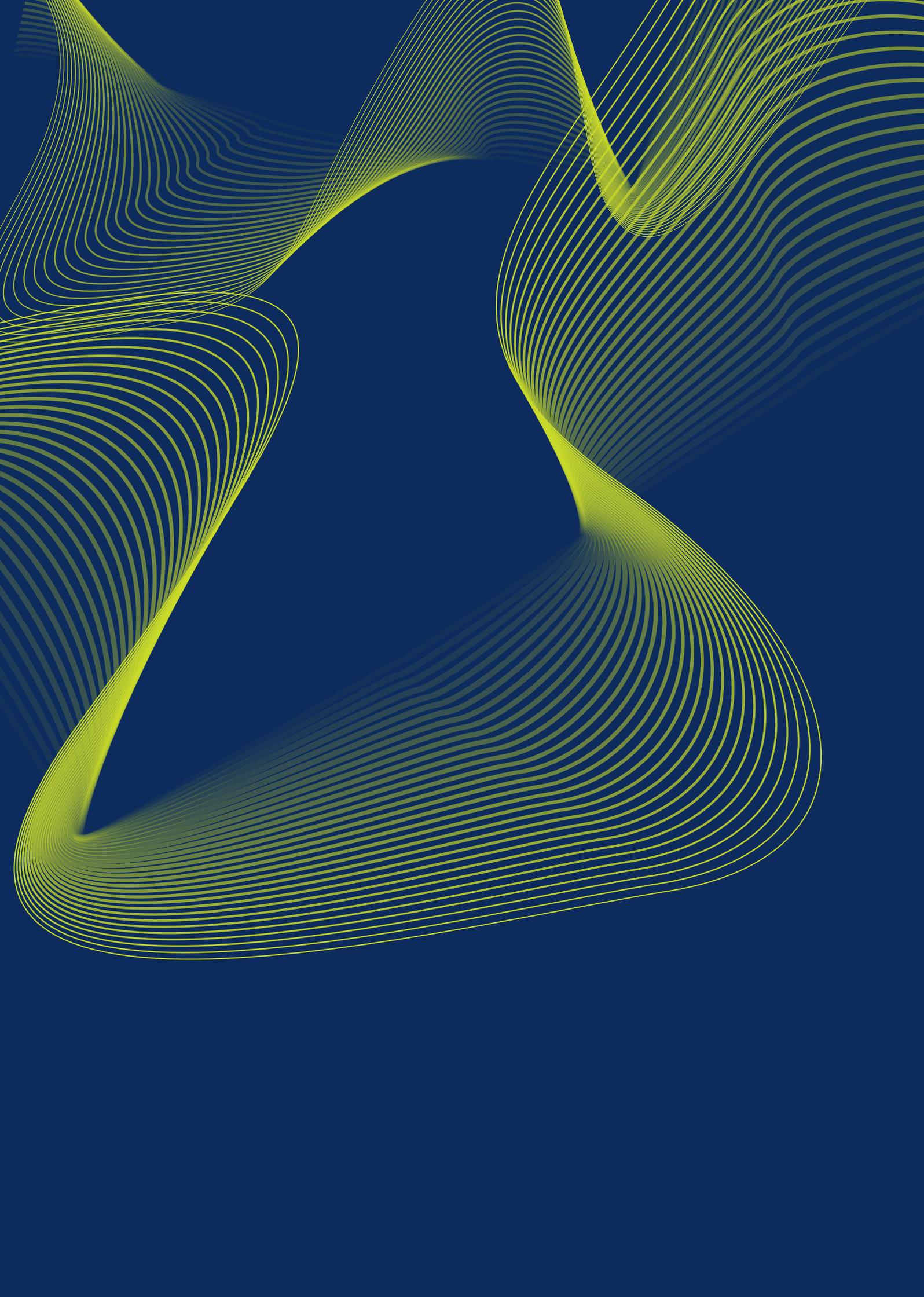




Conference report: “Towards the manifestos: fixing poverty and tackling inequalities”

Conference date: Thursday 6 July 2023
Venue: Attlee Suite, House of Commons

Vanessa Hirneis



Executive summary

In 2023, the UK continues to grapple with persistent inequality and poverty challenges. Despite the country's prosperity, disparities in income, wealth, and access to essential resources persist, contributing to a divided society. Factors such as uneven educational opportunities, housing affordability issues, and disparities in healthcare access further underscore the complexity of the ongoing struggle to achieve comprehensive and inclusive social progress. Therefore, as the election countdown begins and the political parties prepare their manifestos, it is vital that we have the best ideas for fixing poverty and tackling inequalities on the table.

To this aim, the All-Party Parliamentary Group (APPG) on Inclusive Growth in collaboration with the Policy Institute at King's College London and the Fairness Foundation hosted a conference titled "Towards the Manifestos: Fixing Poverty and Tackling Inequality". On 6 July 2023, a diverse group of around 140 academics, policy experts, think tanks, campaigners, and politicians gathered at the House of Commons to explore innovative solutions for addressing poverty and inequality. Attendees were introduced to:

- ♦ Excerpts of some of the insights on the current state of inclusive growth and the persistence of poverty and inequalities in the country, brought forward by the Institute for Fiscal Studies (IFS) Deaton Review of inequalities – to help set the scene and outline possible scenarios for the future.
- ♦ Comprehensive new polling about UK attitudes to addressing poverty and inequality designed to explore what the public thinks is popular, credible, and impactful – to provoke the debate: "How do we build a sustainable consensus for action, between left and right, between the generations, and between all parts of the UK?"



- ♦ A core set of 37 ideas for tackling inequality drawn from eighty of the UK’s inequality policy experts across tax, health, education, housing/ levelling up, employment, social security, and equalities policy – designed to provoke the debate: “Are the best ideas on the table? What are the ideas we are missing?”
- ♦ Insights shared by a panel of policy experts on “what works” – to provoke the debate: “How can we foster inclusive growth, tackle the principal causes of poverty and reduce the most impactful inequalities?”
- ♦ Finally, an exercise led by Liam Byrne MP and John Penrose MP in finding common ground – to explore whether and where there might be an emerging consensus on the solutions presented that could unite a broad cross-section of the public, as well as experts and political parties.

For all those who could not attend or who wish to refresh their minds on what was said, we offer a brief synthesis of the inputs from our speakers on the following pages. Finally, we summarise some of the major themes, key findings, and policy implications that emerged from the conference discussions. We hope that this will help guide the ongoing conversation and result in actionable steps, both in shaping the forthcoming party manifestos as well as the wider debate around poverty and inequality in the country.



Opening remarks and welcome

Speakers: Liam Byrne MP & John Penrose MP

The conference commenced with a warm welcome from Liam Byrne MP and John Penrose MP, who emphasised the importance of the gathering in shaping effective policies to combat poverty and inequality. Their opening remarks set the tone for the day's discussions.

“The aim for the day is finding new ways to spread freedom justice and security to everyone in the country by coming up with good ideas to reform both the market economy and public services.” –

Liam Byrne MP

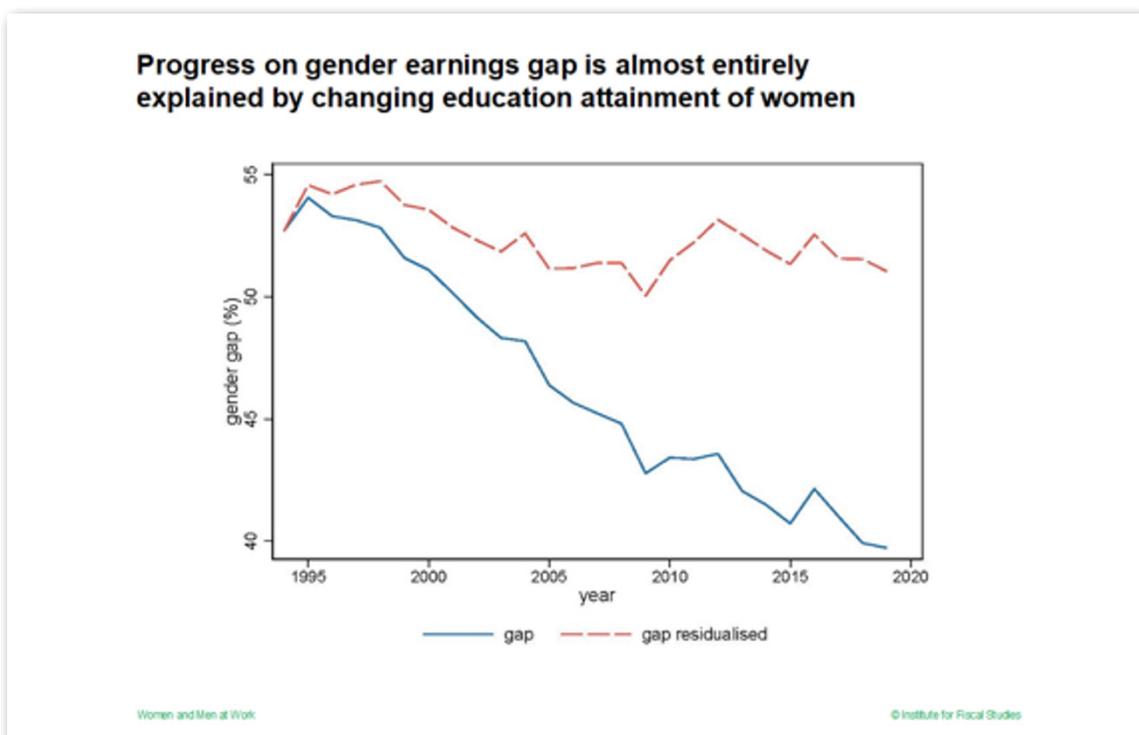
“No matter where one allocates themselves on the political spectrum and especially in times of a country that is post-Brexit, post-pandemic, and amidst a war in Europe, we currently lack measures that are effective and up to date.” – **John Penrose MP**

Session 1: Setting the scene: inclusive growth and inequality trends

Speaker: Paul Johnson (IFS)

The first session delved into the current state of inclusive growth and the persistence of poverty and inequalities in the UK. Paul Johnson's presentation provided attendees with a comprehensive overview of the challenges at hand and projected future trends. Specifically, despite seemingly stagnant levels of income inequality and poverty, it showcased the need for nuance in this debate. In his remarks, Johnson particularly highlighted:

- ♦ The importance of paying attention to levels of poverty and inequality instead of solely focusing on the changes of these statistics.
- ♦ The significance of absolute and relative disparities with household wealth having risen from 3.5 times to 7 times GDP since the early 1990s and growth in household incomes having been very slow since the mid-late 2000s.
- ♦ The contribution of group differences, amongst others encompassing generations, gender, and ethnicity.



Ethnic inequalities are complex and changing fast



No single story

- There are bigger differences between ethnic minority groups than between "whites" and "ethnic minorities" as a whole

The best of times

- Education is key to inter-generational social mobility, especially for some (e.g. Bangladeshi girls); and many are doing very well in education.
- Labour market outcomes are improving – but very slowly for some groups

The worst of times

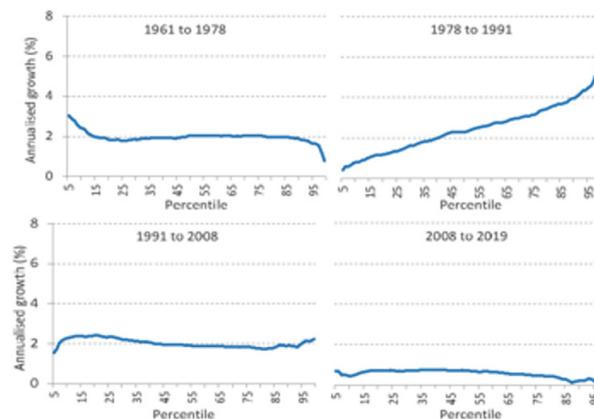
- There are still high levels of poverty for some, particularly Bangladeshi and Pakistani families. Caribbean men are not thriving economically and have average zero housing wealth.
- Multiple disadvantages were amplified during COVID as was vulnerability in terms of health

- ♦ The need for extending beyond the economic realm to encompass inequalities in other domains such as health and political power.

Income inequality hasn't grown – but nor has income



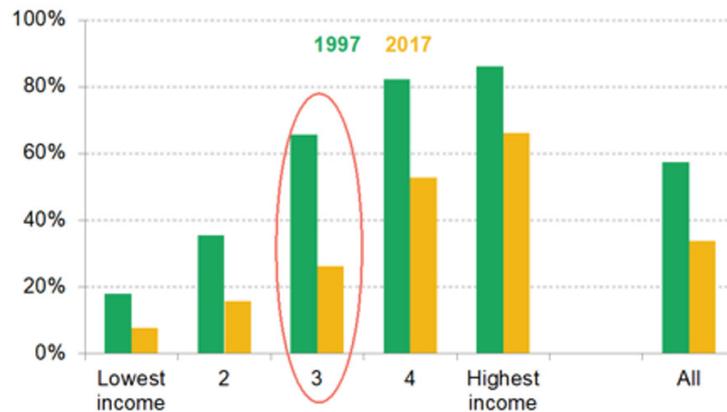
Annualised growth in household income by income percentile



Trends in income and wealth inequalities

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Home ownership down hugely among middle income 25-35 year olds



Trends in income and wealth inequalities

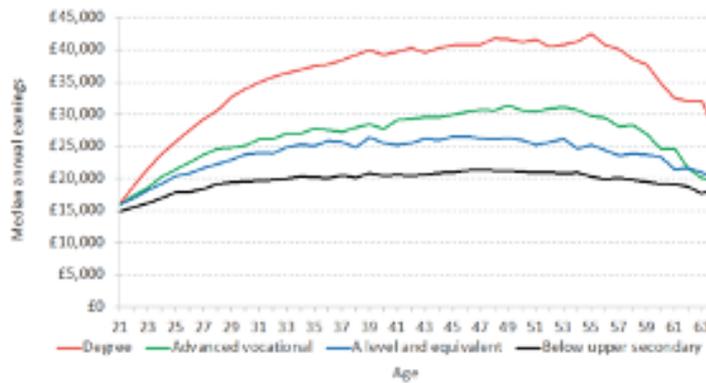
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- ♦ In illuminating the complexities of the discussed inequality trends, Johnson advocated for a comprehensive and multifaceted approach to mitigating disparities and fostering a more equitable future for all. Based on this, the presentation proposed actionable steps for addressing these challenges:
- ♦ The prioritisation of productivity and earnings growth while restoring conventional monetary policies.
- ♦ The implementation of improved tax policies to reduce inequalities.
- ♦ A focus on quality job creation instead of on overall employment rates.
- ♦ Acknowledgement of the diverse and fast-changing experiences across ethnic groups.
- ♦ Preventing fiscal and monetary policies from disproportionately benefiting older and wealthier members of society, as seen over the past 15 years.
- ♦ Investment in early years and education, recognising that education alone cannot address all inequalities.



Degree holders enjoy much higher earnings

Median annualised earnings among employees, by age and qualification level



Source: Figures 14 and 15, Farquharson et al. (2022).

... with high earnings almost exclusively open to graduates

Distribution of annualised earnings among employees by qualifications, ages 45 to 50



Source: Figure 13, Farquharson et al. (2022).

Session 2: Public attitudes and solutions

Speakers: Priya Minhas (Opinium), Bobby Duffy (Policy Institute, King's College London), Will Snell (Fairness Foundation)

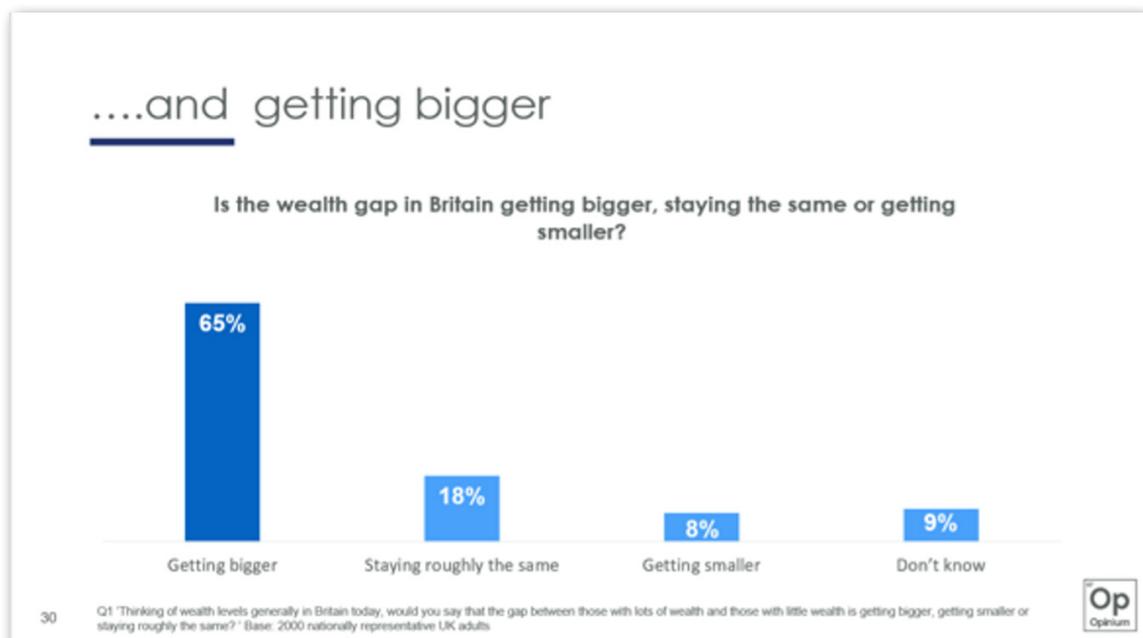
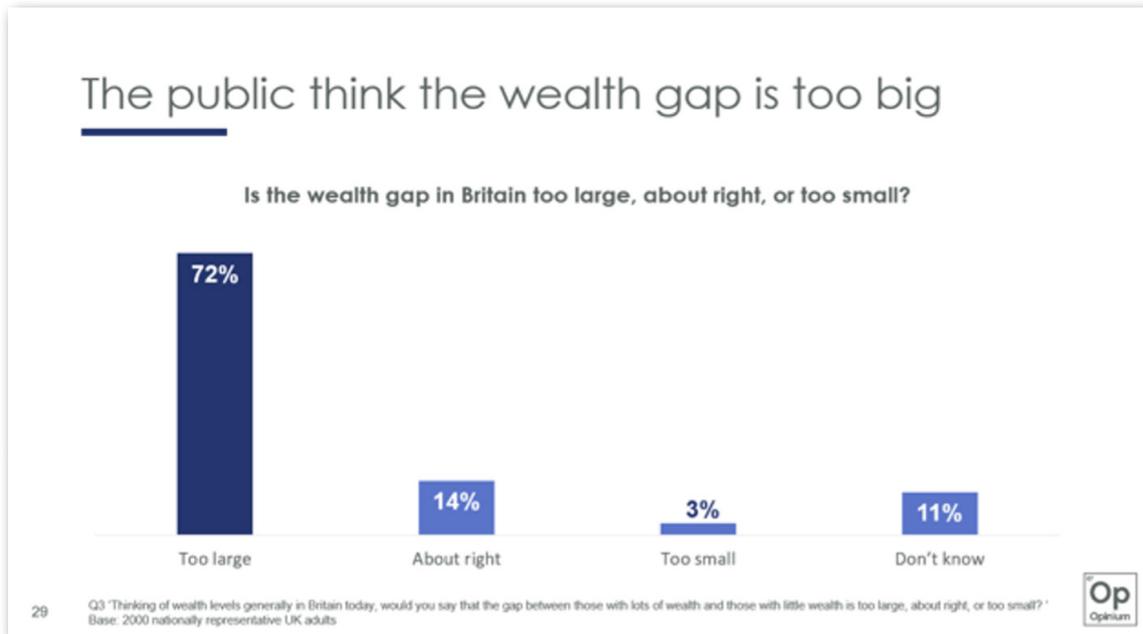
Chair: Lucy Barnes (UCL)

Priya Minhas and Bobby Duffy presented the results of research from new polling commissioned by the APPG on public attitudes towards poverty, economic inequality, and possible solutions for mitigating these. Will Snell shared findings from a global poll on fairness and equality jointly published by Ipsos and the Fairness Foundation. Some of the key takeaways from these inputs were:

- ♦ The public is concerned about inequality and thinks it is growing bigger. In recent polling, the Fairness Foundation finds a “supermajority” of 85%, including 79% of Conservative voters, who view inequality as a significant problem.
- ♦ The public believes the super-rich hold the most power in society; their biggest concern about rising inequality is the super-rich unfairly influencing policy.
- ♦ The public does not have one clear-cut broad solution to focus on to reduce inequality.
- ♦ There are however some measures that perform better than others in some of the key areas, particularly when it comes to using the tax system, equality policy and housing policy.
- ♦ There are important differences in support for some suggested responses by life stage, politics and broader mindset – but the bigger picture is relative consistency, which does indicate the potential for a possible common ground.
- ♦ However, there is a need to consider wider attitudinal context due to the relatively low salience and knowledge of these topics as compared to other policy issues, fixed (and often inaccurate) mental image of what poverty is, as well as strong individualistic/meritocratic societal norms.
- ♦ Emphasis was placed on the importance of harnessing the present consensus for long-term, preventative, and joined-up solutions that target root causes, rather than just symptoms, aiming for substantive equality of opportunity.

“There is a need to focus the debate away from the minority of benefit claimants who are out of work to, in the words of Peter Taylor-Gooby, ‘the majority who earn their poverty’ or who are unable to work through disability and childcare.” – **Bobby Duffy**

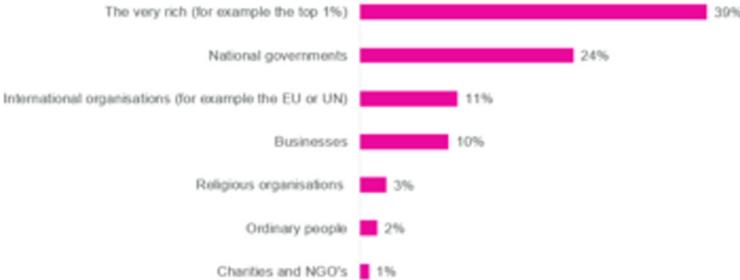
“It’s not enough just to open the gates of opportunity. All of our citizens must have the ability to walk through those gates. This is what lies at the heart of what the Fairness Foundation thinks of as the five ‘fair necessities’: fair essentials, fair opportunities, fair rewards, fair exchange, and fair treatment.” – **Will Snell**



The super rich are considered more powerful than national governments

Today, in 2023, which of the following groups do you think has the most power?

(% who chose this option as rank 1)





Session 3: What works? evidence-based policy solutions

Speakers: Lindsay Judge (Resolution Foundation), Iain Mansfield (Policy Exchange), Arun Advani (University of Warwick), Emma Revie (Trussell Trust)

Chair: Ryan Shorthouse (Bright Blue)

The third session focused on evidence-based policy solutions to foster inclusive growth and reduce poverty and inequality.

Remarks made by Lindsay Judge underscored the multifaceted nature of tackling inequality and the imperative of comprehensive policy interventions that encompass income, wealth, and regional dynamics:

- ♦ **Income Inequality and Shared Prosperity:** The importance of robust economic growth in reducing income inequalities was stated. While tackling productivity issues in the country plays a pivotal role, this must be coupled with targeted policies that benefit all segments of the population. As such, regulators were urged to address wage disparities and to upgrade benefits to uplift those (e.g., pensioners or employed and unemployed working-age households) that rely on them significantly.
- ♦ **Wealth Inequalities and Housing:** The substantial wealth disparities prevalent in the UK were discussed in more detail. Considering the decline in homeownership rates there is a need for strategies to increase housing wealth accessibility, including housing market reforms and potential changes to the tax system. Policies like auto-enrolment and initiatives to promote homeownership were stated to have historically contributed to wealth equalisation.
- ♦ **Regional Inequalities:** The UK suffers from profound regional inequalities, stemming from historical factors such as de-industrialisation. To tackle this issue, the underperformance of second cities needs to be addressed. In light of the national productivity puzzle, specific strategies need developing to uplift productivity more locally in these regions.

“Inequality and poverty are manufactured. They are the function of policy choices. They’re the function of decisions that are made about how we share resources across society. So fundamentally, they are policy amenable – there are things that can be done.” – **Lindsay Judge**

Iain Mansfield brought attention to the complex interplay between political considerations and effective policy implementation. His commentary touched on resource allocation, housing challenges, and the importance of addressing the needs of the most vulnerable:

- ♦ **Preconditions for Inclusive Growth:** The precondition for inclusive growth is growth itself. Yet the country has seen a lack of substantial economic growth in recent years with wage levels being stagnant since 2005. It was questioned whether the current policy approach, involving increased taxation and regulation, has contributed to this economic stagnation.
- ♦ **Political Drivers vs. Effective Solutions:** It was acknowledged that policy efficacy often takes a back seat to political considerations. While evidence-backed solutions already exist for various issues, such as improving educational attainment, policies are frequently attacked or reversed due to political pressures.
- ♦ **Discrepancies in Resource Allocation:** The disparity in resource allocation between different policy areas was discussed, namely instances where substantial funding was directed toward initiatives benefiting wealthier segments of the population. An example of this is increased investment in childcare over areas like apprenticeships and regional transportation links.
- ♦ **Housing Crisis and Affordability:** The housing crisis was named as a major obstacle to inclusive growth. As a solution to the affordability crisis and the dire need to address the ongoing shortage, Mansfield called for a significant increase in housing construction, including social and private housing.
- ♦ **Targeted Assistance:** The significance of directing financial assistance to those who need it most was stated which is counterintuitive to policies that seem to benefit relatively affluent segments, such as free school meals for all or mortgage bailouts. As such, Mansfield advocated for redirecting resources toward the poorest members of society to ensure a more equitable distribution of aid.

Arun Advani discussed practical policy suggestions focusing on tax policies. He presented three specific proposals:

- ♦ **Aligning capital gains tax with income tax rates, accounting for inflation, to address unintended effects on taxation of inflationary gains.** The current capital gains tax is not only inadvertently affecting individuals who have not made actual profits but also disproportionately benefiting the top percentile. Reforming this taxation could rectify these issues.
- ♦ **Consistent taxation of all income sources.** There are discrepancies in how different sources of income are taxed: In some instances, certain forms of income, like dividends, receive more lenient tax treatment compared to others. A uniform approach, aimed to ensure consistency in taxing all income sources, would promote fairness in the tax system.
- ♦ **Introduction of an annual wealth tax** starting at a high threshold to effectively target wealth concentration among the wealthiest individuals. A high threshold would be essential to value complex assets accurately, unlike previous wealth taxes that faltered due to valuation challenges. Albeit only targeting a relatively small number of wealthy individuals this would generate significant revenue and address wealth inequality at the very top.



Lastly, Emma Revie addressed two categories of issues: those with known solutions but lacking consensus and those with evidence-informed solutions needing broader implementation.

- ♦ In the first category, the **insufficiency of social security for essentials like food** was addressed, where 1 in 7 UK citizens faces hunger due to flaws in universal credit. However, achieving consensus to address this issue remains a challenge. To this end, there is a **need for better quality and affordable housing**, particularly concerning rented housing and homelessness, with 1 in 3 food bank referrals tied to homelessness. Considering the increase in working households relying on food banks, **secure, flexible jobs and better enforcement of existing regulations are essential** for those at the bottom of the income distribution.
- ♦ In the second category, unresolved challenges, including extending working lives, narrowing educational attainment gaps, and reorienting the NHS towards long-term health conditions were discussed. While there's a reasonable consensus that social security is inadequate for essentials, **more work is needed to build political will for effective change, especially for those with disabilities or long-term health conditions.**

Session 4: Finding common ground: narratives and policy consensus and closing remarks

Speakers: Liam Byrne MP & John Penrose MP, Bobby Duffy (KCL)

Liam Byrne MP and John Penrose MP returned in Session 4 to lead a discussion on finding common ground between narratives and policies that promote inclusive growth and address the root causes of poverty and inequality. The speakers explored potential areas of consensus that could unite various stakeholders and a comprehensive overview emerged across four key themes – **agency, assets, people, and places** – each encompassing a range of policy agenda items:

Agency:

- ♦ Addressing health inequalities to empower individuals and families to participate in the labour market, focusing on aspects like addiction that to date may have been overlooked
- ♦ Pursuing the vision of “good work” by implementing policy proposals from the Taylor Review and emphasising the role of responsible employers (see also <https://www.progressive-policy.net/publications/online-tool-the-cpp-good-employer-index>)
- ♦ Enhancing access to justice to ensure equal opportunities for all members of society.

Assets:

- ♦ Tackling housing challenges, including housing quality, new builds, and support mechanisms like help-to-buy initiatives.
- ♦ Encouraging savings and securing pensions to provide individuals with the means to benefit from economic growth.

People:

- ♦ Nurturing empowerment through investment in early years development and education, especially vocational and technical education, with a focus on achieving equality of esteem.
- ♦ Curriculum reform and the expansion of Personal, Social, Health and Economic (PSHE) education to encompass topics that promote financial inclusion.



Places:

- ♦ Raising the level of economic growth around the country (i.e., “Levelling Up”), particularly by enhancing infrastructure like regional transport systems.

Moreover, the discussion underscored three additional enabling agendas where detailed design matters might pose challenges to building consensus:

Social Security:

- ♦ Exploring proposals from organisations like the Joseph Rowntree Foundation and the Trussell Trust to establish a minimum support baseline, preventing poverty and ensuring a safety net for all.

Regulatory Reform:

- ♦ Considering regulatory reforms in critical markets such as energy to alleviate cost pressures on consumers.

Sovereign Wealth Funds:

- ♦ Examining the concept of sovereign wealth funds, with the recognition that consensus might exist on the core idea, but differences could arise on fund components and the utilisation of proceeds.

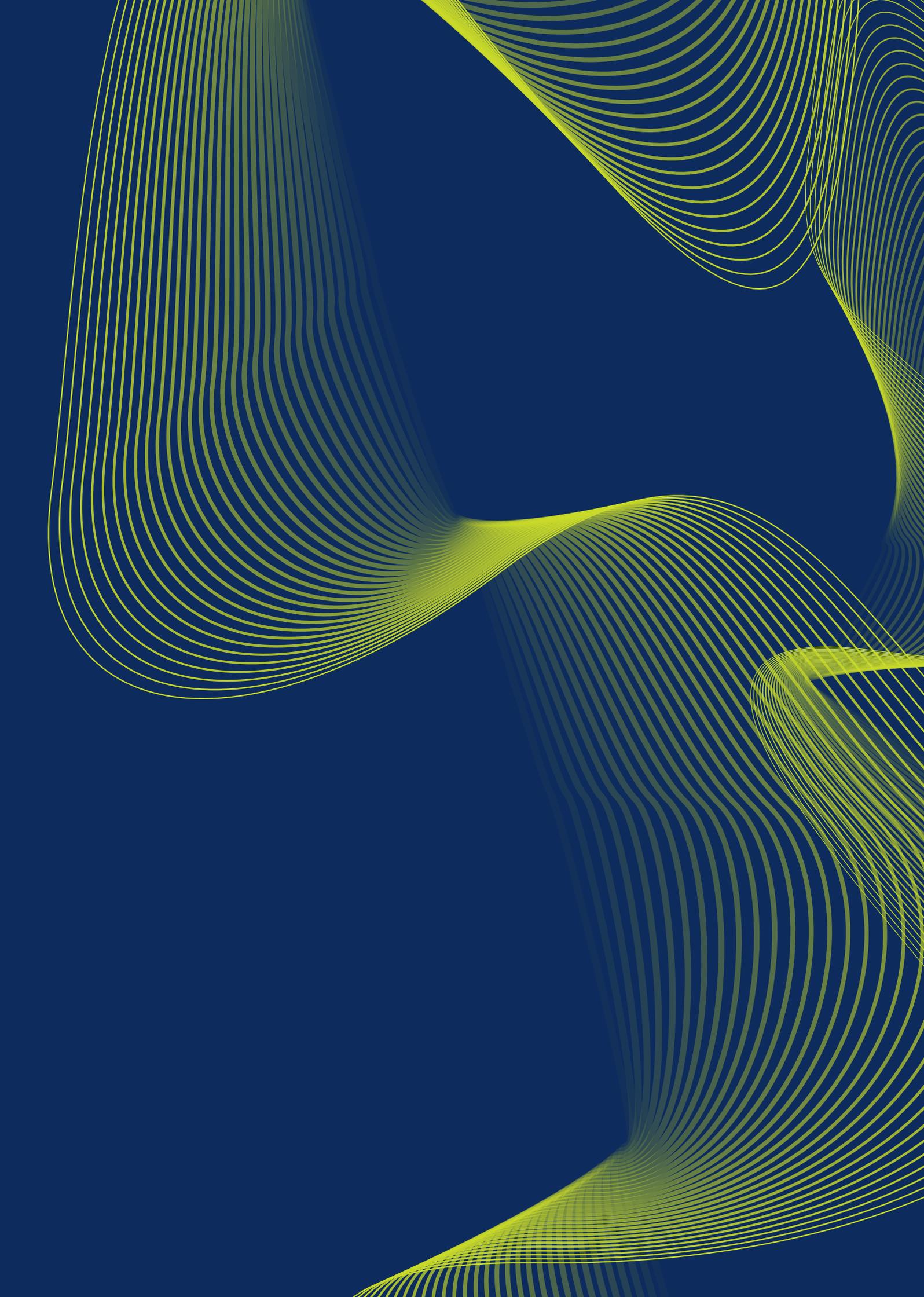
The conference concluded with remarks from Bobby Duffy, highlighting the key takeaways from the day’s discussions and emphasising the importance of collaborative efforts in combating poverty and inequality.

Key themes, insights, and conclusion

The conference “Towards the Manifestos: Fixing Poverty and Tackling Inequality” served as a platform to present 37 innovative ideas for tackling inequality from experts across various domains such as tax, health, education, housing, employment, and social security. The central question posed was whether these ideas constituted the best possible solutions or if there were gaps that needed to be addressed. To this aim, groundbreaking polling data was presented, shedding light on UK public attitudes towards poverty and inequality. The goal was to understand which approaches are popular, credible, and impactful, aiming to build a sustainable consensus for action across political spectrums, generations, and different mindsets. Expert speakers highlighted areas of agreement and identified potential policy narratives that could garner widespread support. The conference facilitated discussions on effective communication strategies for policies that promote inclusive growth, poverty reduction, and equality.

In conclusion, the conference successfully achieved its goal of fostering critical thinking and collaboration among diverse stakeholders towards finding effective solutions for fixing poverty and tackling inequality. The event served as a valuable platform for sharing research, insights, and ideas that have the potential to shape the trajectory of policy development in the UK. Please find all conference materials at the links below.

- ♦ New research presented at the conference: [*Towards the manifestos: What’s the agenda for fixing poverty and tackling inequality?*](#)
- ♦ [Interactive data of some of the key findings.](#)
- ♦ [The full set of presentations made at the conference.](#)



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