



Welsh Liberal Democrats
Democratiaid Rhyddfrydol Cymru

Consultation:

Inequality

Autumn Conference 2012

Resident's Lounge,
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This paper has been published for a Consultative Paper for debate at the Welsh Liberal Democrats' Autumn Conference.

Not all of the questions asked by the consultation will become party policy and no question or statement should be taken as being Welsh Liberal Democrat policy unless it has been approved by Conference.

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EQUALITY MATTERS

The political importance of tackling inequality

In recent years, a body of work has become available that backs up what Welsh Liberal Democrats have always believed – equal societies are better for everyone in society. The book *The Spirit Level* demonstrated that the more equal a society offers a generally higher level of wellbeing than others.

However, equality has not been talked about enough in the National Assembly, or by the Welsh Liberal Democrats. In part this is because the levers by which we effect change to improve equality are spread out across government portfolios and are often not thought about in the round.

This policy consultation document is designed to draw together a number of different policy strands on how best to tackle inequality and to move on out thinking about inequality beyond the usual portfolios.

Defining equality

In order to best decide how to tackle inequality, we must decide how we are defining equality. The simplest measure is to look at people's incomes and determine how wide the gap is between the highest and the lowest. This is known as 'income inequality.' However, this presents a number of problems for Wales. In the first instance, Welsh incomes tend to be more equal as there is a much smaller number of the super-rich in Wales. By default, Wales is therefore more equal. Likewise, the National Assembly has little power to affect the income levels of people in Wales, other than creating more and higher-paying jobs.

The alternative is to use a more complex model of deprivation, such as the Welsh Index of Multiple Deprivation, which ranks every area in Wales (either ward-level or smaller) based on a series of criteria that examine deprivation in that area, including poverty, health, education and access-to-services. Do we consider closing the gap between these various areas to be the most important aim for tackling inequality? In the past we have criticised geographic indicators of poverty because they often fail to reach individuals outside of these areas who live in poverty and this is especially true in rural areas, where poverty is less concentrated.

We could also consider a less statistical definition of inequality, instead concentrating how people perceive their position relative to other people in their community. This, of course, has the downside of being difficult to quantify and may not address underlying social issues in areas where those social issues are widespread.

Finally, we could identify specific indicators, such as life expectancy or attainment of pupils from poorer backgrounds. This would be easier for the Welsh government to tackle as it is able to directly influence these outcomes. However, it may be more difficult to deliver a broad strategy with a single aim if we are looking at a series of indicators.

Aspiration

Welsh Liberal Democrats have always believed that cycles of deprivation are based on both poverty but also on a lack of aspiration. We believe that, in some cases, a lack of aspiration prevents people from reaching their potential and that this is a major factor in entrenching lower achievement and poorer lifestyles in some communities. We should bear in mind that the need to tackle inequality should focus on an inequality in aspiration as well as an inequality more generally.

Q1: How do we define equality and how does it differ from poverty?

BACKGROUND

Education

Welsh Liberal Democrats have long believed that education can be the ladder out of poverty and have championed it as the most effective way of creating equality of opportunity. However, we are also dismayed that educational achievement is closely linked to background – the better off your parents, the better your grades are likely to be. That is why we have successfully introduced the pupil premium in Wales that targets additional resources at pupils from poorer backgrounds.

We continue to support increasing the resources for the pupil premium, so that greater amounts of money are targeted at children from poorer backgrounds. Aled Roberts AM is also conducting a review of our education policy so that schools raise standards and improve educational attainment. However, barriers to children's success and aspirations can often be set very early on in life. That is why we should consider greater investment in children earlier on in life.

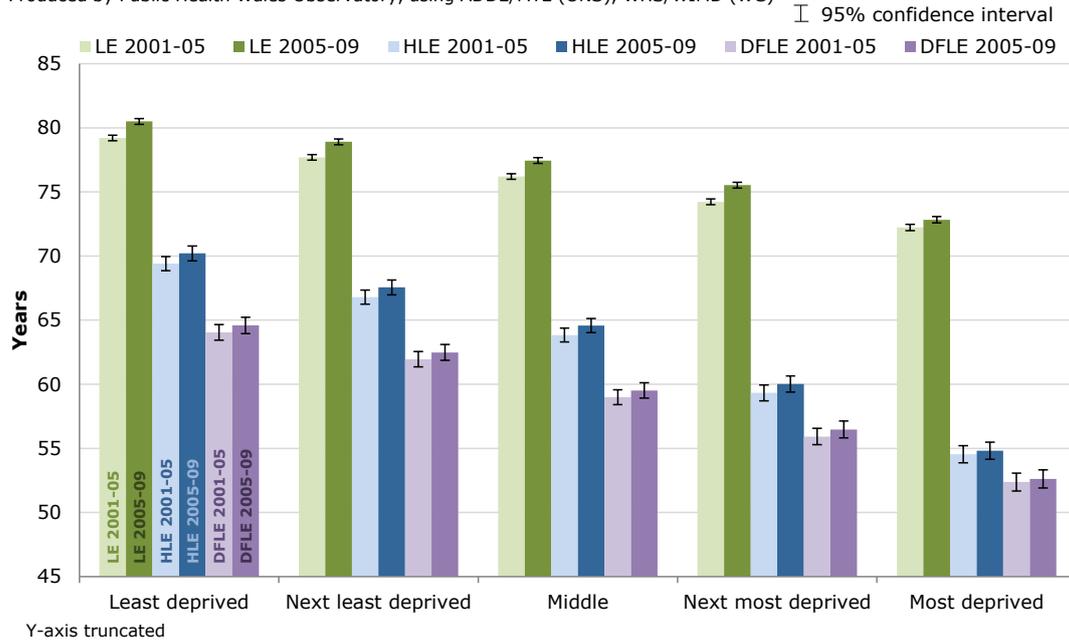
We know that a bright child from a poor home will be overtaken in school by a not-so-bright child from a middle-class home by the age of six or seven. We also know that some of the most important skills are learnt at an early age and it can be very difficult to teach these later on in lives. In recent years, governments have experimented with programmes such as Flying Start or Sure Start to improve the life chances of children from poorer homes.

Health inequalities

One of the biggest indictments of health policy in Wales is the difference in life expectancy between some parts of Wales and others. According to the ward-by-ward life expectancy figures released in 2009, the difference between the richest and poorest wards in Wales is nearly twenty years and, predictably, the link between deprivation and life expectancy is well established.

Life expectancy, healthy and disability-free life expectancy at birth, males, Wales 2001-05 and 2005-09

Produced by Public Health Wales Observatory, using ADDE/MYE (ONS), WHS/WIMD (WG)



In England, the previous government established the Marmot Review which looked at what the government could do to improve to reduce “health inequalities” (the term for the difference between life expectancy in different areas). It concluded that there was action needed on six key areas:

- Give every child the best start in life
- Enable all children young people and adults to maximise their capabilities and have control over their lives
- Create fair employment and good work for all
- Ensure healthy standard of living for all
- Create and develop healthy and sustainable places and communities
- Strengthen the role and impact of ill health prevention

Interestingly, many of its conclusions include investing in areas that are not directly-linked to the NHS, including improving educational and employment prospects throughout life, improving housing quality and promoting healthier lifestyles.

Housing

The links between deprivation and poor housing are well known. Anecdotal evidence from across Wales suggests that poorer people are more likely to live in smaller, more crowded and poorer quality housing. The more affluent are more likely to live in larger, warmer and drier housing. Governments have always recognised the need to help provide housing of a decent quality for people who may not be able to afford it, hence the advent of council housing in interwar and postwar periods and the drive to improve social housing that was built below an acceptable standard.

Likewise, the links between housing quality and health are well-established. According to Aneurin Bevan LHB, “there is an accepted; evidence based direct relationship between poor housing and poor health which is exacerbated in areas of high deprivation.” This is particularly true if the housing stock is cold or damp, which causes an impact on long-term health condition. A report commissioned by the BRE Trust and Shelter Cymru envisages that Wales loses £168 million each year as a result of poor housing.

It is clear that access to housing is strongly linked to income and to deprivation. As well as this, links between housing and health are well known.

Jobs

Access to high-quality jobs is linked intrinsically to education – higher qualifications mean a higher propensity to get better jobs. However, employment is seen as a key way of reducing inequality and relieving poverty. Likewise, seeing a parent, or parents, regularly working can help boost the aspiration of young children.

Currently, there are fewer jobs than available workers in Wales, but this is exacerbated in poorer areas, where high-paying jobs are less common. This often leads to a situation where fewer high-paying jobs are available, so there is less money in the local economy and people’s wages are caught up in paying for commuting costs.

Q2: Which of these background factors do we think has the biggest impact on inequality in Wales and how important do we then think the other factors are?

FINDING SOLUTIONS

Support in the early years

We believe that children deserve support from the very start of their life in order to help remove barriers that often hold back children from poorer homes. However, this is clearly not enough. Access to educational success is still far too dependent on background, and the pupil premium should be just one part of the process of supporting children from poorer backgrounds. Sure Start is a similar programme in England.

The Welsh government has promised to double the number of Flying Start places over the current Assembly term. Flying Start is a programme which promotes health visiting, childcare and some early learning with children aged 0-3 in deprived areas. This scheme has proven to be successful but is limited to areas with high concentrations of deprivation and can miss out children from poorer backgrounds in areas where poverty is less common, particularly rural areas.

We may also want to look at how we can best improve children's health in the early years. If we accept that there is a much higher likelihood of poor health amongst people from poorer backgrounds, then we must accept that we need to engage more proactively to mitigate this. For example, post-natal mental health problems are three times as likely to occur amongst mothers from poorer backgrounds. Likewise, the children themselves from poorer backgrounds, or living in lower quality homes, are more likely to contract health conditions.

The challenge: Welsh Liberal Democrats need to decide on the most appropriate model for improving early years' services across Wales, including how we fund any new services. We also need to consider if it is appropriate to roll-out the Flying Start model in all parts of Wales or whether we need to work with some local Councils to find a more effective way of targeting this support in some areas. Likewise, we need to consider whether the role of health visitors can be expanded to mothers from poorer backgrounds and how we would fund any cost for this. In addition, we may wish to consider how we can draw up a more coherent strategy for providing early years support, given that currently services are spread over several different portfolio areas and funded by several different ministers.

Q3: How can we expand and improve the system of early years support and childcare and how would we propose to pay for any costs incurred to fund it?

Making life expectancy more equal

It is demonstrably unfair, and illiberal, that someone's life expectancy more closely linked to their background and where they live than any other factor. Unfortunately, life expectancy is related to large number of factors, many of which are outside the powers of the NHS – for example, in order to make life expectancy more equal, we must also look at educational factors, local environment quality and employment situation.

The current Welsh government policy framework on health inequalities is based around the *Fairer Health Outcomes For All* action plan, which covers five main areas;

- building health into all policies and all policies into health
- giving every child a healthy start
- developing health assets in communities
- improving health literacy
- making health and social services more equitable
- developing a healthy working Wales
- strengthening the evidence base.

The action plan also identifies that the annual cost to Wales of health inequalities is £4 billion per year, mostly in the form of the cost of additional illness, productivity losses, lost taxes and higher welfare payments. It should be noted that not all of these costs are accrued by the Welsh government.

The challenge: We should consider whether we think that this strategy is sufficient to reduce health inequalities in Wales. For example, we may wish to consider directly-linking non-health services into the health equalities strategy would improve the effectiveness of the strategy. However, any additional items in the strategy would require additional investment and we must decide from where we take this investment. We may also wish to consider the best funding model for tackling health inequalities. For example, much of the work would be split across several government departments. We may wish to consider how best to link this funding up, perhaps using pooled budgeting or shifting policy programmes from one government department or another.

Q4: Which would be the best approach to reducing health inequalities and which new programmes would be best for doing so? How would we propose to pay for any costs incurred to fund it?

Housing

Rising house prices and a lower numbers of social homes being built in recent years have led to a greater correlation between quality of housing and income. Poorer quality housing also increases inequality by entrenching poor health on those who live in poor housing, re-enforcing the problem. The party has always promoted improving the quality and availability of the housing stock and secured an expansion of fuel poverty schemes as part of its recent budget deal with Labour. It has also long been Welsh Liberal Democrat policy to invest in programmes to improve the housing of older people to reduce their likelihood of hospitalisation. As well, local councils under Welsh Liberal Democrat control have regenerated housing in areas with concentrated levels of deprivation.

The current Welsh government fuel poverty programmes have concentrated on two different types of programme – the Fuel Poverty Scheme which targets individual households in fuel poverty and the Arbed scheme which targets whole streets in deprived areas. The

government also has a number of schemes to raise the quality of social housing, such as the Welsh Housing Quality Standard, which improves the standards of social housing that the government provides. There are also a handful of small schemes to improve the quality of private housing.

The Challenge: We need to consider how best to improve the poorest quality housing in order to reduce the impact of poor housing on health and equality. As there is considerable evidence that money can be saved by additional government services if this goes ahead, we should consider alternative funding models in order to fund any new programmes. For example, warmer houses would reduce NHS expenditure in the medium-term. Likewise, we should consider whether fuel poverty and home improvement programmes can be streamlined. We should also consider the most effective way to target this spending, either by regenerating whole areas or by targeting the poorest houses.

Q5: What support can the Welsh government best offer to homeowners and tenants in order to improve the quality of their housing and how do we target this to tackle equality? How would we propose to pay for any costs incurred to fund these?

Jobs

Evidence has shown that wide employment helps to reduce inequality. However, there has also been a “hollowing out” of the employment market over the last few decades, with an increase in the lowest and highest paying jobs, but middle-level jobs becoming scarcer. This has led to an increased polarisation in the employment market, with a wider level of inequality. Creating a stronger economy is a priority for reasons beyond simply tackling inequality, but reducing inequality in income is essential to this.

The challenge: We must consider how best to create jobs in Wales both nationally and in areas where there is a particular need for employment. As well as this, we need to specifically consider the profile of the jobs market in Wales and its impact on equality. We should consider the best way to attract middle-level and high-skilled jobs to Wales and how to ensure that they are spread across the country.

Q6: Do we want a separate approach to attracting new jobs to areas with concentrated deprivation or will this occur naturally as part of an economic development programme? If we do, how would we propose to pay for any costs incurred to fund it?

Governance

Throughout this document, it is well-established that the main mechanisms by which the Welsh government can tackle inequality are spread widely throughout the government. Local Councils and the Westminster government also control much of the mechanisms by which we can reduce inequality. The nature of equality means that its solutions will be found by a wide range of public services as well as by economic forces that are more difficult to control.

There have been sporadic attempts at creating government. In 1974, the UK government established a Royal Commission on Distribution of Incomes and Wealth, for example. Likewise, Nick Clegg announced the establishment of a Social Mobility Strategy in 2010, which addresses some of the issues germane to tackling inequality.

The challenge: We need to decide what approach will give the best institutional approach to tackling inequality. For example, would we begin by commissioning a wide-ranging report, or would we prefer to designate a minister as the minister responsible for tackling inequality. Likewise, how would we ensure that the work was best carried out across government? Would we like to see a specific organisation within government, such as an Inequality Unit, or an Inequality Tsar.

Q7: If we wish to secure the political importance of inequality, how can we best ensure that government pays attention to it?