

New TSN – The Way Forward
Towards an Anti-Poverty Strategy
A Consultation Document

ANTI-POVERTY

08 SEP 2005

RECEIVED

Phase 2

NEA Northern Ireland's Response

September 2005

Introduction

NEA is the national energy action charity campaigning for warm homes in Northern Ireland. One third of households (203,000) make a choice to live in a cold, damp home, prioritise fuel bills and go without other necessities or get into debt using the energy they need to stay warm.

November 2004 saw the Department for Social Development launch a Fuel Poverty Strategy for Northern Ireland which, in short, advocates we 'keep doing what we're doing' despite high and rising fuel prices in the hope that fewer people will be

suffering by the time of the next House Condition Survey (Interim Survey results are imminent).

With a framework approach to an anti-poverty strategy the fuel poverty strategy should contribute to overall anti-poverty targets however, fuel poverty arises due to the combination of three factors:

- * High fuel prices
- * Low incomes
- * Energy inefficiency

and the fuel poverty strategy for Northern Ireland, whilst tackling energy inefficiency for some households, proposes no substantial action to address low incomes including benefit levels set in England where, until recently over half fuel poor households were 'lifted' out of fuel poverty by falling fuel prices. The definition used by DSD (and Westminster Government) includes housing and disability benefits, despite fuel poor households having no choice as to how this income is spent. The strategy suggests no actions on high fuel prices – this is deemed beyond Government's control despite a recent attempt to subsidise industrial electricity prices to the tune of £30 million.

Subsequently fuel prices have risen by 10% or more increasing the risk of fuel poverty amongst more than the one third enumerated through the 2001 House Condition Survey. Meanwhile, benefit rates have increased by much less than the increase in fuel prices and often less than the rate of increase in wages and salaries.

While NEA NI accepts OFMDFM's explanation of the problems with benefit level increases, we must ask if OFMDFM and/or DSD has gathered any evidence to present to the Treasury regarding the effect of inadequate benefit levels in Northern Ireland for example, has there been any attempt to measure the RPI for Northern Ireland; it is well-documented that apart from housing (and this depends where you live – very often people have no choice due to rurality or sectarian geography), Northern Ireland pays more for basic living expenses and much more for energy than the rest of the UK. This needs to be reflected in benefit rates.

The Proposed Anti-Poverty Strategy for Northern Ireland

Firstly, NEA NI has some difficulty in ascertaining what exactly the proposed strategy is; the first 51 pages of the main report appear to be a fuller explanation of the first consultation document which so disappointed so many people. It is not until page 52 that we get some sense of what OFMDFM is referring to, with much relevant information hidden in annexes. It is NEA NI's belief that this document will once again cause frustration amongst those experiencing poverty and social exclusion and their representative as this document provides no definitive action to eradicate the problem.

Vision

Whilst we agree with the sentiment of the proposed vision (tucked away in an annex), NEA NI is of the opinion that this is not a vision; a vision should not be constrained by fears of budgetary consequences nor even the practicalities of tackling the problem but, be an 'ideal-world-view', that is, where adequate resources are available and

anything is possible. The vision should be the end result of how Northern Ireland would look if poverty and social exclusion were eliminated. Instead, we find a 'vision' which talks about 'the development of a society' which is a process, not an outcome and a strategy which 'aims to enable' rather than a vision where everyone is enabled. It is with worrying frequency that we see strategies for Northern Ireland with a vision from the windows of inadequate resources, budgetary constraints and competing priorities, in fact, DSD must be congratulated for it's vision of eradicating fuel poverty, (less so for the strategy to get there).

Whilst there are some things in the document that we must support in principle for example, the PSI group on lone parents, the use of indicators to measure progress and a Ministerially-led Anti-Poverty Forum, there is little of substance that we can support at this point. The PSI Group, indicators and Anti-Poverty Forum will be helpful in delivering a strategy which details specific aims, objectives, targets, responsibilities and resource implications but we are frustrated that this second document, one year after the first, still has no 'meat on the bones'. There are targets at various levels but no notion of what level improvement we are aiming for and no notion of within what timescale we want to achieve these improvements, nor any specific actions in order to do so for example, to reduce the proportion of working age people living in workless households; we would expect in any strategy to see this stated as

'To reduce the proportion of working age people living in workless households from x% to y% by 2010'

Strategic Aim

NEA NI could accept a strategic aim of 'improving the income and living conditions of the most disadvantaged' in the short to medium term, even for the longer term however, it is not acceptable as the ultimate outcome of any anti-poverty strategy and we believe the weakness of this aim can only help the strategy to fail. It is NEA NI's view that the strategic aim must be a stronger statement and would prefer to see a strategic aim that gives some sense of being able to tackle poverty and social exclusion rather than one which aims to attempt to tackle the problem; trying to do something and actually doing something are two different actions and we believe this statement belies a belief that poverty and social exclusion cannot be eradicated. Whilst we understand there will for example always be a 'bottom 10%' of earners, we believe that those earning the least in society are entitled to a certain standard of living and that the aim should be to ensure all people are afforded this standard as minimum. The minimum standard of living is open to debate and will be debated strongly by all sides however, some agreement must be reached as to what we are aiming for. To simply aim for an improvement in income and living conditions could in theory, be met by a 50 pence increase in benefits and a smoke alarm; this is obviously unacceptable.

High Level Targets

The high level targets within the proposal concern us greatly for a number of reasons:

1. The emphasis on employment may be acceptable for the majority of people however, it is only acceptable where employment opportunities allow people to

earn a reasonable wage that will enable them to live a full life; many jobs attracted to Northern Ireland are low-skilled employment and hence low paid. Low pay causes many problems; the 2001 House Condition Survey shows an annual income of £15,000 is required to heat the home adequately in Northern Ireland. The minimum wage is not enough for a family to live on, necessitating two working parents and increasing lone parent poverty. The necessity to bring in two wages to live a reasonable lifestyle causes more people to be chasing employment and thus lower wages, lack of choice regarding caring for children at home exacerbating childcare difficulties and disadvantaging single earner households. Whilst we recognise the support provided by in-work benefits, this is subsidising the rich who earn profits from these businesses; in a climate of low interest rates, one would assume investors would be happy with a marginally higher rate of return on their investment in businesses with 'normal' risk however, it appears that those wealthy enough to invest in industry and commerce are not satisfied with higher rates of return, but require super-returns on their investments, to the detriment of the real costs of production (the same could be said of environmental damage) in particular, the cost of labour. This in turn hits taxpayers and under the current system of taxation middle-income earners are subsidising higher income earners. Neither will the emphasis on employment tackle poverty amongst pensioners and other economically inactive households including those headed by a disabled or chronically sick person. Employment is not an answer either for households that cannot access childcare either through lack of provision or the high cost due to demand outstripping supply in Northern Ireland; one parent must stay at home to look after children and for lone parents and this results in

staying on benefits even where there is a willingness to work. It must also be stated that women are very much disadvantaged by this situation on top of the disadvantages they already face in the employment spheres – lower wages, glass ceilings etc.

2. Building capacity to take advantage of the market economy is a laudable objective; liberalisation of energy markets in Britain have shown this to be necessary as fuel poor households have paid for structures required for liberalisation but few have benefited from reduced prices experienced by fuel rich households switching supplier. Ofgem and EnergyWatch embarked on an education and information initiative to increase understanding and more recent figures show an increase in low income and vulnerable households switching supplier to avail of reduced prices (prices are rising again though and it remains to be seen how effective a liberalised market will be in supplying necessary services in the future).

Building capacity is useless if households do not have the money to participate in the market economy and income inadequacy must be addressed. It is also almost impossible to participate in a social and cultural life without adequate income; a family is unlikely to spend money on a visit to the theatre or cinema if there is not enough money to pay the bills or buy a school uniform or even put a healthy diet on the table.

3. OFMDFM's definition of financial hardship is unclear. Financial hardship usually means a lack of income to cover basic living expenses however, it

appears that OFMDFM is talking about financial exclusion where families have little or no access to financial services. Educating those experiencing poverty about bank accounts loans APRs etc. is, again, a laudable objective but, it is unlikely that they will be able to access 'normal' financial services anyway; low incomes or dependency on benefit income makes them high risk in the financial world and even where a financial institution agrees to lend it is likely that interest rates will be higher than those for lower risk clients (you only have to look at adverts for financial services to see this, adverts aimed at people with financial problems, poor credit ratings, CCJs etc advertise rates much higher than that advertised by high street banks for example). Again, it is our belief that the key to dealing with financial hardship is an adequate income. Very often incomes in Northern Ireland, including benefits, fail to cover the cost of basic necessities, warmth, clothing footwear, healthy diet etc, never mind affording a lifestyle many of us take for granted, Christmas presents, birthday treats, a holiday, new furniture, electrical appliances such as a fridge or cooker or being able to decorate a home.

Mid-Level Targets

This section states it is not possible to be explicit and that it will only be possible 'when the framework for developing the strategy has been agreed and the quantum of departmental actions and activities in support is clarified'. This causes NEA NI two concerns:

1. OFMDFM has raised expectations by stating it is consulting on an anti-poverty strategy for Northern Ireland when, in reality, it has been, and still is, consulting on a framework for developing the strategy. This gives the impression that OFMDFM is reluctant to commit to any specific action to tackle poverty and social exclusion and is leading to greater frustration amongst stakeholders. It is our view that this document should have been an attempt to ‘flesh out’ the previous consultation with more detail; this could easily have been combined with the framework proposals within the document and whilst proposed actions may not have been acceptable to stakeholders, it would have shown some commitment to taking action to tackle the problem.

2. The statement also infers that Government must first set the boundaries before anyone can input into the strategy and this again is a cause of great frustration amongst stakeholders. The statement makes it clear that this strategy will not be developed from the bottom up, with stakeholders, but will be developed within boundaries set by Government which goes against the spirit of the NAPSincl which requires the mobilisation of all actors. Whilst we understand the constraints of resources etc, if poverty and social exclusion is to be tackled we must first identify the problems, the causes and potential solutions and then allocate resources accordingly rather than allocate resources and decide what we can do with them. In short, if targets are to be secondary to the activities departments define for themselves, the important decisions have already been made and consultation is futile.

Skewing of Resources

Whilst NEA NI can understand OFMDFM's rationale for skewing existing resources, we believe this is another case of doing what we've always done and expecting a different result; this is akin to betting on a horse in a race that comes in last, playing a recording of the race and betting on the same horse again in the hope it will win this time. It could be said that this is what we have done on fuel poverty; offering the same services to the same groups of people and ignoring the reality of rising fuel prices pushing more and different groups of people into fuel poverty - the outcome of one third of households in fuel poverty will be the same, just different people are suffering. This type of action does not eradicate or alleviate the problem at societal level.

In essence, it is crisis management which meets the crisis for those experiencing the problem now but does not stop other people falling into crisis and so the problem perpetuates and the overall aim is never achieved. By skewing resources towards certain groups and communities until the problem is tackled, we are in danger of allowing the next poorest 10% of groups and communities to reach crisis point before we begin to tackle the problem for them; while we are firefighting here, the next 10% reach crisis point and so it goes on. Truly tackling poverty and social exclusion requires a concerted effort to identify the causes and making change across the board; it will take sustained effort and structural change to eliminate the problem all together.

It is our belief that skewing existing resources is only part of the answer; more resources are needed per se and Northern Ireland needs to be treated as a special

case within the UK and within Europe; it is skewing of our resources that has compounded the problem that is, the skewing of resources towards security for 30 years of conflict. The introduction of water charges is a prime example; for many years people have been paying water rates as part of their general rates bills however, this money does not appear to have been ringfenced for maintenance and repair of our water infrastructure. It is likely that money was diverted to security, to manage a crisis, that no-one though would last as long as it did. People in Northern Ireland have in effect paid for maintenance and repair of the water infrastructure and are being asked to pay again because of the hole created by security during the conflict despite the fact that the vast majority of people did not cause or participate in the conflict and certainly would not have chosen to live in it. Neither did the vast majority of people make the expenditure decisions however, these people are now being asked to pay for it and this is unfair. Westminster often argues that people in Northern Ireland pay less in terms of taxation and council tax than people in Britain however, wages are lower here; taxation is paid on a proportional basis, thus it follows we should be paying less and Northern Ireland already pays more for basics such as food, energy and clothing from lower wages and there is little room in family budgets for additional charges. Whilst the costs of the war in Iraq are spread across all UK taxpayers, it appears that the costs of conflict in Northern Ireland are to be borne by NI taxpayers alone despite the vast majority of people having had no choice in nor any control over the matter and this is unfair. Should only Muslim taxpayers pay for the war on terrorism the Government pursues today?

Conclusions

This document smacks of fear of doing things differently and as a result, the outcomes will be the same as before, except now we are going to use valuable resources in accurately measuring out lack of progress. It also completely ignores the issue of income adequacy (both benefits and wages) in meeting the basic cost of living in Northern Ireland. The strategy also appears to ignore the principle of consultative policy-making and the spirit of the NAPSincl objective 4, mobilising all actors.

It is our belief that an Anti-Poverty Strategy for Northern Ireland (and a Fuel Poverty Strategy for Northern Ireland for that matter) that skirts around the problem of income inadequacy is critically flawed and Government can roll out as many initiatives that it can think up and as many as it will fund but poverty and social exclusion will still be with us.

Moving Forward

NEA NI believes the Anti-Poverty Forum should be set up immediately and that this forum should consider the consultation responses. We would expect to see a draft Strategy (Regional Action Plan) by Christmas 2005 which would then be consulted on intensively for a period of no less than 3 months. The draft strategy should be based on a review of current strategies, progress to date, an assessment of what is working and of what is not and identification of gaps (the difference between vision and reality) in current provision along with solutions to fill these.

We believe the model used by the Human Rights Commission for consultation on a Bill of Rights for Northern Ireland would be a good basis for consultation on an anti-poverty strategy and urge OFMDFM to truly 'mobilise all actors'; there is already a toolkit for consulting communities in existence and we would urge the widespread use of this. Consultations should be carried out with communities, in schools, colleges, employment training programmes, churches, in rural areas, even in doctors' waiting rooms, to ensure the most vulnerable and most excluded are actively consulted. Public events have a place but tend to be attended by activists and this may skew results so we would like to see a multitude of approaches with a myriad of people. In essence, an anti-poverty strategy should be agreed, owned and acted upon by all members of society, not just Government and the voluntary and community sector.

A full strategy including objectives, actions, targets, responsibility and resources required would then be ready to roll out from April 2006 and ideally include some milestones for year 1, year 3, year 5 and the longer term.