. **Co-ordination with the Scottish Executive is needed to ensure that national policies are delivered effectively and ‘join up’ with devolved programmes. The Scotland Office has a key role in this process. Conversely, the Scottish Executive needs to ensure that its own programmes dovetail with national provision.**

24 Q 872

25 Ev 71, 291 and Q 364

26 Qq 352, 367 and Ev 367

The Scottish Executive

29. The Scottish Executive's action on poverty has been focused around the programme *Closing the Opportunity Gap* (CtOG) which aimed at preventing families from falling into poverty, providing routes out of poverty and sustaining people in a lifestyle free from poverty.²⁷ The programme had a particular focus on reducing inequalities and "providing greater access to jobs and nursery provision, enhancement of skills and better health and public services."²⁸ The Scottish Executive also supports targeted measures such as the Warm Deal for home insulation and Central Heating Programme.

30. In the course of this inquiry, there was a change of administration in the Scottish Executive. We asked Mr Stewart Maxwell MSP, Minister for Communities and Sport in the new administration, how this would affect programmes such as CtOG. He told us that the new administration was currently reviewing all aspects of poverty policy:

Clearly, it is still the current position that the Government has the Closing The Opportunity Gap targets in place. They are ongoing at the moment. The new Government is reviewing those particular targets and that programme for a number of reasons. First, some of the targets, we think, will be met, some might be met and there are a few that clearly will not be met. It is timeous that we should review them at this time in terms of whether or not that is the way we want to go. I think over and above that, obviously with the new overarching strategic objectives that the Government has and national outcome indicators, this takes us on to new ground and new territory. Again, in those circumstances it is appropriate that we review the Closing The Opportunity Gap programme and any decisions about the future of that programme or any changes or replacements to it will be announced in the near future.²⁹

We look forward to seeing the results of this review in due course.

31. In written evidence submitted to the inquiry before the change of administration, the Government told us that they "work closely" with the Scottish Executive to reduce poverty.³⁰ Witnesses from the Joseph Rowntree Foundation have suggested to us that the balance of power on this matter remains in Whitehall. Due to the fact that the most powerful anti-poverty powers are reserved, "the UK agenda is set and Scotland accepts it".³¹ It may be that the new administration will be more likely to lobby for Scotland-specific measures, or a change of balance between reserved and devolved powers.

32. We asked Ministers from the Scottish Executive and from the UK Government, whether the change in administration had affected their working practices. Both expressed

27 Ev 252

28 Ev 256

29 Q 815

30 Ev 281

31 Q 352

the view that there had been little change. They said that relationships were effective and it was “business as usual”.³²

33. Other witnesses pointed to problems in the division of responsibilities and funding streams between Edinburgh and London that pre-dated the change of administration. They argued that these inconsistencies hamper some efforts to reduce poverty. The Finance Committee of the Scottish Parliament told us that the Scottish Executive needed “to simplify and better co-ordinate the funding streams it has initiated with the aim of tackling deprivation and Closing the Opportunity Gap.”³³ The Prince’s Trust pointed to a lack of co-ordination between different sources of funds, including different Government departments, the Scottish Executive and Europe, that adversely affected the voluntary sector. They told us that pilot programmes are sometimes preferred to programmes with successful track records and that the reliance on short term funding creates uncertainty for those involved.³⁴

Scottish local government

34. COSLA (the Convention of Scottish Local Authorities) stressed the importance not only of an effective bipartite relationship between the Scottish Executive and the UK Government, but also of co-ordination with local government, which is ultimately responsible for providing many of the services on which the fight against poverty depends. Councillor Harry McGuigan, COSLA’s Spokesperson on Community Safety and Well Being, said:

We are anxious to stress that we see the role of ourselves as being part of a tripartite initiative between Westminster, the UK Government, the Scottish Government and local government [...]

I think for a long time some people have said that there needs to be closer working together between the political agencies, the centres of government, Westminster, the Scottish Parliament and local government. I think that is important, that a dialogue is established and an agenda is understood and we work towards that common agenda.³⁵

35. Representatives of COSLA were concerned that the relationship between Scottish local government and the UK Government had weakened since devolution. Mr Jon Harris, COSLA’s Strategic Director, said:

it has been rather hit and miss. Whilst there are some very good local relationships, we would like to still see some link in with the DWP nationally. There is still a group that exists which liaises with local government, but the local government representation on that tends to be the local government association in London and it

32 Qq 824 and 870

33 Ev 316

34 Ev 324

35 Qq 769 and 777

is a bit inaccessible if you have to go to London. It is expensive for us, but it is even more expensive if you are a voluntary sector body.³⁶

36. COSLA also suggested that the national boundary between Scotland and the rest of the UK might not represent the most appropriate division for policy on poverty. Mr Matthew Crighton, Job Strategy Manager at the Capital City Partnership, Edinburgh, argued for a much more localised approach:

the way they [the DWP] contract for services is run very nationally, the contracts are held and managed somewhere far, far away from the locality. It is something which I think in terms of what they call “devolution” they need to think through how they empower their local staff to be part of this joint collective activity which we have all been talking about.³⁷

Mr Crighton went on to suggest that local flexibility could even extend to the provision of benefits and tax credits:

The aspiration with which we set off within Edinburgh when we set up our strategy, Joined Up for Jobs, was that in looking at the resources needed to help the harder to help people into work, if we could demonstrate a reduction in the benefits claim in our city, we would be able to draw on some of the resources saved by reducing the benefits bill in order to re-invest back into the systems which train people and upskill them. That was an aspiration we put to the DWP quite a few years ago [...] It has not actually come to fruition yet, but essentially, as part of that request, which is that the locality sorts out its plans and draws to it the resources available to help people into work, we were saying, “Include the savings we can make on the benefits bill so that we can invest at least a share of that into helping more people into work”. That was the aspiration and the Department for Work and Pensions, shall we say, are still considering part of that request because I think it is one of the ones they find hardest to deal with, primarily because it is not entirely within their gift. It would have to be within the gift of the Treasury as well as the DWP to say that you can mix those funding streams.³⁸

37. We asked Rt Hon Jane Kennedy MP what she thought of this suggestion for more local flexibility. She said:

It is not exactly hypothecation you are talking about, it is more complicated than that, but even hypothecation is not attractive because of its complexity. We prefer to think in broad terms in terms of the benefits of getting people back into work where not only do you see a reduction in the costs but you see a greater intake from tax because people are working and paying taxes. It is an interesting point.³⁹

Caroline Flint MP added:

36 Q 783

37 Q 774

38 Q 787

39 Q 880

we obviously have to have across the UK—and it is not devolved for this very good reason—a system of benefits that is equal to whoever you are, wherever you are in the UK, whatever that may be in terms of income support, jobseeker’s allowance; and also why we do have a sense that if some people are on jobseeker’s allowance within the guidance there is a lot of flexibility, more than people might think, but there is a sort of process so that we do not end up with a situation whereby someone might say, “Why is it because I live here I am being treated totally differently?”⁴⁰

38. We recommend that the Government should consider whether greater flexibility could be given to local government in the provision of services aimed at reducing poverty. Whilst there are serious issues in providing different services to UK citizens living in adjacent areas, local authorities that have achieved good results in this area should be rewarded. We are particularly concerned by perceptions that the relationship between Scottish local government, the UK Government and Members of the UK Parliament has weakened since devolution. We urge all sides to work together to renew links.

National Policy

39. The Committee has also heard that some aspects of Government policy may inadvertently increase or exacerbate poverty, even at national level. For instance, the closure of Jobcentre Plus offices in rural areas or the loss of eligibility for Council Tax benefit for low paid workers, may create a poverty trap for some of those entering work.⁴¹ These examples give cause for concern that Ministers may not be doing enough to ensure that policies are ‘poverty-proofed’ across the board. Co-ordination between different government departments is as important as co-ordination with outside bodies such as local government and the Scottish Executive.

40. It is vital that anti-poverty policy is nationally coherent, with a clear division of responsibilities, not only between the devolved administration in Scotland and the UK Government, but also between Government departments and with local government. As our evidence noted, “Government strategy to tackle poverty is a cross-cutting issue that is dispersed across several policy areas, such as education, health, social security, employment, social work and housing, and spans both devolved and reserved policy areas of the Scottish and UK Governments”.⁴² In this context, **it is essential that the UK Government should produce a national poverty strategy to co-ordinate the cross-cutting issues inherent in issues of multiple deprivation.**

41. Many of those who gave evidence to our inquiry noted a tendency for Government to make policy on poverty in isolation from those who are actually living on low incomes. We were told of a recent project, *Get Heard*, which aimed to redress the balance by allowing those in poverty to describe their experience, put forward their views and say what measures are needed.⁴³ **We commend the *Get Heard* project and urge the Government to**

40 Q 892

41Ev 42 and 72

42 Ev 358

43 Qq 310 and 634

ensure that all policy on poverty is informed by the views of those living on low incomes.

Government policy on poverty

42. The Scottish Affairs Committee is appointed to scrutinise the work of the Scotland Office. In the case of poverty, the Scotland Office must work closely with the Department for Work and Pensions, HM Revenue & Customs and the Treasury to deliver UK Government policy in Scotland. Government policy is focused on work as the principal route out of poverty. A system of means tested benefits, centred on the New Deal and Jobcentre Plus is intended to support this focus.

Welfare to work

43. The Government's anti-poverty strategy has focused on getting people into work: "Since 1997, one of the Government's key objectives has been to achieve high and stable levels of employment so everyone can share in growing living standards."⁴⁴ The rise in employment levels over the past ten years has played an important part in reducing poverty. The New Deal, the minimum wage and an increase in in-work support through working tax credits and child tax credit were key measures in delivering this reduction.⁴⁵

Barriers to entering employment

44. The Government continues to focus on work as the main route out of poverty, but there are increasing signs that those who remain unemployed will need significantly more help, or different measures, to lift them out of poverty than those who have gone into work since 1997. Certain groups face particular barriers to entering work. These include those with disabilities, carers and parents who cannot secure suitable childcare,⁴⁶ as well as asylum seekers who are not permitted to work.⁴⁷

45. Our evidence shows that, at present, disability is a significant barrier to entering work.⁴⁸ The incomes of disabled people are on average less than half of those earned by non-disabled people.⁴⁹ Low incomes are compounded by higher than average living costs. Poverty linked to disability affects the whole family, not just the individual: 80% of parents with a disabled child are unemployed and disabled children are twice as likely to be in poverty as non-disabled children.⁵⁰

46. Childcare issues were also highlighted during our inquiry as a barrier to work. Parents of disabled children in particular may find it extremely difficult to secure suitable childcare in their area, and even if it is provided it is often prohibitively expensive. More generally, a

44 Ev 281

45 Q 472

46 Qq 265 and 636

47Q 626

48 Ev 327

49 Ev 332

50 Q 313

number of witnesses cited childcare deficiencies as a significant problem. They complained of a lack of local provision, affordability and insufficient places in nurseries. Adverse employer attitudes to family commitments were also seen as a major hurdle. Mr John Dickie, Head of the Child Poverty Action Group Scotland, said:

The current system, despite investment in childcare tax credit, in Sure Start, in working for families in Scotland, is still far too patchy a system for the supply of childcare and that is going to be a critical thing that needs to be got right if parents are going to overcome that barrier to employment. Also, in terms of parents with carers and families with parents with disability or long-term health problems who are facing very real discrimination, lack of flexibility, lack of support of employers in terms of accessing work providing a genuine route out of poverty. We need to see action to tackle this. We are concerned at the moment because there is a lot of emphasis on what individuals and parents need to be doing and some of the rhetoric and language from Ministers suggested that the barriers to employment are somehow to do with the benefit system, whereas, in fact, there is limited evidence that the barriers are to do with the availability of benefits or benefit rates, the real barriers are to do with, as I say, childcare, to do with employer attitudes, to do with the levels of support and encouragement and the framework from supporting employers to take on people who have been out of work for long periods of time.⁵¹

47. The Government is currently extending the Pathways to Work programme nationwide, focusing on lone parents and those on Incapacity Benefit in an attempt to improve levels of employment. Rt Hon Jane Kennedy MP told us, “All the research tells us that work is the significant factor that makes that difference, so a huge amount of the work that we have been doing has been focused upon enabling people to work.”⁵² Caroline Flint MP said that work would still be a focus for these harder to reach groups:

I have to say we have had a focus definitely on work in the last ten years which has proved successful but now within the Department for Work and Pensions we are looking at how for those people on benefits, whether it is Incapacity Benefit, Income Support or Jobseeker’s Allowance, we can have a much more personalised service that really tries to get to grips with individuals, their families and what they need.⁵³

48. We welcome the increase in employment levels over the past ten years, which has greatly contributed to a reduction in poverty. However, unless barriers such as disability, employer attitudes to disability and unaffordable childcare are tackled, employment levels cannot continue to rise at the same rate. Even then, work will never be a realistic prospect for some people, for example, those with full-time carer responsibilities. These people must be lifted out of poverty through the benefits system.

51 Q 481

52 Q 868

53 Q 869

Low pay and the Minimum Wage

49. For those who are able to work, we are concerned that people should enter quality jobs with realistic prospects of advancement and a sustainable income above the poverty line. During this inquiry, we were told that Britain is leading Europe in the creation of ‘poor jobs’.⁵⁴ Almost a quarter of the Scottish full time workforce is in low paying jobs (defined as employees earning less than the Low Pay Threshold of two-thirds of male median earnings).⁵⁵ This evidence clearly shows that the quality of jobs is an issue.

50. Many of those on low incomes earn the minimum wage. Those who gave evidence to our inquiry were unanimous in welcoming the introduction of a minimum wage as a vital step in reducing poverty and making work pay. Nevertheless, some witnesses did not believe that a full-time worker, earning the minimum wage, would have a high enough income to ensure that their household was above the poverty line, particularly in areas of the country where living costs are higher.⁵⁶ On some occasions, this could be due to the worker failing to claim the full range of benefits and tax credits available (an issue described in more detail below). Some witnesses argued, however, that even when a worker on the minimum wage claimed all the benefits and credits to which they were entitled, the resulting income could still not be described as a ‘living wage’.⁵⁷

51. In the course of our inquiry, some witnesses argued for poverty to be tackled by raising the level of the minimum wage significantly. In some cases to a rate above seven pounds per hour was recommended.⁵⁸ We put this suggestion to Ministers. Caroline Flint MP said:

these are difficult questions because it is about also if you decide one thing in one part, if you like the package—say, the minimum wage—if you get that wrong, what does that mean? [...] It is always difficult because, on one level, it would be easy for me to say, “Yes, let’s just put it up”, but it is the consequences of all of that and other knock-on effects that I think are really important here.⁵⁹

Rt Hon Jane Kennedy MP told the Committee that some people chose minimum wage jobs to fit in with other responsibilities:

What you find with a lot of part time jobs, particularly at the lower paid end—the point Caroline makes—is that people make choices about what work they do at certain times of their lives. What we want to do is have a structure that enables people to make those choices and to make appropriate choices.⁶⁰

52. Low pay is sometimes justified on the grounds of career development: workers may start on the lowest rung but are expected to advance up the pay scale. As Caroline Flint MP said, “you have got to start somewhere. Part of it is about progression and how do we

54 Q 151–53 (Professor Adrian Sinfield, University of Edinburgh and Professor John Veit-Wilson, Newcastle University).

55 Ev 74

56 Q 163 and Ev 155

57 Ev 91 and Qq 695–700

58 For example, Q 299

59 Q 896

60 Q 894

achieve that. Again, there are opportunities to skill yourself in work. There are opportunities to move up in an organisation.”⁶¹ However, the evidence we have taken indicates that structures for progression are not always in place.

53. The New Deal has rightly been recognised for its success in getting people into jobs, but our evidence suggests that a significant number of those entering work through the programme may be working for low pay with poor prospects for advancement. This has an understandable effect on retention.⁶² Once again, our evidence suggests that a significant number of people hover around the poverty line, enduring a “low pay no pay cycle”.⁶³ This is sometimes due to the periodic availability of work (led in some areas by seasonal industries such as tourism, which also have a history of low pay).⁶⁴

54. Our evidence has suggested that, in some cases, the situation of those who ‘cycle’ between welfare and work may even be worse than those who are permanently out of work and living on benefits, due to the transitional costs of moving in and out of employment. Mr Brian Gordon, Chair of Dundee Anti Poverty Forum, said that this acted as a deterrent to entering work:

if they go into that job and are only there a few weeks and realise it is not working, then the rigmarole of having to go back and apply for benefits or wait the 13 weeks or whatever it is to get back on Incapacity Benefit is just not worth it. There is a large amount of people out there in that frame of mind because of the system. If we changed the system to giving them a trial period of, say, 12 weeks in work and if it did not work out for whatever reason or if they felt pressurised they could go back into the system they had before without a loss of benefits, that would be a big factor in people’s thinking.⁶⁵

55. Low paying jobs do not always offer decent prospects of advancement. In addition, some employees may not wish or be able to seek advancement. Neither of these cases can be an excuse for consigning people earning the minimum wage to poverty. Professor John Veit Wilson told the Committee that “setting income adequacy standards and using them to guide minimum wage and benefits levels is an essential precondition if poverty is to be eliminated in Scotland and the rest of the UK.”⁶⁶ We agree. **The tax and benefits system must, at a minimum, ensure that no-one in full time work is living in poverty.**

56. Within this picture, the fact that some workers are illegally being paid less than the minimum wage clearly gives cause for concern.⁶⁷ **The Government needs to make enforcement of the minimum wage a priority and institute stronger penalties for non-compliance.**

61 Q 894

62 Q 374

63 Q 450

64 Q 10

65 Q 292

66 Ev 52

67 Ev 91 and Qq 238–39

57. In some sectors, low pay is the result of a non-unionised workforce.⁶⁸ Elsewhere, it is a question of labour market demands or a low pay culture that has prevailed for many years. We were particularly troubled by evidence given to the inquiry that the largest low-paying employer in many areas is the public sector (e.g. hospitals and councils). A number of witnesses made the point that public sector workers earning the minimum wage would have their incomes supplemented by another arm of the State through benefits and tax credits, yet the local employer saw no incentive to raise wages, because no benefit would be received from the Treasury for doing so.⁶⁹

58. Mr Mike Palmer from the Social Inclusion Division of the Scottish Executive pointed out that public sector employers could also provide examples of good practice:

we have NHS boards that are running programmes for people who have been particularly hard to reach in terms of getting them into the labour market and then looking upon the NHS as one of the biggest employers in Scotland and saying, “We can actually do something as a major employer to help employability here by bringing people into entry level jobs”. As the Minister said, once you have got them into the NHS, they are into a good career structure, so they are getting into a job that is going to give them quality help.⁷⁰

59. The problem of low wages in the public sector is another example of inconsistency in national policy on poverty. At present, there is no incentive for local authority employers to raise wages, as their low paid employees are effectively being subsidised by the central State benefits system. **We urge the Government to investigate the problem of low wages amongst public sector employers and to consider a means by which an incentive could be created for these employers to raise wages.**

60. **We are led to conclude that despite the introduction of the minimum wage and tax credits, work is not an automatic route out of poverty. Where work is of poor quality, low paid, short-term or seasonal, in-work poverty is a real prospect.**⁷¹ This is reflected in the statistics, which show that poverty amongst adults of working age remains stubbornly unaffected by the Government’s welfare to work policies.⁷²

61. Low paying, poor quality jobs are part of a bigger problem which will require effort not only on the part of the Government, but also of the public sector more generally as well as private employers. In order to ensure that sustainable routes out of poverty are provided, the focus on employability needs to include support for retention and advancement.

Young workers

62. At present, there is an inherent discrimination in the way in which the minimum wage is structured. Workers aged 21 and under are paid at lower rates. We gave Ministers an

68 Q 11

69 For example, Q 393

70 Q 831

71 Ev 340

72 Ev 291

example of the low wages that could be earned by young people, particularly trainees or apprentices. Caroline Flint MP, Minister of State for Employment and Welfare Reform at the Department for Work and Pensions said:

whilst I would argue that there are some justified arguments for a different rate for people on apprenticeships and trainees, there are some issues you are raising there which ask questions about the guidelines about how many hours a young person or, for that matter, an adult apprenticeship, should be doing in any given week. [...] Apprenticeships are not meant to be just a source of cheap labour for people. It is meant to be an experience that allows people to get a trade, to hopefully get a qualification and allow them to move on.⁷³

63. A lower wage for young adults may seem justifiable on the grounds of experience and skills, but the tiered nature of the minimum wage can have an extremely negative impact on vulnerable young people entering work for the first time, pushing them into poverty. This is a particular problem for young people who may not have the support of a family home at this crucial time, for example, those leaving care.⁷⁴ **We recommend that the discrimination against young workers inherent in the current structure of the minimum wage should end. We are particularly concerned that young adults on work-based training courses should be able to support themselves at a decent level. We agree with the Minister that “Apprenticeships are not meant to be just a source of cheap labour for people” and we urge the Government to ensure that the guidelines surrounding pay and conditions for trainees are properly enforced.**

Benefits and Tax Credits

64. Responsibility for supporting those living on low incomes is again spread across departments, with HM Revenue & Customs taking charge of child benefits and tax credits, whereas the Department for Work and Pensions leads on Welfare to Work, improving child support and pensioner poverty. The number of people claiming out-of-work benefits or Incapacity Benefit is falling as a result of the recent rise in employment levels.⁷⁵

65. Professor Adrian Sinfield of the University of Edinburgh told the Committee that “basic benefits are currently insufficient to bring people up to the Government’s own poverty level”.⁷⁶ Many of our witnesses argued that fundamental benefits, such as Income Support and Jobseekers Allowance are inadequate and should be increased.⁷⁷ The Joseph Rowntree Foundation noted:

worklessness is so strongly associated with poverty largely because the level of out-of-work benefits is so low. Although benefits for children in families receiving Income Support or Job Seekers Allowance have increased significantly in recent years, and the government is committed to further increases at least in line with earnings, the

73 Q 899

74 Q 299

75 Ev 281

76 Ev 44

77 Qq 249 and 700 and Ev 44–45, 122 and 124

adult components of these benefits have been increased by much lower amounts. The result is that the total incomes of families with children and of working age households without children receiving these benefits are falling further and further behind year-on-year. Given that, whatever the success of the economy in creating new jobs and of government policies to assist people into work, there will always be those who cannot work it seems wrong and, indeed, a contradiction of government policy, to condemn such individuals and their families to a life of poverty.⁷⁸

And Mr Peter Kelly of the Poverty Alliance said that an increase in benefits was “fundamental to making progress” in poverty reduction.⁷⁹ We will explore further the evidence given by the Joseph Rowntree Foundation in relation to families in our forthcoming Report on child poverty.

66. Government policy has increasingly favoured targeted benefits over universal provision, aiming to reach those in most need, to reward employment and modify patterns of behaviour. Perhaps the best known universal benefit is child benefit, which we will discuss in detail in our forthcoming Report on child poverty.

67. The choice between universal and targeted benefits is difficult, and there are disadvantages on both sides. Universal benefits provided irrespective of income are simple to administer but may reward those who have no need of them. Conversely, targeted benefits are more complex to administer and more difficult to access for those in need. As Mr John Dickie, Head of the Child Poverty Action Group Scotland, told us:

It is about getting the balance right. The problem with the purely targeted approach is that too often the target is missed so that whilst in terms of tax credit uptake it is relatively good compared to the previous tax credit arrangements, it is still only 82% of families that are receiving the tax credits that they are entitled to.⁸⁰

68. Tax credits clearly have a role in rewarding work, but universal benefits may be preferable when dealing with the most vulnerable in our society, for example, pensioners and children. This is an issue we will return to in more detail in our forthcoming Report on child poverty.

Take-up

69. The issue of unclaimed benefits and tax credits was raised several times during the inquiry. The former Department of Trade and Industry estimated that the average benefit entitlement check identifies £1200 of unclaimed annual benefits per household.⁸¹ The West of Scotland Seniors Forum cited Government figures showing that between 22% and 36% of pensioners entitled to pension credit did not claim it and that one in ten did not take up their entitlement to council tax benefit.⁸²

78 Ev 124

79 Q 249

80 Q 496

81 Ev 173

82 Ev 318

70. As the basis of its anti-poverty strategy, the Government has chosen a highly targeted system of benefits and tax credits. The result of this is a complex system of entitlements and a correspondingly significant gap in take-up. This is an issue on which the Work and Pensions Committee has previously reported, describing the current UK system as “stunningly complicated.”⁸³

71. The administration of tax credits and benefits is also in need of improvement. For example, we have heard that when an application for housing benefit is made, the claimant is sometimes asked for more information. If this is not received, the case can be closed without notification.⁸⁴ If the claimant is unaware of this closure, they can continue accruing arrears for some time until the case is resolved.

72. Some of our witnesses suggested that benefits checks could be integrated into other services in order to increase the levels of take-up.⁸⁵ Families who may not have the opportunity to consult a welfare rights adviser may have contact with health visitors, Sure Start workers or those carrying out energy efficiency checks in the home.

73. When we asked Ministers what was being done to increase take-up, Caroline Flint MP described the efforts that were being made to streamline the system:

For instance, one phone call to the Pension Service can now give access to five benefits: state pension, pension credit, housing and council tax benefit and underlying entitlement to carers’ allowance too. In the Department they use the phrase ‘no wrong door’ to try and create the situation where people might ring the Pension Service, but there might be another part of either our organisation or another organisation that has something to offer in this regard. What people do not like is being told, “Sorry, mate. I deal with that. You are off somewhere else.” It is not easy, all of this, I have to say, working across government, working with agencies outside of government, but we have an ambition that we can do better than we currently are. By 2011, what we are looking at is that people who are in receipt of benefits of whatever form will have a personal, online account with the Department for Work and Pensions.⁸⁶

74. **We welcome efforts to integrate different benefits streams into a ‘one-stop-shop’. However, the Government must provide enough resources to ensure that any new system is properly administered.** Past problems in this area have added to the difficulties caused by the inherent complexity of the system. For example, the recent recovery of tax credits overpayments has caused particular difficulty for some and has shaken general confidence in the system. Professor Sinfield said:

the argument must be to operate tax credits with the greatest degree of efficiency, which means that you have to invest more in staff. This is really crucial. It is not simply that people do not receive what they are intended to, which in itself is a problem leaving people in poverty, but because of this uncertainty the whole system

83 Work and Pensions Committee, Seventh Report of Session 2006–07, *Benefits Simplification*, HC 463-I, p.5

84 Qq 733–34

85 Qq 493 and 732

86 Q 891

is becoming stigmatised. A lot of people, when they hear these figures about 33% being underpaid or overpaid, think it means the system was wrong rather than the fact that circumstances changed in the course of the year, so there was need for an adjustment.⁸⁷

75. The simplification of the benefits system is a vital area of work if take-up of entitlements is to be increased. We refer the Government to the recent excellent contribution of the Work and Pensions Committee in this area. Given the current complexity of the benefits system, the Government has a responsibility to invest in welfare rights advisers and campaigns to promote the take-up of benefits generally.

76. In addition to plans for an online system, frontline employees in a range of services should be equipped with a basic knowledge of the tax credits and benefits system so that they can assess whether a household is claiming its full entitlement and give advice on where to go for further information. Where convenient, greater use could be made of co-location so that benefits checks are part of a local ‘one stop shop’.

77. In the areas of welfare advice and co-location of services there is clear benefit to be gained by working with local authorities.

Poverty traps

78. Even if an individual claims all the benefits and tax credits to which they are entitled, certain poverty traps still remain. Our inquiry has highlighted particular problems in the field of part time work. Part time work can be an important bridge to full time employment and may be better suited to those with caring commitments. Witnesses argued for greater support for part-time work through an increase in the amount of money that people are allowed to earn whilst receiving Income Support and Job Seekers Allowance.⁸⁸

79. Evidence from the Prince’s Trust suggested that the rules surrounding Job Seekers Allowance also interfered with training:

Rigid application of eligibility criteria for JSA and other benefits can work to the disadvantage of our clients and prevents them participating on Prince’s Trust courses as they can be faced with the withdrawal of benefits (the 16 hour rule). Sometimes we reluctantly have to advise young people that their interest would not be best served by participating on one of our courses as their principal means of support would be withdrawn. Some providers get round this rule by making their courses less than 16 hours per week. It is our view that this does not fit young people for work. An essential key to successful employment is good timekeeping and a commitment to full participation in the course. Part-time working does not enable the individual to experience the personal responsibility involved in achieving this. It would be helpful if there was local discretion for JCP advisers/managers to relax these rules where

87 Q 186

88 Ev 124

there is clear evidence that the training proposed is part of a managed pathway to work and will assist the client into sustainable employment.⁸⁹

80. We have also heard that Department for Work and Pensions benefits calculations showing that an individual would be better off in work do not always take account of the loss of benefits like housing benefit or council tax benefit. Ms Loretta Gaffney of Glasgow Easterhouse Citizens' Advice Bureau said:

the difficulty is the poorest people are in social housing and they are paying their rent and their council tax and the Working Tax Credit comes in as a form of income, so it is means-tested. They go and they get the job at the minimum wage, they get it topped up with the Working Tax Credit and then they find that they get no housing benefit and no council tax, therefore they have got to pay for their house, their council tax, their travel to work, their lunches and they are either worse off or the same.⁹⁰

81. An individual entering the workplace is likely to experience a number of associated costs, including those of transport, clothing, childcare, etc. Witnesses suggested that the provision of a transitional benefit at this time would remove some of the barriers to entering employment.⁹¹ **We urge the Government to consider establishing a transitional benefit aimed at alleviating the costs of entering employment.**

82. The Government has succeeded in making work pay for many people. The benefits of this strategy have been felt in higher levels of employment and reduced numbers of those claiming benefits. For some, however, the poverty trap still exists. **The Government now needs to ensure that everyone living in poverty really would be financially better off in work. Without this approach, the reduction in poverty over the last ten years will not be sustained in the next decade.**

3 Rural poverty

83. It is too easy to assume that poverty in Scotland is limited to deprived urban areas, made visible by problems such as poor housing or graffiti. In the course of our inquiry, witnesses told us of a 'hidden' poverty in Scotland's expansive rural areas.⁹² We took evidence on the particular challenges of rural poverty, including visiting rural communities to see at first hand the difficulties they experience. Our findings confirm that there is a danger of looking at rural poverty through an urban lens. This problem is compounded by the lack of an appropriate statistical measure for rural poverty in Scotland, as noted above.⁹³

89 Ev 324

90 Q 696

91 Q 670

92 Q 72

93 See paragraphs 19 to 21.

Income and employment

84. Poverty in rural areas is exacerbated by specific factors including the availability and quality of employment opportunities, transport costs and a dispersed population. A failure adequately to address these factors may mean that rural communities do not enjoy a similar reduction in poverty to that urban areas: as evidence submitted by Highlands & Islands Enterprise noted:

absolute earnings levels in the Highlands and Islands have risen hugely over the last 25 years, as a result of the general growth and diversification of the economy. In relative terms, however, our position has worsened slightly over the last few years, measured against the national and EU averages.⁹⁴

85. Relatively poorer employment opportunities and lower pay are the main causes of rural poverty. Ms Carron McDiarmid, Head of Policy and Performance at the Highland Council, told us that “average pay in the Highlands is 91% of the Scottish average and 86% of the UK average, but [there is] also a higher rate of part-time and seasonal working.”⁹⁵ Work is often concentrated in relatively low-paying sectors such as tourism, agriculture and fish processing and may be of a highly seasonal nature. Local authorities are making efforts to attract higher paying sectors, such as universities and financial services, but progress is slow.⁹⁶

86. Additionally, a number of rural communities are affected by a high level of migrant workers, principally from Eastern Europe, due to the nature of the rural economy and the labour market opportunities. In many cases, local businesses are dependent upon migrant workers because they have exhausted the workforce available in a small rural community.⁹⁷ The existence of a substantial migrant worker population presents challenges in terms of accommodation and other services and alters the profile of the local labour market in ways that have not yet been fully investigated.

87. The problem of low wages is compounded by a relatively higher cost of living in many rural areas. Increased costs of fuel, the need for transport to access services which may be highly geographically dispersed and a lack of cheaper shopping facilities all contribute to higher living costs. Witnesses noted that a car was an essential, not a luxury in rural communities which are served very poorly, if at all, by public transport.⁹⁸ **We urge the UK Government, the Scottish Executive and local authorities to consider ways in which the high costs of transport in rural areas can be alleviated.**

88. In contrast, some costs can be lower in rural areas. Housing is generally cheaper (with some notable exceptions) and residents benefit from a lower crime rate and the amenity of an attractive environment. Nevertheless, as Mr Jim McCrossan, Community Learning and Regeneration Manager at Argyll and Bute Council, said:

94 Ev 3

95 Q 44

96 Qq 3, 9, 10, and 44

97 Qq 39 and 86

98 Ev 326 and Qq 42–26

They used to say you cannot eat the scenery and, in actual fact, a lot of it goes to conceal the problems because you can have—and we touched upon this earlier—communities where there is affluence and poverty side by side in rural areas and it is less visible and people are often less willing to identify themselves in that category too.⁹⁹

89. The age profile of rural communities in Scotland is also distinctive. The Highlands and Islands has a disproportionate number of pensioner households, which tend to be of lower income, and a corresponding gap in younger age groups from 18 to 34.¹⁰⁰ Further, the population is ageing at a faster rate than that in Scotland as a whole.¹⁰¹

Provision of services

90. The sparse and dispersed nature of many rural settlements makes the provision of services more logistically difficult and hence more expensive: “Accessing essential services such as post offices, banks and cash machines can prove complex and restrictive”.¹⁰² These difficulties apply to Government or other public sector services, as well as to private and voluntary movements. For example, the development of credit unions, which provide affordable and responsible lending to low income households (and are discussed in more detail in Section 5 below) has been much more limited than in urban areas in Scotland.¹⁰³

91. We took a significant amount of evidence from rural local authorities, who have a crucial role in ensuring that services are delivered effectively. Some witnesses argued for targeted benefits to be applied to rural areas, due to the distinctive challenges they face.¹⁰⁴ Councillor Harry McGuigan, COSLA’s Spokesperson on Community Safety and Well Being, called for targeted programmes from the UK Government to offset the extra costs incurred in the provision of services to geographically remote communities:

there are these high costs as far as the rural situation is concerned and it is there simply because of the nature of the thing, but it could be argued, of course, that the political representation has not been robust enough over the years. Those unique types of costs cannot really be met by the people living in the particular area. We cannot say to them, “Patient, help yourself”, but maybe there should have been a bigger recognition from central government in allocating resources to alleviate some of the difficulties and problems that are faced there.¹⁰⁵

92. In 2005, the Scottish Executive launched a programme aimed at improving the provision of services to rural communities by identifying a number of Rural Service Priority Areas. The extent of support provided through this programme was, however,

99 Q 798

100 Q 3

101 Q 42

102 Ev 17

103 Ev 17

104 Q 16

105 Q 800

limited.¹⁰⁶ When we asked Stewart Maxwell MSP what action was now being taken to address rural poverty, he said that current strategies were under review:

clearly we do accept there is deprivation in rural areas and many people are as poor in rural areas as urban areas. We take that on board. That is why the Cabinet Secretary for Finance, John Swinney, met with a number of Island and Highland leaders around 28 October to discuss some of these problems and we were just at the beginning post that meeting of looking at the possibility of establishing a complementary mechanism for looking at rural poverty.¹⁰⁷

93. It may be that the balance of targeted versus universal benefits needs to be different in rural and urban areas. It is likely that the Scottish Executive would be closely involved in any future programmes aimed at providing extra support to rural authorities.

94. In their evidence, UK Government Ministers pointed to the important role of co-location in delivering services to rural communities, as well as the growing use of IT to allow remote access to services.¹⁰⁸ **In this Report, we have highlighted the importance of co-ordinating initiatives in different administrations and policy areas in order to reduce unnecessary duplication and to ensure that policies are ‘poverty proofed’ across the board. This is doubly important for rural communities, where accessibility is key and a range of welfare advice must be made available from a single point of contact.**

95. We would highlight as an important deficiency the lack of a single voice campaigning for the interests of rural communities in Scotland. Scotland, unlike England, has no Commission for Rural Communities. Many of our witnesses supported the creation of such an institution, in order to ensure that policy is subject to a systematic ‘rural-proofing’.¹⁰⁹ We were given an example of the consequences of this lack of coherence in the closure of Jobcentre Plus offices.¹¹⁰ Whilst it may be possible to rationalise the number of offices across the UK as a whole, the closure of an office in a rural location can mean extended travel times for job seekers in an area where public transport is patchy and can therefore impose significant extra expense.

96. **We conclude that rural poverty presents its own challenges, which will not be solved by an approach tailored to the small pockets of deprivation characteristic of urban poverty. It is vital that the Government’s anti-poverty policies are subject to ‘rural proofing’. Witnesses have suggested that the establishment of a Commission for Rural Scotland might be a way to give rural communities a stronger, unified voice and we hope that the Government and the Scottish Executive will consider this proposal. Greater investment in outreach is needed to ensure that geographically dispersed communities have equal access to services.**

106 Ev 19

107 Q 844

108 Q 908

109 Ev 19, Qq 97 and 107

110 Q 97

4 Fuel poverty

97. Fuel poverty in Scotland is generally defined as the need to spend more than 10% of household income (including Housing Benefit or Income Support) on fuel use in order to heat the home. It has often been linked to rural poverty, as many rural properties are harder to keep warm and hence incur higher fuel costs, but steep rises in the cost of fuel over the past few years now mean that many more households, both rural and urban, have fallen into fuel poverty. It is estimated that over 600,000 households are living in fuel poverty in Scotland today.¹¹¹

98. Fuel poverty has three main causes: low income; high fuel prices and poor energy efficiency.¹¹² The Scottish Fuel Poverty Statement, produced in August 2002 by the Scottish Executive, has set a target of eradicating fuel poverty “so far as is reasonably practicable” by 2016. This target was described as “challenging” by representatives of both the Scottish Executive and the UK Government.¹¹³ In order to achieve it, action is likely to be needed on all three fronts, as Mr Adam Scorer, Director of Campaigns, energywatch, suggested:

I do not think any of the solutions are golden bullets. Neither energy efficiency of the housing stock issues, nor the income maximisation, nor price actions by themselves will deliver solutions to fuel poverty and I think we have to be clear on that.¹¹⁴

UK Energy Policy

99. Energy policy is largely reserved to Westminster, although energy efficiency is a devolved matter. The problem of low incomes can best be tackled by the UK Government’s wider anti-poverty strategy, focused on getting more people into work and the tax credits and benefits system, discussed above.

100. Fuel poverty has a greater effect on vulnerable groups, such as the elderly, the disabled and those with young children, who spend more time at home and therefore need to have the heating on for longer. The Government provides some benefits specifically aimed at reducing fuel poverty, including the Winter Fuel Payment for pensioners and Cold Weather Payments to those receiving Income Support or with a long-term sickness or disability, people aged over 60 and those with a child aged under five or a disabled child.

101. Energywatch suggested that the Government should consider extending the Winter Fuel Payment to all those who are eligible for Cold Weather Payments.¹¹⁵ In addition, Capability Scotland argued that both UK and Scottish initiatives have failed to recognise that disabled people often suffer the same problems as older people when it comes to

111 Ev 171

112 Ev 372

113 Qq 852 and 912

114 Q 534

115 Ev 173

heating their homes, especially in respect of low incomes, reduced mobility and the greater amount of time spent in the home.¹¹⁶

102. Scots are disproportionately more likely to be in fuel poverty than the UK average and are also more likely to owe a debt to an energy company.¹¹⁷ Historically, energy costs have been higher in Scotland (by an average of around £40 per year), but this is no longer the case. Persistent factors include climatic conditions (lower temperatures and longer hours of darkness) which lead to an increase in energy use; less energy-efficient housing stock and the higher proportion of pre-payment meters, which generally incur a more expensive tariff.¹¹⁸

103. Within Scotland, rural areas suffer particularly high levels of fuel poverty. Households must spend a higher proportion of their income on heating their homes, but fuel choice may be limited, as houses may not be connected to the gas grid, and the nature of the housing stock is hard to heat and insulate. Fuel poverty is not included in the SIMD, a fact which again leads us to question its suitability for measuring poverty in rural areas.¹¹⁹

104. Witnesses have suggested that a regional weighting for the Winter Fuel Payment might be a way to recognise Scotland's particular needs. Ms Elizabeth Gore, Deputy Director, Energy Action Scotland, said:

On the winter fuel allowance we talked earlier about the fact that Scotland has a colder climate and it takes more energy to heat your home to recognised standards. What we could do with the winter fuel allowance is that on top of the standard rate, which there currently is, introduce a banding system whereby from a central point in the UK you could introduce bands north of that whereby each band as it goes progressively north has a regional weighting on the winter fuel allowance.¹²⁰

105. The Government should review its eligibility criteria for benefits aimed at alleviating fuel poverty. In particular, both Winter Fuel Payments and Cold Weather Payments could be extended to those in receipt of disability-related benefits. As part of this review, consideration should be given to establishing a form of regional weighting that would recognise the increased burden in fuel costs to colder parts of the UK.

Fuel Prices

106. Our evidence suggests that fuel prices are the most significant factor behind the recent rise in levels of fuel poverty. Between 1996 and 2002, fuel poverty in Scotland fell significantly from 738,000 households (38%) to 286,000 households (13%). This reduction was driven by increases in earnings levels and improvements in energy efficiency.¹²¹ Since 2003, fuel prices have increased by an average of 55% for electricity and 91% for gas in

116 Ev 333

117 Ev 171

118 Q 530

119 Q 51

120 Q 561

121 Ev 175

Scotland.¹²² As a result, the number of households in fuel poverty has climbed steeply to around 30%.¹²³

107. The UK energy market is generally recognised as one of the most competitive in the world.¹²⁴ It is likely, then, that fuel poverty can most effectively be reduced by targeted social tariffs, provided by energy companies to the poorest in society, rather than structural changes in the market. A number of energy companies have introduced social tariffs, but we have not seen any evidence to suggest that these are having a systematically beneficial effect for the poorest customers. As Mr Adrian Scorer, Director of Campaigns, Energywatch said:

The currency of social tariff has been debased by a number of the products that have been brought about by companies. Some are more expensive than their direct debit tariffs, they are poorly targeted and they are time-limited. They are really, I think, window-dressing. That is not all by any means. Look at some of the activities latterly of Scottish Gas, of EDF Energy, of Scottish and Southern Energy – there were serious attempts to develop one but across the marketplace you have incoherence, you have confusion for consumers and for people who advise consumers about where to go and you have not seen anything that you could say is based on a set of sound principles that mean these tariffs deliver what they ought to deliver which is the cheapest tariff from that company for the most vulnerable consumers.¹²⁵

108. Added to the problems of complex tariffs is the fact that many lower income customers pay for energy via pre-payment meters. Sometimes, this may be the only form of payment available if the customer has had a problem with debt in the past. On other occasions, people on low incomes choose pre-payment as a way of managing their expenditure and avoiding debt.¹²⁶ Perversely, pre-payment meters are often a more expensive way of paying for energy overall than other methods, for example direct debit.

109. Many of our witnesses cited cases where pre-payment meters have operated to create a debt for the customer. When energy prices change, pre-payment meters must be recalibrated to reflect the new (normally higher) price. If this is not done immediately, the customer can face a large retrospective bill for energy used when the meter was not correctly calibrated.¹²⁷ This problem can be avoided through the use of newer ‘smart’ meters which can be instantly recalibrated remotely. Smart meters also offer a number of other benefits, such as the ability to monitor energy use and tariffs through the day.

110. The role of the energy market regulator in reducing fuel poverty is key. Ofgem’s formal powers in this regard are limited, although they do have the power to ‘name and shame’ companies, which has been used successfully in respect of poor practice in prepayment metering and social tariffs.¹²⁸ The current Ofgem licence review offers a

122 Ev 171

123 Q 530

124 Q 535

125 Q 551

126 Ev 172

127 Ev 201

128 Qq 603–09

chance to prohibit bad practice in relation to recalibration and will place greater obligations on suppliers to deal with fuel poverty.

111. One programme that does exist to help low income customers who have experienced difficulties paying their fuel bills is Fuel Direct. Fuel Direct is available to customers who are in debt to an energy company and who receive Income Support, Income-based Jobseeker's Allowance or Pension Credit. In order for a Fuel Direct arrangement to be set up it is necessary to secure the agreement of both the Department for Work and Pensions and the energy supplier. An amount is then deducted both for debt and current consumption directly from benefits.

112. Witnesses told the inquiry that the take-up of Fuel Direct has fallen significantly in recent years. There is a perception that both the Department for Work and Pensions and the energy companies are discouraging use of the programme in favour of other options, such as pre-payment meters.¹²⁹ **We cannot understand why the take-up of Fuel Direct should have fallen at the same time that fuel debt is rising. We urge the Government to look into the cause of this fall as a priority.**

Energy efficiency

113. The third strand in the reduction of fuel poverty is an improvement in the energy efficiency of homes. Significant co-ordination with the Scottish Executive will be required to address the issues of energy use and energy efficiency in Scotland, as energy efficiency of dwellings is a devolved matter. The Scottish Executive is responsible for two programmes in this area: Warm Deal and the Central Heating Programme. It is estimated that around £1.7bn would be needed to ensure that all houses in Scotland were raised to an energy efficiency standard that would protect their residents from fuel poverty.¹³⁰

114. Stewart Maxwell MSP described the Scottish Executive's policies in this area. He acknowledged that a long waiting list of over 10,000 people had built up for the Central Heating Programme that would take some time to clear:

we are reviewing the system, we are looking at the system because, given from day one there has always been this huge waiting list and that every single winter there are the same problems, complaints and difficulties. Of course it is clear that fuel poverty is not declining in Scotland, in fact recent evidence is suggesting it is on the rise. Therefore, we have to review that programme to see whether we can make sure that it is delivering in terms of fuel poverty, make sure it does not disadvantage particular groups and make sure, hopefully, we can reduce waiting lists rather than make them longer. Those are very difficult questions. No previous administration so far has come up with an answer to that, we will do our best to try and resolve this particular problem.¹³¹

115. Improvements in energy efficiency are clearly a long term solution. It will take time to raise all houses in Scotland to a satisfactory energy efficiency level. The prevalence of solid

129 Ev 189

130 Q 556

131 Q 855

wall houses in some areas further extends this task, as they are harder to insulate.¹³² Whilst energy efficiency measures will form part of the plan to meet the 2016 targets, other solutions will need to be implemented more quickly.¹³³

Policy co-ordination

116. As we have emphasised throughout this Report, poverty is a complex issue that calls for co-ordinated action from the UK Government, the Scottish Executive and local authorities. Fuel poverty is no different. We were therefore disappointed to detect a tendency to ‘pass the buck’ on this issue, both on the part of the UK Government and of the Scottish Executive. Caroline Flint MP told us that Scottish Executive policies were the key levers: “Clearly and quite rightly, these are issues that apart from obviously the winter fuel payments that we do, the added value is at the more local level.”¹³⁴ Conversely, Stewart Maxwell MSP thought that the devolved administration’s hands were tied:

The progress towards 2016 in terms of eradicating fuel poverty unfortunately, here again, it is out of our hands in many ways because the power over energy prices and actual income levels—again we go back to the tax and benefits system—is a reserved power of the UK Government. Effectively, the amount of money you earn and the price of the fuel you buy are the big determinants in terms of whether or not you fall within fuel poverty and we do not have power over those.¹³⁵

117. Where fuel poverty is concerned, the picture is further complicated by a large number of different energy companies with competing tariffs, as well as a lack of information about who is in most need. Some small pilot projects have attempted to identify the fuel poor, but more co-operation and information pooling is needed to make further progress.¹³⁶

118. The benefits of identifying those most in need are potentially great: the targeting of energy credits may form a pathway to other unclaimed benefits as part of an integrated system.¹³⁷ We heard of a scheme run by the Energy People’s Trust and the Citizens Advice Bureau in Dumfries and Galloway that provides low income families, lone parent and other hard to reach groups with a specialist service aimed at reducing fuel and household poverty.¹³⁸ The project employs two welfare benefits specialists who conduct benefits checks.

119. There is also a potential benefit of greater coherence at national policy level. Improved energy efficiency measures can contribute to the success of measures aimed at preventing climate change and protecting the environment. For example, micro-generation has the potential to help alleviate fuel poverty in households off the gas network in rural areas. **The reduction of fuel poverty is an area in which greater co-operation and co-ordination**

132 Q 529

133 Ev 174

134 Q 913

135 Q 852

136 Q 585

137 Ev 173

138 Ev 377

between the UK Government, the Scottish Executive, energy companies and Ofgem is required.

5 Debt

120. The evidence that we have taken suggests that debt is a major issue affecting income and could, if left unchecked, undermine policies aimed at income maximisation. Witnesses from the Citizens' Advice Bureau have said that debt is their single biggest issue, with one in five clients raising a debt problem.¹³⁹ They noted that this figure had risen significantly over the past ten years.¹⁴⁰

Causes of debt

121. Debt commonly arises as a result of rent arrears, utility debts, social fund debts and hire purchase agreements. For some, debt is the result of a change in circumstances, such as the loss of a job. For others, debt is a way of life and the result of poverty. As Ms Susan McPhee, Head of Social Policy and Public Affairs, Citizens Advice Scotland told us, "Basically, their income levels simply mean they have to use credit to get by, so they use credit cards, cash loans, et cetera, to supplement their incomes, not to buy luxury goods but to purchase food, utilities and other household essential items."¹⁴¹ Households with children are more likely to have levels of expenditure above their income.¹⁴²

122. Debt has become more socially acceptable over the past decade, as credit has become more widely accessible.¹⁴³ Some forms of credit entail very high interest rates, charges for missed or late payments and unauthorised overdrafts, unfair lending practices or other hidden charges. These are sometimes the only forms of credit available to those in poverty and may even be targeted at those on low incomes.¹⁴⁴

Illegal money lending

123. Illegal money lending is still a significant problem in Scotland. The Scottish Illegal Money Lending Unit (SIMLU) has been operational since September 2004. In evidence to the Committee, SIMLU pointed to its successes, but also highlighted areas where a more coherent approach to enforcement would significantly facilitate its work. In particular, SIMLU does not have access to the Police Intelligence Database and has found that Procurators Fiscal often have little experience of dealing with illegal money lending. They suggest that the prosecution of illegal money lending would be aided if the Crown Office were able to assign a Procurator Fiscal to work with SIMLU to ensure that cases were dealt

139 Qq 685 and 702

140 Q 122

141 Q 685

142 Ev 326

143 Q 246

144 Ev 224 and Q 707

with appropriately and that the criminality of the offence was recognised.¹⁴⁵ **We are concerned that the UK Government, the Scottish Executive and local authorities should co-ordinate their efforts, particularly in the area of illegal money lending.**

124. The Government has funded a series of pilots to tackle illegal money lending: “Under the pilot, DTI is funding two better resourced and dedicated teams specifically investigating offences of illegal money lending. The teams are based in the Trading Standards Departments of Glasgow and Birmingham. The pilot was launched in autumn 2004 and is funded until March 2007.”¹⁴⁶ The pilots were extended in the 2007 Budget, and Ministers have since told us that the scheme will be implemented nationwide.¹⁴⁷

Legal lending

125. To those in poverty, debt incurred from legal lenders and high street banks can be just as devastating as illegal money lending. We have heard evidence that mainstream lenders push the poor into an endless spiral of credit. Ms Loretta Gaffney, Manager of Glasgow Easterhouse Citizens Advice Bureau gave us an example:

What you are saying about responsible lending is what I would have thought would have been respectable lenders, for example banks, and what we are seeing is banks offering people consolidated loans when clearly the person is in seeing them because they cannot pay the loan they have got, so offering them another loan is increasing their debt. The other side of that is, and let me give an example, I had a gentleman in who wanted us to help him with a number of debts but he had fixed his bank loan himself, he said, ‘I’ve negotiated that’ and he thought the bank manager was great. While we were looking at that negotiation, what the banks had agreed was that he pay £20 a month, what he did not realise was he was paying £22 interest a month on that, so in actual fact what was happening was his debt was increasing by £2 per month, and he had been paying it for a year and a half.¹⁴⁸

126. When we raised the issue of very high interest rates with Ministers, they told us that the issue was currently under review. Rt Hon Jane Kennedy said:

We are aware of the concerns that you are raising. The Financial Services Authority is looking at the experiences of customers in precisely the circumstances that you are outlining. They are conducting a review of the effectiveness of the mortgage regime, particularly in this sub-prime market which is the one which has caused concerns in the United States and has had an impact here through the Northern Rock Building Society. They are going to be reporting on their findings next year and obviously we want to wait to hear what they have to say, but we are aware of the issue. There is a review into it and obviously you will be as interested as I am to hear what that review says.¹⁴⁹

145 Ev 383

146 Ev 288

147 Q 915

148 Q 688

149 Q 916

127. Methods of debt recovery also give cause for concern, There is some evidence to suggest that creditors fail to comply with Office of Fair Trading Guidance on informal debt recovery, which does not involve recourse to the Courts. Local authorities are the largest users of formal debt recovery in Scotland.¹⁵⁰

128. A thriving industry has grown up based upon making money from the poor and those who lack the financial education to fully understand what a particular offer entails. By adding interest and penalty charges to the original loan, lenders lock people into poverty and a never-ending cycle of debt. Witnesses called for more action on unfair bank charges¹⁵¹ and some have suggested an interest rate cap. Others rejected this suggestion on the grounds that rate caps may result in all creditors charging the maximum permitted rate.¹⁵² In 2004, our Chairman introduced the Prevention of Homelessness Bill into Parliament which would have given courts the power to impose a cap in certain circumstances (for example to prevent homelessness through repossession). **We believe that there is a case for Courts to be empowered to impose an interest rate cap in order to prevent severe poverty or destitution.**

Credit unions

129. The impact of high cost credit could be mitigated by greater access to affordable lending. In this context, credit unions play an important role. Credit unions are community based enterprises providing savings facilities and associated low-cost but responsible lending to those with low incomes or who are reliant on benefits. Many undertake additional work such as financial education.¹⁵³ The credit union movement in Scotland is strong and membership has quadrupled in three years,¹⁵⁴ however, its activity is largely focused in the Strathclyde area, with fewer unions operating outside Glasgow.

130. Credit unions are an important alternative to expensive forms of lending such as home credit agencies, which may also build up relationships within a community local residents through home visits, but which are less regulated and often charge high levels of interest.¹⁵⁵ The Government has allowed credit unions to increase the interest rate they charge, in part to allow them to make less secure loans to people who might previously have been turned away.¹⁵⁶

131. Money from both the Treasury and the Scottish Executive has gone into supporting the growth and development of credit unions, but evidence has suggested that policy and funding streams are not properly ‘joined up’: evidence from the Scottish Churches Social Inclusion Network stated:

150 Ev 22–23

151 Q 687

152 Qq 247, 707 and 766

153 Q 747

154 Ev 225

155 Q 766

156 Q 751

Tackling debt involves matters within the reserved powers of Westminster (e.g. credit market regulation, financial capability and the Social Fund) as well as others within the remit of the Scottish parliament (e.g. debt recovery, financial capability and promotion of credit unions) [...] while there is clearly much behind the scenes co-operation between the UK Government and Scottish Executive, the lack of transparency prevents more engagement of those working to tackle poverty within these policy discussions.¹⁵⁷

The Social Fund

132. Another source of affordable credit is the Social Fund. The Social Fund is administered by Jobcentre Plus and provides discretionary lump sum payments, grants and loans for costs that cannot be met from a client's regular income. During this inquiry, witnesses criticised the limited extent of the Social Fund. Save the Children said:

We think the Social Fund is clearly not meeting its purpose and there is a whole range of ways in which there could be improvements. Our primary concerns are about the size of the pot and its reach. Far fewer people are able to take up Social Fund loans and a great many people do not even know about its existence. There are also concerns about levels of repayment and a real need to expand the system of grants.¹⁵⁸

133. The Work and Pensions Committee has recently reported on the operation of the Social Fund. It found that, despite additional resources of £90 million since 2003, the Fund still suffered from “outdated distribution of budgets, inaccurate decisions, lack of consistency and poor management information.”¹⁵⁹

134. In oral evidence, Caroline Flint MP defended the Social Fund, saying:

The numbers of applications to the social fund are going up so obviously people are using it. It is not an under-used service. [...] In 2006–7 over 2.6 million discretionary grants and loans were awarded with a total value of £827 million. Of these, over 0.4 million awards worth nearly £104 million were made to applicants in Scotland. That is quite significant in that it is a well used service. Today, you can do it by phone, ringing up for a social fund, so again we are trying to expedite for people as quickly as possible. I am not saying it always works perfectly all of the time, but generally I think it is pretty good.¹⁶⁰

135. Despite the existence of alternatives, including credit unions and the Social Fund, many people still turn to home credit and other high cost lenders. This can be put down to issues of availability and convenience. Home credit is available quickly and easily, and there are often few checks on the ability of the debtor to repay the debt.¹⁶¹ We agree with the Work and Pensions Select Committee that a reformed and expanded Social Fund could

157 Ev 208

158 Q 425

159 Work and Pensions Committee, Sixth Report of 2006–07, *The Social Fund*, HC 464, p.3

160 Q 918

161 Ev 227

offer a source of affordable credit for some of the emergencies that might tip a family into poverty (for example, the purchase of a new cooker) as an alternative to high cost commercial credit.

136. We endorse the recent recommendation of the Work and Pensions Select Committee that the Government should look in more detail at the potential for increasing the eligibility for the Social Fund. We believe that the Social Fund should be reformed and expanded through an increase in resources. A more extended service of affordable credit to those in most need could offer a real alternative to high cost credit.

Financial advice and inclusion

137. Whilst irresponsible lending must be tackled, there is clearly also a responsibility on the individual only to borrow money that they can afford to pay back. Here, the issues of financial inclusion and literacy are key. 37% of people in Scotland have no savings and 11% of Scots do not have a bank account—a figure that rises to 18% amongst those with low incomes.

138. Even for those with bank accounts, access to banking facilities, including free ATMs, is an issue in areas of disadvantage and particularly in rural communities. ATM charges can often amount to a significant percentage of the money that is withdrawn, particularly for those on low incomes. Ms Susan McPhee, Head of Social Policy and Public Affairs, Citizens Advice Scotland, said:

what we found through an online survey was that 25 per cent were use pay-charging cash machines once a week. People on benefits, for instance, who may be only taking out a withdrawal of £10 are paying £1.50 at a time. We found that there were what we call “free ATM deserts”, areas of deprivation which simply have no free machines at all. If people want to go to a free ATM they have to get a bus ride, all of which will cost them more money to get there.¹⁶²

139. The Government have told us that access to banking, affordable credit and face-to-face money advice are priorities.¹⁶³ Caroline Flint MP said:

Part of it again is what we have been looking at, the financial inclusion agenda, how we can also within the culture of benefits encourage people to actually take more responsibility for their finances. [...] For example, local housing allowances, where we are looking at actually giving to people in the private rented sector the actual allowance for their housing, which is about getting them to engage that this is a sum of money and they then have a relationship with the landlord. Again, it is trying to think of ways about how we develop the financial responsibilities of families who often maybe never see much money because a lot of things are paid off elsewhere on their behalf or by agencies, provide the sort of support in the form of credit unions, but I have to say—I hope we are in agreement on this—in the private, commercial

162 Q 763

163 Ev 288

financial sector, how they could play a role as well with people on low incomes to encourage them to have bank accounts and what have you.¹⁶⁴

140. Stewart Maxwell MSP told us that the Scottish Executive's policies focused on advice and education:

We have invested a large amount of money in terms of Money Advice and, in fact, the current figures which are from a report carried out in July 2006 showed that government was funding 130 full time equivalent Money Advice posts, which is around half of all the advice posts in Scotland. That is one thing we are doing. The other thing we are doing is making sure that the Curriculum for Excellence which comes in 2008 09 will have Money Advice as part of the curriculum to try and help many of our young people to understand how to deal with and tackle their financial situation.¹⁶⁵

141. In 2000, our predecessors recommended that more money advice centres should be established in Scotland's poorest communities, along with a telephone advice line. Progress on these recommendations appears to have been slow.¹⁶⁶

142. Our evidence leads us to conclude that more action on irresponsible lending is necessary. Lenders must be obliged to offer credit responsibly and above all transparently. This is not the only solution. Once again, in order to tackle the problem of debt, a coherent strategy must be implemented across a range of policy areas, from the regulation of credit agencies to better education in financial literacy. Co-ordinated action will be needed on the part of the UK Government, the Scottish Executive and local authorities to ensure this takes place.

6 Conclusions

143. **Our inquiry has confirmed that a welcome reduction in poverty has taken place over the past ten years, particularly amongst vulnerable groups such as pensioners and children. This reduction must continue over the next decade. In order for this to happen, the Government needs to make a concerted effort to present a coherent anti-poverty strategy across all policy areas, joining up across government departments as well as with the work of the Scottish Executive and of local government in Scotland. On present evidence, we do not believe that the Government is doing enough to 'poverty-proof' all of its policies and to exploit the available opportunities to integrate services.**

144. **This inquiry has highlighted a number of issues that are of particular concern. The Government's focus on work and the national minimum wage as routes out of poverty has been responsible for a substantial part of the reduction in poverty that has been achieved so far. The Government cannot rely on economic growth alone to reduce the inequalities in society. Those that remain out of work face considerable barriers in the**

164 Q 915

165 Q 860

166 Ev 330

form of inadequate childcare, geographical isolation, employer attitudes or provision for disabilities. A considerable amount of work will be needed to remove these obstacles and we are not confident that the Government appreciates the scale of the task it faces.

145. Our evidence also suggests that some of those who have entered work in recent years have taken on low paid jobs with few prospects of advancement. Those in seasonal employment can hover around the poverty line in a ‘no pay, low pay’ cycle. Sustainable routes out of poverty can be provided by genuine career paths which, although they may start on relatively low pay, offer the chance of progression. The introduction of the minimum wage has made a significant contribution to reducing poverty. The setting of an appropriate rate needs further investigation, but in principle, pay should be fixed at a level so that no-one in full time work is living in poverty. The relatively poor progress that has been made on reducing poverty amongst single adults of working age is evidence of the problems in this area.

146. Rural poverty, fuel poverty and debt have been particular focal points for this inquiry. Each of these areas raises distinctive issues, discussed in detail above. We are concerned that, despite good intentions, there is a lack of integration and too much complexity in these areas. The Government could do more to integrate different policy streams and to work co-operatively with stakeholders, including local authorities, with whom relationships appear to have weakened, and the Scottish Executive.

147. The fight against poverty has not yet been won. Recent progress in reducing poverty must continue over the next decade. More resources and an even greater effort will be needed to reach those groups that have not yet benefited from the economic growth enjoyed by the UK as a whole.

Conclusions and recommendations

1. We recommend that the Government should review its preferred measure of poverty (currently set at those with household incomes below 60% of the median). The poverty line should represent a minimum adequate income. If necessary, further independent research should be commissioned to determine a realistic minimum income standard. (Paragraph 15)
2. Our evidence suggests, and we agree, that in many cases, measures of poverty taken after housing costs present a much more accurate picture of disposable income and hence of a household’s living conditions. We therefore recommend that the Government should continue to publish both BHC and AHC measures of poverty, but that it should prioritise AHC measures in most cases. (Paragraph 18)
3. Although the SIMD only influences a small amount of funding, there is a perception within some rural areas of Scotland that reliance on the SIMD does not properly capture the extent of poverty in rural areas. There is a clear need for improved measures of poverty in rural areas of Scotland in order accurately to assess the extent of poverty in these areas. (Paragraph 21)

4. We recognise that progress has been made in reducing poverty, particularly amongst groups such as children and pensioners, which have been the subject of high profile Government targets. This is to be welcomed. We are concerned, however, that the benefits of Government measures should be felt by all those living below the poverty line, including adults of working age. The evidence we have received suggesting that many working age adults alternate between poverty and low incomes is particularly worrying in this regard, and suggests that sustainable routes out of poverty have not been made available to all. (Paragraph 27)
5. Co-ordination with the Scottish Executive is needed to ensure that national policies are delivered effectively and ‘join up’ with devolved programmes. The Scotland Office has a key role in this process. Conversely, the Scottish Executive needs to ensure that its own programmes dovetail with national provision. (Paragraph 28)
6. We recommend that the Government should consider whether greater flexibility could be given to local government in the provision of services aimed at reducing poverty. Whilst there are serious issues in providing different services to UK citizens living in adjacent areas, local authorities that have achieved good results in this area should be rewarded. We are particularly concerned by perceptions that the relationship between Scottish local government, the UK Government and Members of the UK Parliament has weakened since devolution. We urge all sides to work together to renew links. (Paragraph 38)
7. It is essential that the UK Government should produce a national poverty strategy to co-ordinate the cross-cutting issues inherent in issues of multiple deprivation. (Paragraph 40)
8. We commend the Get Heard project and urge the Government to ensure that all policy on poverty is informed by the views of those living on low incomes. (Paragraph 41)
9. We welcome the increase in employment levels over the past ten years, which has greatly contributed to a reduction in poverty. However, unless barriers such as disability, employer attitudes to disability and unaffordable childcare are tackled, employment levels cannot continue to rise at the same rate. Even then, work will never be a realistic prospect for some people, for example, those with full-time carer responsibilities. These people must be lifted out of poverty through the benefits system. (Paragraph 48)
10. The tax and benefits system must, at a minimum, ensure that no-one in full time work is living in poverty. (Paragraph 55)
11. The Government needs to make enforcement of the minimum wage a priority and institute stronger penalties for non-compliance. (Paragraph 56)
12. We urge the Government to investigate the problem of low wages amongst public sector employers and to consider a means by which an incentive could be created for these employers to raise wages. (Paragraph 59)

13. We are led to conclude that despite the introduction of the minimum wage and tax credits, work is not an automatic route out of poverty. Where work is of poor quality, low paid, short-term or seasonal, in-work poverty is a real prospect. (Paragraph 60)
14. Low paying, poor quality jobs are part of a bigger problem which will require effort not only on the part of the Government, but also of the public sector more generally as well as private employers. In order to ensure that sustainable routes out of poverty are provided, the focus on employability needs to include support for retention and advancement. (Paragraph 61)
15. We recommend that the discrimination against young workers inherent in the current structure of the minimum wage should end. We are particularly concerned that young adults on work-based training courses should be able to support themselves at a decent level. We agree with the Minister that “Apprenticeships are not meant to be just a source of cheap labour for people” and we urge the Government to ensure that the guidelines surrounding pay and conditions for trainees are properly enforced. (Paragraph 63)
16. We welcome efforts to integrate different benefits streams into a ‘one-stop-shop’. However, the Government must provide enough resources to ensure that any new system is properly administered. (Paragraph 74)
17. The simplification of the benefits system is a vital area of work if take-up of entitlements is to be increased. We refer the Government to the recent excellent contribution of the Work and Pensions Committee in this area. Given the current complexity of the benefits system, the Government has a responsibility to invest in welfare rights advisers and campaigns to promote the take-up of benefits generally. (Paragraph 75)
18. In addition to plans for an online system, frontline employees in a range of services should be equipped with a basic knowledge of the tax credits and benefits system so that they can assess whether a household is claiming its full entitlement and give advice on where to go for further information. Where convenient, greater use could be made of co-location so that benefits checks are part of a local ‘one stop shop’. (Paragraph 76)
19. In the areas of welfare advice and co-location of services there is clear benefit to be gained by working with local authorities. (Paragraph 77)
20. We urge the Government to consider establishing a transitional benefit aimed at alleviating the costs of entering employment. (Paragraph 81)
21. The Government now needs to ensure that everyone living in poverty really would be financially better off in work. Without this approach, the reduction in poverty over the last ten years will not be sustained in the next decade. (Paragraph 82)
22. We urge the UK Government, the Scottish Executive and local authorities to consider ways in which the high costs of transport in rural areas can be alleviated. (Paragraph 87)

23. In this Report, we have highlighted the importance of co-ordinating initiatives in different administrations and policy areas in order to reduce unnecessary duplication and to ensure that policies are 'poverty proofed' across the board. This is doubly important for rural communities, where accessibility is key and a range of welfare advice must be made available from a single point of contact. (Paragraph 94)
24. We conclude that rural poverty presents its own challenges, which will not be solved by an approach tailored to the small pockets of deprivation characteristic of urban poverty. It is vital that the Government's anti-poverty policies are subject to 'rural proofing'. Witnesses have suggested that the establishment of a Commission for Rural Scotland might be a way to give rural communities a stronger, unified voice and we hope that the Government and the Scottish Executive will consider this proposal. Greater investment in outreach is needed to ensure that geographically dispersed communities have equal access to services. (Paragraph 96)
25. The Government should review its eligibility criteria for benefits aimed at alleviating fuel poverty. In particular, both Winter Fuel Payments and Cold Weather Payments could be extended to those in receipt of disability-related benefits. As part of this review, consideration should be given to establishing a form of regional weighting that would recognise the increased burden in fuel costs to colder parts of the UK. (Paragraph 105)
26. We cannot understand why the take-up of Fuel Direct should have fallen at the same time that fuel debt is rising. We urge the Government to look into the cause of this fall as a priority. (Paragraph 112)
27. The reduction of fuel poverty is an area in which greater co-operation and co-ordination between the UK Government, the Scottish Executive, energy companies and Ofgem is required. (Paragraph 119)
28. We are concerned that the UK Government, the Scottish Executive and local authorities should co-ordinate their efforts, particularly in the area of illegal money lending. (Paragraph 123)
29. We believe that there is a case for Courts to be empowered to impose an interest rate cap in order to prevent severe poverty or destitution. (Paragraph 128)
30. We endorse the recent recommendation of the Work and Pensions Select Committee that the Government should look in more detail at the potential for increasing the eligibility for the Social Fund. We believe that the Social Fund should be reformed and expanded through an increase in resources. A more extended service of affordable credit to those in most need could offer a real alternative to high cost credit. (Paragraph 136)
31. Our evidence leads us to conclude that more action on irresponsible lending is necessary. Lenders must be obliged to offer credit responsibly and above all transparently. This is not the only solution. Once again, in order to tackle the problem of debt, a coherent strategy must be implemented across a range of policy areas, from the regulation of credit agencies to better education in financial literacy.

Co-ordinated action will be needed on the part of the UK Government, the Scottish Executive and local authorities to ensure this takes place. (Paragraph 142)

32. Our inquiry has confirmed that a welcome reduction in poverty has taken place over the past ten years, particularly amongst vulnerable groups such as pensioners and children. This reduction must continue over the next decade. In order for this to happen, the Government needs to make a concerted effort to present a coherent anti-poverty strategy across all policy areas, joining up across government departments as well as with the work of the Scottish Executive and of local government in Scotland. On present evidence, we do not believe that the Government is doing enough to 'poverty-proof' all of its policies and to exploit the available opportunities to integrate services. (Paragraph 143)
33. This inquiry has highlighted a number of issues that are of particular concern. The Government's focus on work and the national minimum wage as routes out of poverty has been responsible for a substantial part of the reduction in poverty that has been achieved so far. The Government cannot rely on economic growth alone to reduce the inequalities in society. Those that remain out of work face considerable barriers in the form of inadequate childcare, geographical isolation, employer attitudes or provision for disabilities. A considerable amount of work will be needed to remove these obstacles and we are not confident that the Government appreciates the scale of the task it faces. (Paragraph 144)
34. Our evidence also suggests that some of those who have entered work in recent years have taken on low paid jobs with few prospects of advancement. Those in seasonal employment can hover around the poverty line in a 'no pay, low pay' cycle. Sustainable routes out of poverty can be provided by genuine career paths which, although they may start on relatively low pay, offer the chance of progression. The introduction of the minimum wage has made a significant contribution to reducing poverty. The setting of an appropriate rate needs further investigation, but in principle, pay should be fixed at a level so that no-one in full time work is living in poverty. The relatively poor progress that has been made on reducing poverty amongst single adults of working age is evidence of the problems in this area. (Paragraph 145)
35. Rural poverty, fuel poverty and debt have been particular focal points for this inquiry. Each of these areas raises distinctive issues, discussed in detail above. We are concerned that, despite good intentions, there is a lack of integration and too much complexity in these areas. The Government could do more to integrate different policy streams and to work co-operatively with stakeholders, including local authorities, with whom relationships appear to have weakened, and the Scottish Executive. (Paragraph 146)
36. The fight against poverty has not yet been won. Recent progress in reducing poverty must continue over the next decade. More resources and an even greater effort will be needed to reach those groups that have not yet benefited from the economic growth enjoyed by the UK as a whole. (Paragraph 147)

Formal Minutes

Tuesday 11 December 2007

Members present:

Mr Mohammad Sarwar, in the Chair

Danny Alexander

Ms Katy Clark

Mr Ian Davidson

Mr Jim Devine

Mr Angus MacNeil

Mr Charles Walker

Ben Wallace

1. ***Poverty in Scotland***

The Committee considered this matter.

Draft Report (*Poverty in Scotland*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 and 2 read, amended and agreed to.

Paragraphs 3 to 6 read and agreed to.

Paragraphs 7 and 8 read, amended and agreed to.

Paragraph 9 read and agreed to.

Paragraph 10 read, as follows:

Our evidence has shown that poverty is caused by low pay and low levels of benefits. Events such as family breakdown, low educational achievement or unemployment, are often cited as causes of poverty, but these factors are also to be found amongst those who are relatively well off. At root, poverty is caused by a lack of money. In 2000, our predecessor Committee found that poverty could only be tackled with quality work and generous wholehearted benefits for those unable to work. This remains the case.

Amendment proposed, in line 1, to leave out “caused” and to insert “defined”.—(*Danny Alexander*.)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 3

Danny Alexander

Mr Charles Walker

Ben Wallace

Noes, 3

Mr Ian Davidson

Mr Jim Devine

Mr Angus MacNeil

Whereupon the Chairman declared himself with the Noes.

Paragraph 10 agreed to.

Paragraphs 11 to 19 read and agreed to.

Paragraphs 20 to 22 read, amended and agreed to.

Paragraphs 23 to 37 read and agreed to.

Paragraph 38 read, amended and agreed to.

Paragraphs 39 to 47 read and agreed to.

Paragraph 48 read, amended and agreed to.

Paragraphs 49 to 54 read and agreed to.

Paragraph 55 read, amended and agreed to.

Paragraphs 56 to 60 read and agreed to.

Paragraph 61 read, amended and agreed to.

Paragraph 62 read and agreed to.

Paragraph 63 read, as follows:

A lower wage for young adults may seem justifiable on the grounds of experience and skills, but the tiered nature of the minimum wage can have an extremely negative impact on vulnerable young people entering work for the first time, pushing them into poverty. This is a particular problem for young people who may not have the support of a family home at this crucial time, for example, those leaving care. We recommend that consideration be given to ending the discrimination against young workers inherent in the current structure of the minimum wage. We are particularly concerned that young adults on training courses should be able to support themselves at a decent level. We agree with the Minister that “Apprenticeships are not meant to be just a source of cheap labour for people” and we urge the Government to ensure that the guidelines surrounding pay and conditions for trainees are properly enforced.

Amendment proposed, in line 6, to leave out “consideration be given to ending the discrimination against young workers inherent in the current structure of the minimum wage” and to insert “the discrimination against young workers inherent in the current structure of the minimum wage should end”.—(*Mr Jim Devine.*)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 3

Noes, 2

Mr Ian Davidson
Mr Jim Devine
Mr Angus MacNeil

Danny Alexander
Ben Wallace

Paragraph 63, as amended, agreed to.

Paragraph 64 read and agreed to.

Paragraph 65 read, amended and agreed to.

Paragraphs 66 to 75 read and agreed to.

Paragraph 76 read, amended and agreed to.

A paragraph—(*Mr Ian Davidson*)—brought up, read the first and second time, and inserted (now paragraph 77).

Paragraphs 77 to 85 (now paragraphs 78 to 86) read and agreed to.

Paragraph 86 read, amended, divided and agreed to (now paragraphs 87 and 88).

Paragraphs 87 to 111 (now paragraphs 89 to 113) read and agreed to.

Paragraph 112 (now paragraph 114) read, amended and agreed to.

Paragraph 113 (now paragraph 115) read and agreed to.

Paragraph 114 (now paragraph 116) read, amended and agreed to.

Paragraphs 115 to 120 (now paragraphs 117 to 122) read and agreed to.

Paragraph 121 (now paragraph 123) read, amended and agreed to.

Paragraphs 122 to 128 (now paragraphs 124 to 130) read and agreed to.

Paragraph 129 read, as follows:

Whilst we support measures to encourage the growth of credit unions, the Government must avoid undermining the responsible lending premise of the credit union by attempting to extend their activities to those who do not have the necessary money to qualify for a loan.

Paragraph disagreed to.

Paragraphs 130 to 134 (now paragraphs 131 to 135) read and agreed to.

Paragraph 135 (now paragraph 136) read, amended and agreed to.

Paragraph 136 to 140 (now paragraphs 137 to 141) read and agreed to.

Paragraphs 141 to 146 (now paragraphs 142 to 147) read, amended and agreed to.

Summary amended and agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Tuesday 15 January at 11am

Witnesses

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Tuesday 12 December 2006	
Mr Cameron Stark , Honorary Clinical Senior Lecturer, Centre for Rural Health, Mr Fraser Parr , Chairperson, Inverness Trades Council and Mr Sandy Brady , Director of Strategy, Highlands and Islands Enterprise	Ev 4
Ms Carron McDiarmid , Head of Policy and Performance, Highland Council, Ms Philomena De Lima , Development Officer, UHI Policy Web, and Ms Carol Greer , Advisory Officer Citizens Advice Scotland	Ev 24
Tuesday 16 January 2007	
Professor Adrian Sinfield , University of Edinburgh, and Professor John Veit-Wilson , Newcastle University	Ev 53
Tuesday 6 February 2007	
Mr Peter Kelly , Director, The Poverty Alliance and Mrs Carol Young , Research Officer, Scottish Low Pay Unit	Ev 76
Tuesday 20 February 2007	
Mr Brian Gordon , Chair, Ms Myra Mackenzie , Secretary, Mr Jim Milne , Project Leader, Dundee Anti Poverty Forum and Rev Erik Cramb , Chair, NCR Rapid Response Group	Ev 95
Mr Andrew Girvan , Director, Children's Services, Mr Joe Connolly , Deputy Director, Children's Services Ms Frances Tran , Assistant Director, Children's Services, NCH Scotland; Mr John Wallace , Deputy Project Manager, Dundee Families Project and Mr Ian Dobson , Homeless Services Manager, Dundee City Council.	Ev 109
Tuesday 6 March 2007	
Ms Sue Middleton , Research Director, Centre for Research in Social Policy, Loughborough University and Adviser to the Joseph Rowntree Foundation Poverty and Disadvantage Committee and Mr Guy Palmer , Director, New Policy Institute	Ev 125
Tuesday 13 March 2007	
Mr Douglas Hamilton , Head of Policy and Research and Ms Claire Telfer , Policy and Parliamentary Officer, Save the Children in Scotland and Mr Jason Strelitz , UK Policy Advisor on Poverty, Save the Children	Ev 141
Tuesday 20 March 2007	
Mr John Dickie , Head, Child Poverty Action Group (CPAG) Scotland and Dr Paul Dornan , Head of Policy, Child Poverty Action Group	Ev 158
Tuesday 15 May 2007	
Mr Eddie Follan , Public Affairs Manager, Mr Adam Scorer , Director of Campaigns, energywatch and Ms Elizabeth Gore , Deputy Director, Energy Action Scotland	Ev 178

Mr Alistair Buchanan, Chief Executive, **Ms Sarah Harrison**, Managing Director, Corporate Affairs and **Mr Charles Gallacher**, Director, Corporate Communications and Scotland, Ofgem Ev 193

Tuesday 12 June 2007

Reverend Graham K Blount, Scottish Churches Parliamentary Office and **Ms Eileen Baxendale**, Chairperson, Baptist Union of Scotland Public Issues Advisory Group Ev 209

Tuesday 19 June 2007

Mr Mike Dailly, Principal Solicitor, Govan Law Centre, **Ms Susan McPhee**, Head of Social Policy and Public Affairs, Citizens Advice Scotland, **Mr John Patton**, National Development Officer, Scottish League of Credit Unions, **Ms Loretta Gaffney**, Manager, Glasgow Easterhouse, Citizens Advice Bureau and **Mr Chris Mallon**, General Manager, Association of British Credit Unions Limited, Glasgow Ev 228

Monday 26 November 2007

Councillor Harry McGuigan, Spokesperson on Community Safety and Well Being, **Mr Jon Harris**, Strategic Director, Convention of Scottish Local Authorities, **Mr Richard Cairns**, Head of Economic & Social Initiatives, Glasgow City Council, **Mr Brian Barker**, Policy and Strategy Manager, Argyll and Bute Council, **Mr Jim McCrossan**, Community Learning and Regeneration Manager, Argyll and Bute Council; and **Mr Matthew Crighton**, Capital City Partnership Ev 258

Stewart Maxwell MSP, Minister for Communities and Sport, **Mr Jamie Hamilton**, Social Housing Division, **Mr Mike Palmer**, Head of the Social Inclusion Division; and **Mr Neil Langhorn**, Head of the Antipoverty Strategy Team, Social Inclusion Team, Scottish Executive Ev 270

Tuesday 27 November 2007

Caroline Flint MP, Minister of State for Employment and Welfare Reform, **Mr Jonathan Portes**, Director, Child and Poverty Directorate, Department for Work and Pensions, **Jane Kennedy MP**, Financial Secretary to the Treasury, and **Mr Jonathan Athow**, Work Incentives and Poverty Analysis Team, HM Treasury Ev 298

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6 The Poverty Alliance	Ev 70, 90
7 Scottish Low Pay Unit	Ev 74
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30 Equal Opportunities Commission	Ev 333
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38 Energy Retailers Association	Ev 374
39 Scottish Power	Ev 377
40 Scottish Gas	Ev 381
41 Scottish League of Credit Unions	Ev 382
42 Scottish Illegal Money Lending Unit	Ev 383

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

The following publications have been produced by the Scottish Affairs Committee since the beginning of the 2005 Parliament:

Session 2007–08

First Report	Effects of tax increases on the oil industry	HC 35
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Session 2006–07

First Report	Work of the Committee in 2006	HC 308
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Session 2005–06

First Report	Work of the Committee in 2005	HC 836
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Second Report	Meeting Scotland's Future Energy Needs: the Westfield Development Centre	HC 1010
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Third Report	<i>Putting Citizens First: the Report from the Commission on Boundary Differences and Voting Systems</i>	HC 924
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Fourth Report	The Sewel Convention: the Westminster perspective	HC 983
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First Special Report	Meeting Scotland's Future Energy Needs: Government Response to the Committee's Second Report of Session 2005–06	HC 579
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Second Special Report	The Sewel Convention: the Westminster perspective: Government Response to the Committee's Fourth Report of Session 2005–06	HC 1634
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