

SHETLAND PARTNERSHIP SUMMIT 2014: 'THE SPIRIT LEVEL'

The Shetland Partnership's Ninth Annual Summit was held on the 2nd of September 2014 to explore the findings of '*The Spirit Level: Why More Equal Societies Almost Always Do Better*'. *The Spirit Level* was written by epidemiologists Richard Wilkinson and Kate Pickett and published in 2009. In the book, Wilson and Pickett use empirical evidence to link a number of health and social problems in countries in the developed world to the level of inequality that exists in those countries.

The central idea of the book is that problems such as life expectancy, infant mortality, obesity, poor mental health and social mobility are worse in countries that are more unequal – that is countries where the gap between rich and poor is wider.

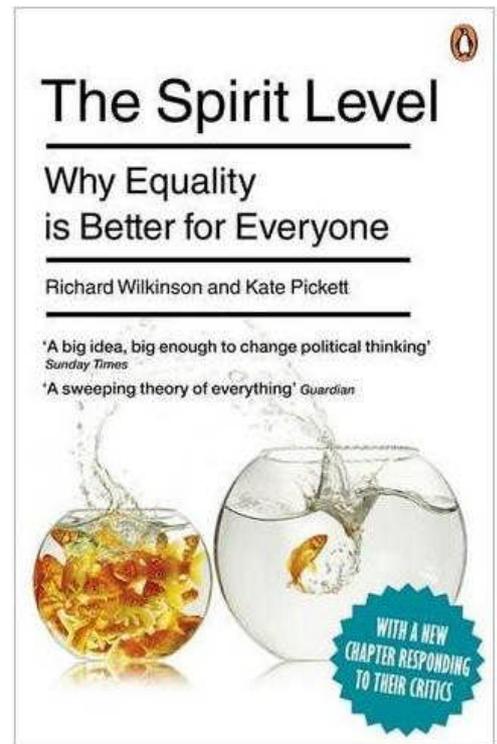
The summit gave an opportunity for workers and decision-makers from across the Shetland Partnership to hear the evidence behind *The Spirit Level* before using it as the basis for a discussion of future planning and priorities linked to the outcomes in Shetland's Single Outcome Agreement.

Ian Kinniburgh, Chair of the Shetland Partnership, welcomed everybody to the summit and introduced Madeleine Power from the Equality Trust, an independent, evidence-based campaign working to reduce economic inequality in order to improve the quality of life in the UK. Mr Kinniburgh explained a little about what *The Spirit Level* was about and why it formed the basis for this year's summit. Most people in Shetland are fortunate to be enjoying a time of relative prosperity while the local economy is booming; however, this is not the case for everyone and, as such, inequality does exist in Shetland. Mr Kinniburgh said that he hoped hearing the presentation and having an opportunity to discuss the findings would give the attendees, as those with responsibility for decision-making in Shetland an opportunity to fully consider the implications and how it could influence Community Planning in the future. Mr Kinniburgh explained that Madeleine would deliver a presentation before a Question and Answer session and then a series of workshops based around the themes of the Community Plan and Single Outcome Agreement.

He then invited Madeleine to begin her presentation; Madeleine's presentation can be found at http://www.shetland.gov.uk/communityplanning/documents/Shetlandpresentation_1.pptx

Madeleine began with an overview of inequality in the UK, highlighting the differences in earnings between those at the top and those at the bottom of the scale: "if we compare top-to-bottom pay; to earn what a FTSE 100 CEO earns in ONE YEAR a person on National Minimum Wage (£6.31 p/hr) would have to work for 375 years". This places the UK among the most unequal countries in the world, a trend that began in the 1980s and which has since become "entrenched".

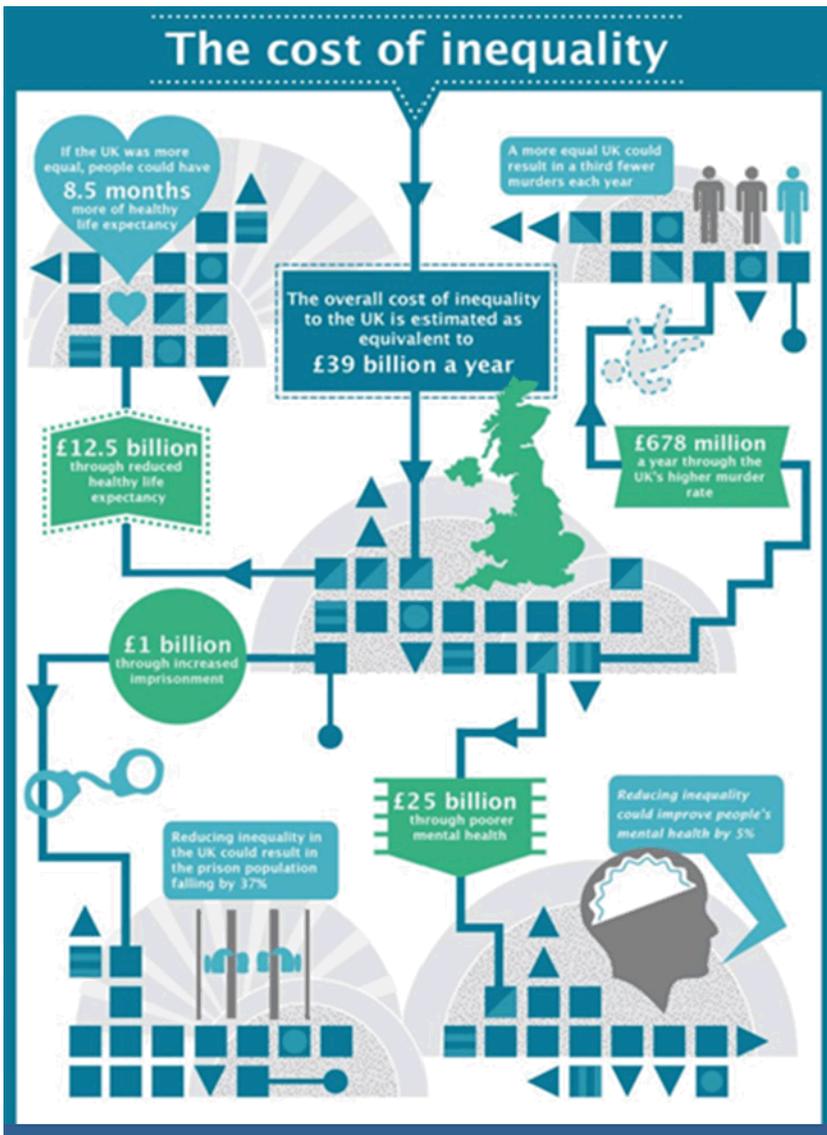
The presentation continued with a look at the effects of this inequality on a number of health and social problems, with Madeleine showing a number of graphs to illustrate that these problems are worse in more unequal countries. Madeleine was at pains to point out that this relationship applies only in the world's richer countries and that the problems highlighted are not related to average income. The presentation's graphs showed that:



- Life expectancy is longer in more equal rich countries
- Infant mortality rates are higher in more unequal countries
- Child wellbeing is better in more equal rich countries
- More adults are obese in more unequal rich countries
- Drug use is more common in more unequal countries
- Levels of trust are higher in more equal rich countries
- Educational scores are higher in more equal rich countries
- Social mobility is lower in more unequal countries

For a number of these problems, the UK is among the worst performing countries – particularly child wellbeing and social mobility. More recent research also supports the findings of *The Spirit Level* and suggests that in some cases the UK's performance has actually deteriorated further

since the research was initially carried out.



The costs associated with inequality were also briefly touched upon; the graphic on the left gives an illustration of where these costs arise and shows that the cost to the UK economy may be as high as £39 billion a year.

Above is a presentation of the data that supports the notion that the problems described are worse in countries where inequality is higher, but why should this be? What is it about inequality that drives and exacerbates these problems? Madeleine described some potential mechanisms whereby inequality in society may drive an increase in the occurrence of health and social problems, pointing out that research shows that the key psycho-social risk factors for ill health are:

- Low social status
- Weak social affiliations
- Stress in early life

All of the above factors are made worse by inequality – where inequality is higher people are more worried about how they are seen and judged by their community and suffer more anxiety as a result. Madeleine referred to research showing that this anxiety leads to elevated levels of stress hormones, which have been linked to poor physical and mental health.

It therefore appears that it is the stress caused by living in an unequal society, constantly comparing oneself and one's circumstances to others, that leads to the negative outcomes described above. It also appears that these problems are the same for everyone in an unequal society, whatever their level of income, as it is more difficult to feel happy and contented and the stress is ever-present.

Having established what the detrimental effects of inequality are and how these effects come about, another key question to ask is: What drives inequality? Madeleine described some of the factors behind the inequality that can be identified in developed countries such as the UK:

- Family – inequality is passed down from parents to children. In the UK, the impact of family income on a child's future income has increased over time. Today, 50% of a parent's pay advantage is passed on to their children in the UK compared to just 15-25% in Nordic Countries.
- Childhood – your experiences in childhood make a substantial difference to your pay as an adult. Test scores of 5-6 year olds are strongly linked with pay at 27, the likelihood of attending university and the probability of owning a home. The standard of a child's education in primary and secondary school also affects their likelihood of attending university.
- Globalisation – Global movements of labour and trade have led to an increase in inequality within developed countries. Immigration decreases wages of low paid people by a small amount and increases the pay of those already on high salaries, while trade liberalisation leads to an increase in foreign competition which decreases the wages of low-skilled workers.
- Technology – although technological advancement has in many ways made our lives easier, it has also altered the types of jobs available and the amount they pay. It has led to a decrease in the number of skilled trade jobs, pushing some people towards lower skilled, lower paid work and has caused an increase in professional and technical jobs (which tend to have higher wages). Technology also allows companies with few employees to make large profits and therefore accrue very high incomes.
- Political systems and institutions – the political system of the country you live in can affect its level of inequality. Democracy, trade unions and the introduction of the minimum wage have all been found to decrease inequality.

Madeleine's presentation ended with a brief discussion of some of the policy solutions that the Equality Trust is developing in response to inequality; changes that could help to reduce the gap between the richest and poorest in society. These include:

- Vocational education – increasing and improving the provision of vocational education to aid those locked out of better jobs by the emphasis on higher education qualifications
- Active welfare programmes
- Council tax – redefining council tax as a 'progressive tax on property' so that those in more expensive properties pay more
- Work place commission – to ensure that pay gaps within organisations are minimised and those at the top do not earn excessively more than those at the bottom
- Auditing

The Question and Answer session that followed the presentation raised a number of interesting points, many of them specific to Shetland. These are summarised in the section below together with some of the outputs generated by the discussion of the research in the context of Shetland's Community Plan and Single Outcome Agreement.

Outputs:

Q&A – some key points raised by attendees following the presentation:

To what extent can the findings of the original research be explained by cultural differences? The data used in the study was compiled by international bodies and, as such, cultural effects on the results within countries should be minimised.

Why were only certain countries highlighted in the research? What of countries like China and India which also have high levels of development and high levels of inequality? The research findings specifically apply to the world's richest countries where Gross Domestic Product per capita is above a certain threshold. In countries where GDP per capita is below this threshold, other factors have a more significant effect than inequality on the problems identified in the study.

The indication that technology can be a driver came as a surprise to some, digital communications technology is seen in Shetland as a means to help address inequality by giving people equal access to opportunities and social interaction.

Family breakdown and losing connections within communities is often linked to the problems identified in the study and are exacerbated by inequality; emphasising the benefits of community may be a valuable approach to tackling inequality in Shetland.

Shetland could be considered a more equal society, could this be down to the fact that the only schools available in the Isles are state schools and there is no segregation based on wealth? This may be a factor and it is certainly the case that in places where segregation along these lines does occur there is also higher inequality.

Is council tax a progressive option for raising additional revenue? The Equality Trust believes that Council Tax is in urgent need of reform, with levels having been set in the early 1990s before the housing price boom. Those on low incomes pay proportionately more than those on higher incomes.

Has the gender pay gap been reflected / captured in any of the data relating to inequality? The gender pay gap (women earning, on average, less than men) was not referenced specifically in *The Spirit Level*, which instead focuses solely on income, but it is something The Equality Trust is aware of and can be said to be another symptom of wider inequality.

Workshop discussions: Workshop discussions were based around the themes from the Single Outcome Agreement and Community Plan and attendees were invited to join a group that interested them to contribute.

The themes are: Children and Young People; Longer, Healthier Lives; Adults and Older People; Safer; Economic Development; Fairer; Greener

Potential solutions to inequality and actions for the Shetland Partnership to explore are summarised in the table below, those highlighted in red are actions that will be explored in more detail by the Shetland Partnership in the next 12 months:

What are the potential solutions to inequality in Shetland?			
Education and Support: Vocational education and Fragile Area Subsidy Payments to boost uptake of better, technical jobs in trades for all	Education and Support: Supported employment (e.g. YES scheme)	Evidence: Develop a 'Shetland Spirit Level', based on empirical evidence, to inform decision-making across the Partnership and use as basis for securing external funding	Impacts: Integrated Impact Assessments – including inequalities – to be adopted and used across the Shetland Partnership
Awareness raising: Work with industry to understand the value of offering the living wage/Minimum Income Standard to employees	Awareness raising: Work with partners to understand the value of reducing pay ratios within organisations	Free transport; Free School Trips	Charitable trust funds and Community Benefit Schemes (from oil and gas developments or local 'philanthropy') to reduce inequality – e.g. could be used to reduce costs of childcare
Targeted provision for those most in need to access e.g. Sport and Leisure facilities	Redistribution of wealth/budget to enhance social mobility	Intensive Interventions for the most vulnerable (e.g. Bridges, LIFE project, FAST project)	Community may be more important than income in Shetland? Emphasise the benefits
Equal pay, equal terms and conditions	Empower communities through localities/ Participatory Budgeting/Community Councils – permission to change and lead for themselves	Equality of representation at decision making level and community level	Promote outdoor environment as a life-enhancing asset and explore ways to improve equality of access

For more information, please contact Shetland Islands Council's Community Planning and Development Service:

Vaila Simpson, Executive Manager; T: 01595 744375 Email: vaila.simpson@shetland.gov.uk

Emma Perring, Policy Manager; T: 01595 744357 Email: emma.perring@shetland.gov.uk

Brendan Hall, Partnership Officer; T: 01595 744250 Email: brendan.hall@shetland.gov.uk