



Public Policy Institute for Wales
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Alternatives Approaches to Reducing Poverty and Inequality: Existing Evidence and Evidence Needs

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Alternatives Approaches to Reducing Poverty and
Inequality:
Existing Evidence and Evidence Needs
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Summary

- Workshop participants highlighted a number of weaknesses in current approaches to measuring poverty. Participants recognised that the Welsh Government use income as part of a basket of indicators to measure poverty but felt that the UK median income measure may not accurately reflect the situation with poverty in Wales. It also fails to take account of geographical variations in living costs and differences in the needs of those who fall just under a 60% income threshold and those living a long way below it. The Wales median income measure may differ from the UK median income measure and it is possible that the UK measure may not reflect the impact of what is being done in Wales to help poverty reduction. There could therefore be some value in examining if the Welsh Median Income measure (alongside other measures) would better reflect the situation in Wales than the current UK income measure.
- Workshop participants highlighted the need for poverty measures to take account of the ways in which individuals and households may move in and out of poverty and highlighted the lack of data below the All Wales level as a significant evidence gap.
- Participants emphasised that Ministers need multi-faceted measures of poverty which can be used alongside the WIMD to provide a more rounded picture of the nature of poverty at household and individual level and how these change over time. They also stressed the need to pay more attention to the views and aspirations of those who are experiencing poverty. There was a recognition however that collecting more data is expensive and so resource considerations do need to be considered. However, adopting different approaches to poverty reduction could incorporate qualitative data collection as part of their delivery.
- They argued that evidence based targeted interventions were more effective than overarching strategies and suggested that combining insights from a range of approaches to poverty reduction could be beneficial. The experts also stressed the importance of effective working across Ministerial portfolios to reduce poverty together with measures that reflect the contributions of different portfolios.
- Equalities data are helpful in identifying groups who are disproportionately affected by poverty and a human rights/equalities based approach could help to focus attention on ensuring that mainstream services address the needs of the most vulnerable groups effectively. Capabilities style approaches allow for a broader understanding of poverty and approaches which focus on assets rather than needs offers the potential to identify opportunities and develop programmes that are attuned to individuals and/or communities' aspirations.

Introduction

The Public Policy Institute for Wales (PPIW) is co-funded by the Economic and Social Research Council (ESRC) and Welsh Government. It works directly with Welsh Government Cabinet Secretaries and Ministers to support them to identify their evidence needs and provide access to authoritative independent analysis and advice.

The Institute's work includes a programme of research and knowledge exchange on what works in tackling poverty which includes research with colleagues at the Universities of Aberystwyth, Cambridge and Warwick University and the Young Foundation on tackling in-work and rural poverty, ways in which housing providers can reduce poverty, and alternatives to high interest credit.

To help inform the future development of the PPIW's work on poverty and inequality we convened a workshop which brought together a select group of academic experts, senior policy makers and practitioners to discuss the current state of the evidence regarding approaches to reducing poverty and inequality and future evidence needs. This paper provides a summary of the discussion and the key themes and conclusions which emerged.

Context

Our understanding of poverty has developed over the last 25 years. Researchers now recognise that the experience of poverty is not simply about a lack of financial resources but includes a whole range of issues beyond the realm of income such as health, opportunities, social interaction, education and employment. This broader understanding has led to the development of new approaches to reducing poverty in the UK and internationally.

However, in the UK poverty is still often defined primarily in terms of income (typically as below 60% of the median income). The Welsh Government has developed the Welsh Index of Multiple Deprivation (WIMD) to focus on the manifestations of discrete forms of deprivation such as inadequate housing, low income, poor health, poor educational attainment etc. in small geographical areas but does not give direct insight into individual's households' experience. Therefore, the WIMD does have some limitations. It is a measure of deprivation and social exclusion rather than poverty and it focuses on areas rather than individuals and individual households.

The Welsh Government has made poverty reduction (or 'tackling poverty') a key priority and has supported a range of programmes and interventions to address it. However, more than one in five people in Wales still live in poverty according to the standard definition (National



Assembly for Wales [NAfW] 2015), and this has changed very little over the last 15 years. Factors such as the economic downturn have had an influence. However, this is not the whole explanation since poverty has been reducing more rapidly in some comparable regions of the UK (NAfW 2015).

A recent NAfW report (2015) highlighted a number of questions about the Welsh Government's approach including the:

- way in which poverty is defined;
- lack of evidence about the experiences of groups and individuals experiencing poverty in Wales; and
- need to improve monitoring practices for interventions designed to reduce poverty in Wales.

The lack of a sufficiently strong evidence base to inform policy and practice was a recurring theme and there was a strong message that strategies should be "*based on evidence rather than anecdote*".

Given the apparent lack of progress in reducing poverty and growing recognition of the importance of evidence based policy and practice, the workshop considered a range of approaches to poverty reduction and the evidence that underpins them. These approaches are summarised below but it is important to note that many of the definitions and understanding of these approaches are debated and contested by experts and academics alike and the interpretations here are from the attendees of the workshop.

The Welsh Government Approach

Between 2011 and 2016 the Welsh Government developed a range of strategies and actions designed to tackle poverty including:

- **Children and Families (Wales) Measure 2010** placed a duty on Welsh Ministers to publish a new Child Poverty Strategy and on Ministers, local authorities and other public bodies to set objectives for improving the outcomes of parents and children living in poverty.
- The 2011 **Child Poverty Strategy** set out three strategic objectives - reducing worklessness, increasing skills, reducing education and health inequalities.
- The 2012 **Tackling Poverty Action Plan** (which was refreshed in 2013) included specific targets and milestones for improving outcomes for **all ages**.

- The 2015 **revised Child Poverty Strategy** reaffirmed the ambition to eradicate child poverty and set out two new strategic objectives - building a stronger economy to reduce in-work poverty and supporting families to increase income and tackling the “Poverty Premium”. It recognised poverty as a major barrier to children accessing their rights and achieving better outcomes.
- The 2015 **Annual Report on Tackling Poverty Action Plan** claimed strong progress towards a number of the targets, particularly in education.

The evidence used by the Welsh Government to measure progress in tackling poverty includes:

- a range of indicators based on population level data;
- analysis of data such as the National Survey for Wales, Family Resources Survey the Annual Population Survey and the Millennium Cohort Study;
- research and evidence reviews by other organisations including What Works Centres, the Joseph Rowntree Foundation, the UK Social Mobility and Child Poverty Commission and Institute for Fiscal Studies;
- commissioned evaluations of its major programmes including Flying Start, Families First, Communities First, Lift, and the Pupil Deprivation Grant; and
- evaluations of programmes funded by the European Social Fund (ESF) and other European Union funded programmes.

The Government believes that these indicate that these demonstrate improvements in terms of worklessness, the number of NEETs, employment levels and educational attainment (though the gap between those receiving free school meals and those who do not persists). However there are some important gaps in the current evidence base, in particular the need for better evidence about the:

- value for money and cost effectiveness of interventions;
- most effective approaches to reducing in-work poverty;
- experiences of children and young people in poverty;
- needs of those with protected characteristics; and
- best ways to produce better outcomes rather than programme outputs for those in poverty.

It is also recognised that there is a need for improvements in the use of existing data sets and longitudinal analysis (including Understanding Society survey data and its predecessor the British Household Panel Survey) and that evaluation of individual policies and programmes need to be built in to programme development from the outset.

Human Rights Based Approaches

A human rights perspective see poverty as a denial of a person's rights to a range of basic capabilities—such as the capability to be adequately nourished, to live in good health, and to take part in decision-making processes and in the social and cultural life of the community. An individual is seen as living in poverty if basic rights, such as the rights to food, health and access to political participation, are not fulfilled.

Therefore the human rights based approach (HRBA) 'underlines the multidimensional nature of poverty, describing poverty in terms of a range of interrelated and mutually reinforcing deprivations, and drawing attention to the stigma, discrimination, insecurity and social exclusion associated with poverty. The commitment to ensure respect for human rights will act as a force against all these forms of deprivation.' (United Nations High Commissioner for Human Rights 2012)

A HRBA also emphasises the importance of engagement. It is now widely recognized that 'effective poverty reduction is not possible without the empowerment of the poor.' (United Nations High Commissioner for Human Rights 2012). A HRBA to poverty reduction attempts to bring this about through a recognition that 'People living in poverty have needs but also from the fact that they have rights—entitlements that give rise to legal obligations on the part of others. Thus, the human rights perspective adds legitimacy to the demand for making poverty reduction the primary goal of policymaking.' (United Nations High Commissioner for Human Rights 2012) The HRBA is often associated with the United Nations and as an approach which is particularly relevant to developing countries. However it is also applicable in richer countries.

Workshop participants saw the Welsh Government as being among the leaders in terms of championing in a developed country context and recognised that human rights are built into the governance in Wales through statutory frameworks. They did not believe that there is a need for additional legislation but said that it is important to ensure that rights are interpreted and recognised in a consistent way in Welsh Government policies. They highlighted uncertainty about the link between human rights and the Well-Being of Future Generations Act and suggested that there was a case for monitoring how human rights are reflected in the policies of the Welsh Government and other public bodies.

It was suggested that a HRBA could help to empower those in poverty in ways which might improve their lives without necessarily lifting them out of poverty. This raises important questions about the extent to which the state can and should seek to take people out of poverty

or whether it is more realistic to focus on mitigating its impacts. These two approaches are not mutually exclusive but they do imply a different focus and different evidence needs.

Equalities Based Approaches

An equalities approach to tackling poverty examines who, defined by the protected characteristic of gender, race, disability, sexual orientation, transgender, age, religion or belief, is living in poverty. This approach differs from area based approaches which risk overlooking the needs of those from these groups who do not live in the most deprived parts of Wales. This could have implications for the Communities First approach as almost half of those people who are deprived live outside Communities First areas.

Currently 23% of people in Wales live in poverty. This population includes:

- 48% of lone parents in Wales (of which 9 out of 10 are women);
- 46% of disabled people;
- 43% of ethnic minorities and;
- 27% of 16 to 25 year olds.

The Equalities and Human Rights Commission in Wales argues that an approach to addressing poverty that ignores protected characteristics will not produce an effective strategy and that an equalities based approach will ensure that the measures taken recognise and take account of the protected characteristics of the individuals in question.

Capabilities Based Approaches

Capabilities based approaches are associated with the Nobel Prize-winning economist Amartya Sen, who recognised that large-scale anti-poverty programmes in the global south missed out important dimensions of how poverty was actually experienced by those living in it. Sen's approach can be used to place an emphasis on what people themselves value rather than the wishes of policy makers alone. Rather than focusing on deficits in income, wealth or rights, a capabilities based approach emphasises the importance of analysing what people can do and be (what Sen calls 'functionings' and 'capabilities') and has regard for the importance of diversity, substantive freedom, agency and participation. Therefore capabilities based approaches place a strong emphasis on measuring wider factors than simply income

and advocates of this approach argue that poverty should be measured using multidimensional indices, not simply an economic measure.

Capabilities based approaches are also compatible with the concept of human rights but provide an opportunity to add functionings and capabilities that are important to people and go beyond their formal rights. It recognises the need for context specific approaches and so many practitioners of capabilities style approaches emphasise the need for participation. However, capabilities approaches can vary significantly and in its simplest form a capabilities approach recognises that people value different things and that this needs to be reflected in poverty measures. Furthermore, as people have different needs they will require different resources to achieve what they value. However, many experts have interpreted the capabilities approach beyond just measuring different things but to changing the practice of poverty reduction through participative bottom up approaches with those experiencing poverty influencing the solutions. These more participative approaches are often termed 'asset' based approaches where practitioners concentrate on the assets of an individual or community in order to help lift them out of poverty rather than focussing on what they may not have (deficits).

A range of capabilities based approaches have been tried in the developing world but there is a lack of rigorous evaluation of their effectiveness. Capabilities approaches have not been trailed extensively in the UK but Oxfam claim that a recent pilot in Wales has resulted in improved outcomes for individuals and significant cost savings.

The workshop explored two examples of a capabilities style approach - the Human Development Paradigm and the Sustainable Livelihoods Approach (SLA) which are explained in more detail below.

Human development paradigm

The human development paradigm focuses on all aspects of development that build and enhance human capabilities. It emphasises the importance of expanding choices and people's opportunities to lead a life that they value and have reason to value. It can contribute to the achievement of human rights, but differs from a human rights perspective because it is primarily concerned with people's ability to shape their own destinies rather than the responsibilities of the state and other agencies. It also emphasises the importance of multidimensional approaches to poverty reduction. For example, the Oxford Poverty Human Development Initiative has developed a Multidimensional Poverty Indices (MPI) to analyse global trends. It may be possible to apply a variant of this approach to Wales to provide measures that are more responsive to the kinds of social and sectoral based interventions that the Welsh Government has pursued rather than narrowly focused income based measures.



Sustainable livelihoods approach

The Sustainable Livelihoods Approach (SLA) focusses on individuals' and communities' assets and can be understood as an assets based approach. SLA emphasises the importance of resilience to unexpected 'shocks' (such as natural disasters, bereavement, war and unemployment) which have a significant negative impact on individuals or communities. The SLA aims to improve everyday situations alongside resilience and emphasises the importance of increasing the influence that individuals and communities have on decision makers.

SLA focuses on people's strengths and uses participatory techniques to ensure that they are involved in recognising their own assets as well as ways to improve their lives. SLA assessments recognise the importance of a range of different assets including:

- Human capital: skills, knowledge, health, creativity, experience, ability to work.
- Natural capital: crops, forests, wild plants, water, land, clean air, biodiversity, minerals.
- Financial capital: cash, savings, salary, credit and access to credit.
- Physical capital: transport, shelter, buildings, water supply, sanitation, energy, ICT.
- Social capital: family, friends, networks of obligation, community, sense of place.

There is international evidence that the use of SLA by large organisations such as the World Bank and the International Monetary Fund has had positive impacts, but it has not been widely used in developed countries. Some workshop participants believed that it could be a useful approach in Wales. Oxfam Cymru is currently trialling an SLA approach with jobseekers in partnership with the Department for Work and Pensions. The Young Foundation is piloting a SLA in three localities in Wales and its recent research on alternatives to high interest credit highlighted limited resilience to financial shocks as a key motivation for individuals and households groups who habitually use high interest creditors and may become locked into in a cycle of debt which contributes to poverty.

Combined Approaches

The experts who participated in the workshop agreed that there was a degree of overlap between approaches based on Human Rights, Equalities and Capabilities. Equalities underpins much of the human rights agenda. As the UN has highlighted, 'the human rights approach to poverty reduction requires that the laws and institutions which foster discrimination against specific individuals and groups be eliminated and that more resources be devoted to the areas of activity with the greatest potential to benefit the poor.' (United Nations High Commissioner for Human Rights 2012)



There are also strong links between the different variants of capabilities based approaches including:

- a recognition that poverty is multi-faceted and multi-dimensional;
- a focus on individuals' and communities' strengths and opportunities rather than needs and deficits; and
- an emphasis on engagement and participation in policy decisions by people who are experiencing poverty.

All of the approaches discussed at the workshop also have links to the concept of well-being. HRBA, Capabilities based approaches and a focus on equalities all value a broad definition of well-being and focus on the choices and opportunities that are able to convert individual and community resources into valued outcomes. A HRBA can inform the assessment of well-being objectives as well as policies to achieve these objectives. Specifying human rights priorities can help to overcome disadvantage that inhibits capacity to achieve well-being. It can also help by specifying minimum levels of opportunity or outcomes that should be available to everyone and the resources needed to achieve this.

Implications for Future Policy

The conclusions of the workshop have a number of possible implications for Welsh Government policy.

Until now the Welsh Government has emphasised the importance of tackling (or perhaps more realistically reducing) poverty. The workshop suggested that framing policy in these terms can lead (unintentionally) to an unhelpful preoccupation with what individuals and communities are lacking – for example in terms of income, health, educational attainment and opportunities. A clear message from the workshop is that there are advantages in alternative approaches that emphasise equalities, rights, opportunities, capabilities and assets, and actively engage people in identifying their strengths and articulating their aspirations for themselves, their families and their communities.

A second message from the workshop is that it is important to use multi-dimensional measures of poverty and well-being (which could be seen as the corollary of poverty). The Welsh Government's adoption of a broad definition of well-being is helpful and highlights the need for new ways of measuring equality, fairness and opportunity. The PPIW is working with researchers at Aberystwyth University on research which is drawing on the experience in multiple indices in developing countries to design and test a multi-dimensional analysis of



deprivation which is relevant to Wales. If this is successful, it could be used alongside narrower income based measures of well-being to provide a more comprehensive view of deprivation in Wales. The use of Multiple Dimensional Deprivation Indices at a household / individual level could also assist the Welsh Government to detect changes that go beyond income and to develop coordinated approaches across health, education and other policy areas.

Third, the workshop highlighted that the current UK relative economic measure may not be the most effective when trying to measure changes in poverty rates in Wales for a number of reasons:

- Wales does not currently have the policy levers to have a significant effect on a relative income measure of poverty.
- The relative income measure is taken from across the UK and the median figures are likely to be lower in Wales.
- The economic measure does not show the extent of poverty that an individual / family is facing only an arbitrary cut off. Some people may be just below the threshold while others may be a long way below and in destitution. Different strategies may be required for these differing levels of poverty but they cannot be identified using the current measure.
- The income measure alone is a very blunt instrument to try and address a complex multi-faceted issue and people can move in and out of poverty without any change in circumstance simply by the median figure changing.
- Using a Multiple Deprivation Index (MDI) at an individual or household level could allow the Welsh Government to better demonstrate the overall impact of policies and interventions across a number of different indicators.

There could therefore be some value in producing a Welsh median income measure that could be used to measure poverty rates alongside WIMD and a multi-dimensional indices that can be used at a household / individual level. However, there were concerns that this may just result in lowering the poverty threshold and be seen as a political 'trick' to reduce the number of people in poverty in Wales. It would therefore require some careful thought before being trialled or implemented. However, there is the possibility that such a measure could give a better reflection of those who are suffering from poverty in Wales and reflect any change to rates of poverty in Wales more accurately.

Disaggregating data below the All Wales level could help policy makers to identify and target groups which are most at risk of inequality. A combination of the human rights and equalities based approach could then be used to ensure that mainstream services meet the needs of these groups.

Fourth, the workshop highlighted the risks of an overemphasis and overreliance on government action to meet the needs of individuals, households and communities which are experiencing poverty. Participatory techniques used by assets based approaches can help to ensure that individuals, households and communities have a sense of agency and are empowered to influence decisions and improve their own situations. This implies a need to use qualitative data alongside Multidimensional Indices to provide a rounded view of well-being (pilots being undertaken by Oxfam and the Young Foundation will help to test the feasibility of this way of tackling poverty and promoting well-being). However, it is important that these additional measures do not replace the financial measure but sit alongside it.

Data and Evidence Needs

Workshop participants recognised that there is not much reliable evidence about the effectiveness of the approaches they had discussed particularly in developed countries. Part of the problem is that these approaches have not been tried on any significant scale in the developed world though there is also a general lack of evidence about the impact of anti-poverty interventions more generally. The workshop participants identified a number of areas which they believed merit particular attention.

Much of the data that have been collected are focused at an All Wales level. There is a need for more disaggregation by gender, locality, ethnicity and age and we also lack data about the extent to which people move in and out of poverty.

Workshop participants argued that there is a need for more data about the needs of those living in destitution and those who have suffered from welfare sanctions as well as better time series data on inequality in Wales. As noted above, they also believed that it was important to gather qualitative data about the views of those experiencing poverty.

There has been a considerable investment in analysing what works in addressing some aspects of poverty in but much of the research which it reviewed focused on programmes that are a decade or more which were introduced when there was a very different financial climate. However there have been more recent studies by the Joseph Rowntree Foundation, DWP and Institute for Fiscal Studies which is more recent. It was suggested by participants that the most pressing current evidence needs are to identify:

- policies that can have the greatest impact on well-being and life chances;
- policies that are most effective in the Welsh Context;
- interventions that are the most cost effective; and
- programmes that are ineffective and should be downgraded or closed down.

Workshop participants felt that it could be helpful to undertake a systematic analysis of evidence needs. They also highlighted the importance of analytical capacity (i.e. the skills to be able to use data correctly) and suggested that this might also form part of a review of evidence needs. There is a forthcoming Royal Statistical Society event in Wales which will be exploring these evidence needs in greater detail and the PPIW will be represented to inform the discussions.



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