



Includem submission to the Scottish Advisory Group on Economic Recovery

May 2020

The following paper tries to balance high level strategic thinking with delivery. A major challenge for governments, as has been evidenced in this current pandemic, is the inability to turn high level policy work into delivery at the frontline. We therefore hope that you accept some of the recommendations in the spirit of this duality of turning policy into practice.

Prior to responding to the questions posed we suggest the following “quick” wins. They are weighted to the sector but not sector specific:

Recommendations:

- Formation of a “Stop-Go” group immediately to put into practice quickly the things agreed on but also to stop doing things too. The Care Review used this very effectively. A real challenge is how you turn macro level ideas and policy into micro level activity, this would be an effective tool. At the same time, it should allow practitioners into the process and challenge the validity and robustness of any macros level policies.
- In the third sector, the long term viability of organisations is often driven by the uncertainty of the contracts it holds. It is not unusual for an infrastructure contract to be awarded on a 10-year term, yet this is unheard of in the third sector. Move all contracts in the sector onto a minimum of 5 years. Give certainty to organisations, services and jobs.
- Increase Economy, Fair Work and Culture Secretary’s portfolio to include third sector as equal partner. If we truly want a wellbeing economy, then move the third sector into the remit of the business secretary. At the moment, the sector is linked into Health and Social Care which often subverts it to clinical outputs. This needs to change if we truly want to change the way our society works. Additionally, I believe that over the next 5 years we will need a social response to the pandemic, as much if not more than a clinical one.
- Broadband as a utility: A number of calls have been made and we would not disagree. However, this must not be at the expense of “human contact” nor must it be seen as a “cure all”. A recent report from Includem on digital exclusion, ‘Staying Connected’, highlighted many of the shortfalls of assuming digital can cure all.



- Develop capacity in local communities: Localise supply chains (community and in country), introduce schemes such as the Grameen Bank, facilitate the re-introduction of traditional skills (pay older/retired people to train next generation)
- Micro enterprise: Local authorities to get behind small business, social enterprises and charities and create and keep wealth in local communities.
- Build reward in for local authorities to invest in joined up commissioning. Charities and the third sector frequently provide early intervention support. This often saves money from NHS budgets, policing budgets and education. Adopt a “gainshare principle” to encourage this. If crime reduces then why only look at policing budgets benefit?

Broader Picture

Significant macroeconomic and fiscal implications will change the economic context for the foreseeable future. What will be the shape and form of the recovery and the what will be the implications for the future growth and structure of the economy?

- Localised supply chains: It became apparent that global supply chains only work if borders are open and demand can be managed. Developing community and in-country capacity will become critical, especially if Covid-19 stays with us. The development and investment in a Scottish Mittlestand would go some way to offset this.
- Poverty will increasingly impact society and issues such as digital exclusion will only serve to impact this further. A clear plan of how we eradicate poverty is needed. At the moment we adopt ad hoc measures. Commit properly, build the infrastructure to do that and the whole of society benefits.
- Long term policy making: It will always be difficult for incumbent governments to make long term policy but for societal shift to take place it is absolutely vital. A move from measuring society on GDP to health and wellbeing indicators is a seismic policy shift and will take many years to deliver. However, it has to start. Our European neighbours “seem” to be better at working together in coalition and effecting long term change. The only way for us to adopt a new social contract is if all parties are open to change, so this would provide a good medium for this to be tested.
- A minister once quoted “proceed until apprehended” so rather than look at constraints that government currently faces it is time to push the boundaries. Covid-19 response has cut through a huge amount of bureaucracy and allowed speedier decision making across all sectors, this needs to carry on.
- Wealth creation must not be “demonised” as the economy recovers. Organisations such as Includem are set up to make a profit, employ and pay people and deliver the



best services we can. It is not about profit making but how we use those profits. Board room governance and controlling executive pay does not provide the right answer. Holding organisations to account for their use of profits, looking at transparency of investments, contracts is a much better way. Government can especially lead the way in this and look hard at the contracts it awards, the criteria that it sets and therefore who by definition it excludes.

- Working patterns changing: It has been challenging for a “frontline” organisation such as includem to deliver its full list of services. Online can only provide “so much” and we need not to lose this. Augmented and blended services may become the norm and different stresses will become apparent. Fatigue from working on screens all day, cost of networks and integrity, mental health issues due to social isolation and things we have not yet encountered. Different sectors and businesses will be impacted in different ways.

What are the medium- to long-term consequences of the lockdown on businesses, including loss of employees, debt overhang, loss of markets, reduced investment and unemployment?

- Every single charity has been impacted by Covid-19 in some way; through cancelled events and contracts, drop in income from individuals and corporate partners, changes to service delivery, flat rate contracts just being rolled over. It has resulted in thousands of charities and local groups applying for support and there simply isn't enough to go around. The priority funding is given to those providing front line services. However, waiting time for funds is longer as local authorities and grant providers waded through thousands of applications and of course, have to decide who needs the funding most. It also means that small, local services may not receive vital funds despite being a front-line provider. It is inevitable that non front-line service charities will not receive additional support and have to find a way to close that gap, thus we will see more organisations close.
- The third sector in Scotland has significant variances in terms of governance. Some organisations will not be able to take on debt, others will not be allowed to take on loans. A major concern will be around adopting a “one-size” fits all approach to financial support. Discussion with OSCR is needed or more flexible funding. At the same time this must not be done on a commercial funding basis such as: floating asset charged lending nor commercial lending terms.
- Other people will cover the industrial and sectoral areas that Scotland should and could thrive in but a key area for the third sector is education and training. Scotland has some amazing universities but we have seen the loss of prestige and recognition of vocational qualifications. The re-introduction of technical colleges as well as further investment in apprenticeships is long overdue. If Scotland is to rebuild local supply, then a technical skills base is required.

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- Includem works in local communities and over 20 years it has become obvious that different locales require different solutions. Community based interventions supported by community based outcomes are required. I have attached one such project called ADAPT (appendix 1). It is based on supporting communities with the right resources and interventions for that community. It creates local jobs for people to develop local interventions. It will be challenging for governments at the moment to decentralise power but all evidence points to local communities understanding local challenges better than a central government.
- As per previous point an arbitrary set of conditions means we do not have a true partnership in place. The major change should be a move away from public, private and third sector into a societal partnership. All partners are equal and come to the table at the same time. Through partnership and discussion, the best solution should be reached and then depending who is best placed to deliver they do it. Too many discussions take place in individual sectors and preconceived ideas become reality but are not properly tested.

The crisis will impact differently on different groups in society, and on different parts of the labour market; and, has already revealed some thorny issues about relative wages across key occupations. What will the implications of the recovery be for different groups, unemployment and on the nature of work? How is the recovery likely to impact on socio-economic inequality as a whole?

- Inequality is a nuanced and complex issue and we frequently seek blunt instruments to rectify a problem not quantified. Poverty is increasing and will increase but this is relative. At the same time in-work poverty is increasing. Single parent families are struggling, families with one working parent are struggling and we need to get to the root of this inequality. Digitalisation brings benefits but is also contributing to the level of inequality depending on access, ability/training and cost.
- Society is becoming increasingly hung up on productivity as a measure. A great deal of work in the third sector is around improving quality both short term and long term. It is not necessarily about the quantity of contacts and interventions but the quality. It is time we stopped counting outputs and started measuring long term outcomes. Qualitative is at least an equal to quantitative measures.
- Many European organisations have “workers” on the board. Our organisation works hard to hear everyone’s voice, this is challenging especially for the people we work with. The recent care review showed the power of hearing everyone’s voice, we need to do more work to do this. This is cultural too, challenges around hierarchy and leadership being vested in an individual.
- To what extent will digital drive long-term changes in behaviour and the use of public services and how can those with limited skills or access be protected? It is



perhaps time to stop thinking like this and look at how we engaged rather than protect. Stigma is difficult to deal with and allows problems to be placed on people rather than cultures and institutions. Societally we need to address access issues and make it easier and inclusive.

- I have previously touched on the re-introduction of vocational qualifications and training but it also supports health and wellbeing. As a society we need to not only re-introduce but value vocational skills with the same fervour we do “graduate” and “high quality jobs. Scottish Government and society needs to view all jobs as high-quality jobs. The current pandemic has highlighted perhaps “snobbery” of what is or isn’t a “high quality” job and more importantly perhaps the people who do them.

- The role of institutions has been emphasised by the current pandemic and needs reviewing, It is perhaps worth our time looking at what is happening in New Zealand for some guidance but we would suggest four key reasons that we need to invest in our institutions:
 - 1.** Humans are social beings. As such, civil society, including community groups are important. We are now seeing this play out across the world. Themes such as civil society, kindness and community are increasingly visible and important.

 - 2.** Harms exist. Government can’t do everything and this is becoming increasingly apparent.

 - 3.** Power needs to be accountable. Social institutions can help government, business, and non-profits be better. Government has subsumed significant legislative power through Covid-19 regulation and this is causing increasing concern, especially across the third sector.

 - 4.** Social institutions are sources of community and social relationships, as well as social capital. Social institutions can bring diverse people together such as race, sex, culture etc. It is perhaps this one that is now more important than ever

- Problematically at the moment interventions are short term and it is difficult while navigating a current issue to plan for a long term. The dislocation of the economy is also making it difficult to see what interventions will have long term impact. At the moment the problem is being continuously pushed down short time lines. Furlough extended, 3 weekly reviews, partial opening with no real detail planning of interventions. It is perhaps an opportune time to plan a different society based on: love, hope, compassion and kindness?



What can be done now to ensure the transition to a wellbeing-oriented, inclusive economy on a transition to net zero. How can the wellbeing of the people of Scotland flourish and how can a wellbeing economy approach be embedded to bring distinct benefits to Scotland?

- At the moment there is significant flexibility in terms of work delivery but this will not suffice and we are already seeing old ways of measure and control being put back into place. Reporting for reporting and measuring sake and “books being balanced”. Again from a national level reinforcing wellbeing versus monetary is needed. Different measures such as happiness need to be introduced.
- It is too early to fully understand the societal impact of this pandemic and we must not underestimate the emotional and mental harms caused but work practices have changed, contracts and society will need to change too. Perhaps introduce contracts that specify societal outcomes? Employee welfare outcomes? Happiness outcomes?
- Stop GDP being the primary and effectively only measure of a country’s wellbeing because it is a fallacy to say that because a county’s economy is doing “well” then so is the country!
- Includem believes that the current pandemic provides an opportunity to improve individual and societal wellbeing but we need a vision to aspire to. Currently our team are working flat out, spending many hours glued to screens. If we are not careful this will become the norm and our contracts will make it so! Great flexibility needs to be put in place, less onerous contracts, less onerous employee restrictions but great support.

Conclusions

I believe charities and third sector organisations can nurture economic growth as well as social capital, but if we do not integrate it into our economy as an equal then we will not succeed. Too much is made of the difference between private, public and third sector. If we want a true “wellbeing” economy, then it will only happen if all sectors are involved and play their parts equally. It will be a challenging decade ahead and we will not overcome the challenges and deliver the change needed through one or 2 sectors alone. We will need to work together,

American Senator Robert Kennedy: (Gross National Product is a similar measure, later replaced by GDP as the main measure.)

“Gross National Product counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for the people who break them. It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. It counts napalm and counts nuclear warheads and armoured cars for the police to fight the riots in our cities. ...Yet the gross national product



does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile. And it can tell us everything about America except why we are proud that we are Americans.”

Let's be proud Scots!

Martin Dorchester
Chief Executive