



# Isle of Man Government

*Reiltys Ellan Vannin*

## **Council of Ministers**

**Response to the Select Committee on Poverty –  
First Report – Poverty Definitions and Data**

**To be laid before December 2019 Tynwald**

December 2019

**To The Hon Stephen Rodan OBE MLC, President of Tynwald, and the Hon Council and Keys in Tynwald assembled**

**Foreword by the Minister for Policy and Reform**

The impact of poverty on a person, a family, and on society more generally cannot be underestimated and is wide ranging. Moreover, the effects of poverty can continue well after an individual or family is no longer poor and therefore it is important to focus not just on those above or below a set threshold or measure but also on those who have been poor.

That is why poverty and deprivation in the Island were issues that this Government recognised as needing to be addressed and actions were included in the Programme for Government at the beginning of 2017, and have been refreshed since, most notably with the Cold, Hunger and Homelessness Action Plan, September 2019.

This action plan also endorses the actions identified by the Select Committee on Accommodation for Vulnerable Young People 2018-2019, supports the Housing Strategy work in progress within the Department of Infrastructure, and other initiatives like the Graih Emergency Night Shelter pilot. Connected investigations include those conducted by the Director of Public Health, in her 2019 annual report - which explored health and socio-economic inequalities on the Isle of Man - and the recently published 2018/19 Household and Income Expenditure Survey.

With this background of course Council of Ministers acknowledges the Select Committee on Poverty's work, and welcomes its first report on Poverty Definitions and Data which it has considered in detail. Council notes the Committee's recognition of the complex nature of trying to define and measure poverty.

This response to the Report was prepared for the Social Policy and Children's Committee, a sub-committee of the Council of Ministers, given the cross Government nature of poverty and the implications of the recommendations contained within the report.

The Council of Ministers supports two of the recommendations subject to caveats, proposes amendments to four more and rejects one of them. One recommendation is parliamentary.

Whilst the work required to meet the commitments in the report's recommendations will continue or begin as soon as possible, it must be recognised that it will take time to gather, analyse and act upon the results. This, however, does not detract from the efforts of those in Government, the Third Sector and the public to help to alleviate those who find themselves struggling by, particularly those without permanent shelter; heartfelt thanks to every single one of them.

Absolute poverty is a scourge and we all need to continue to do everything we can to eliminate it from our Island.

Hon C Thomas MHK

Minister for Policy and Reform

## **Part 1 – General Response to the Select Committee on Poverty Report**

Whilst there may not be an official single measure of poverty on the Isle of Man, the Council of Minister's recognises the impact that poverty can have on individuals, families and society as a whole in the Programme for Government and – consequently - has contributed to the calculation of the minimum wage, social security and pension levels and most recently minimum income standards for different types of households. Standard domains of deprivation were also investigated in 2013/14, and data was published as part of the Isle of Man Government Joint Strategic Needs Assessment 2014, and fuel poverty has also been estimated.

It should also be noted that Cabinet Office will be undertaking interviewer-led research with individuals and families at risk of, or suffering from, poverty next year.

But action matters most, and work has been on going throughout Government to achieve one of the key outcomes in the Programme for Government that '***We are tackling the inequalities in our Island society***', with the principle policy statement to '***...ensure our welfare system is providing better defined and more appropriate support***'.

Many parts of Government assist people that might be experiencing poverty directly, principally the social security system, but also other areas like public sector housing and free school meals. Other parts of Government are also involved in addressing both the circumstances that can cause poverty (such as debt counselling and the minimum and living wages), or the consequences of poverty, through the provision of health and social care and mental health services. Council of Ministers is considering developing an anti-poverty strategy, as outlined in the Cold Hunger and Homelessness Action Plan 2019.

The Social Metrics Commission (SMC) acknowledges that its measure of poverty is not intended to be prescriptive and is in fact a framework that can be adapted by different countries to include costs or circumstances that are relevant to them. It is important then that the Isle of Man takes the opportunity to decide what, if any, other factors ought to be included within its measures of poverty.

This framework would combine well with the work that is being undertaken across Government to tackle the root causes of poverty and is in line with the Public Health Directorate's report about establishing a range of data in relation to deprivation and its impact upon health and wellbeing.

Developing policy requires an evidence base, and the Isle of Man, like other small nations or areas, presents a challenge with the relatively small number of people, households or companies to survey and a greater risk of survey fatigue. This also means that many surveys often have to have a greater number of purposes so that the best use is made of those that do take part in the surveys.

The Household Income and Expenditure Survey (HIES) is a prime example of this with its links to the Final Expenditure Revenue Sharing Agreement (FERSA) with the UK, which determines the Island's share of VAT and shared duties. This process is reviewed every 5 years, on the basis of new data collected from survey and administrative data.

Addressing poverty requires that Government work effectively in tackling both the causes and the consequences of poverty, which can often be long term. Rather than a Department, the Council of Minister's Social Policy and Children's Sub-Committee is best placed to lead

and co-ordinate in this area. This would bring together all of the policy options available across several departments, from social security in Treasury, Education, Home Affairs and Health and Social Care.

There are a number of other organisations which work with, but independently of, Government to address poverty, and it is important that Government works with them all to come up with the best responses.

These organisations can be better placed than Government to respond, as they are often freer to act in ways that Government would not be able to. Whilst Graih is one of the main organisations that is active in this area, especially with the most vulnerable who may not have any shelter, there are others and it is important that they are also included in the process.

The final recommendation is a matter for Tynwald i.e. Tynwald itself needs to decide how it wishes to scrutinise how Government is measuring poverty and Council of Minster's welcomes scrutiny from wherever.

## Part 2 – Specific Responses to the Select Committee on Poverty’s Recommendations

The Select Committee on Poverty’s First Report – Poverty Definitions and Data made a number of recommendations, the Council of Ministers’ response to which, together with associated commentary, is set out below:

<b>Recommendation 1</b>	That the Isle of Man Government adopts the Social Metrics Commission’s new measure of poverty for the UK for the purpose of measuring the extent of poverty in the Isle of Man.
<b>Commentary</b>	<p>The Director for Public Health’s Annual Report 2019 focuses on health and social inequalities, of which poverty is an important aspect.</p> <p>The Council of Minister’s recognises that the impact of poverty is far reaching but also that is important to measure it in a way which is appropriate for a smaller country.</p> <p>As the Annual Report highlights, designing and collecting all of the data that is required will take a long term commitment from many across Government and beyond, especially the Third Sector.</p> <p>The Council of Minister’s is therefore committing to some of the recommendations in the Director for Public Health’s Annual Report 2019 about considering:</p> <ul style="list-style-type: none"> <li>• Working with Public Health England and the Local Government Association to keep up to date with the progress of work to develop a better understanding of deprivation in rural areas;</li> <li>• Working with organisations such as the Health Equity Institute (to participate in networks of nations and cities which are applying the Marmot principles as a framework for policy and action), or the Commission for Social Metrics to develop measures of poverty that are most meaningful for our context;</li> <li>• Working with the Crown Dependencies of Jersey and Guernsey to share capacity and improve understanding of the specific context of small nation islands.</li> </ul> <p>The Council of Ministers also notes the first calculation of a multiple index of deprivation in the Isle of Man in 2013/14, the use of such an analytical framework in Guernsey already, the work of the Office of National Statistics UK, and the slightly different frameworks used in Scotland and Wales.</p> <p>As Mr Oakley from Social Metric Commission stated, its measure is about “...a framework rather than a set of strict rules about how you measure poverty, is actually different things in different countries might be measured in different ways” and therefore it is important that any measure is adapted to the Isle of Man context.</p>

	Specifically, Council of Minister's is committing to have developed measures of poverty by December 2020, led by the Public Health Directorate, working closely with Economic Affairs Division.
<b>Response</b>	<b>Recommendation amended to:</b>  <b>That the Isle of Man Government develop a framework for the measurement of poverty, working with organisations such as the Social Metrics Commission and the Health Equity Institute to develop a meaningful Isle of Man measure of poverty and establish a measurement by December 2020</b>

<b>Recommendation 2</b>	That the Isle of Man Government collects the data required in order to adopt the Social Metrics Commission's methodology for measuring poverty.
<b>Commentary</b>	Subject to the work being under taken in recommendation 1 and a measure of poverty being established, any work require to fill data gaps that may exist to undertake that measurement of poverty will be undertaken.
<b>Response</b>	<b>Recommendation accepted, subject to the caveat above.</b>

<b>Recommendation 3</b>	That Tynwald is of the opinion that the Economic Affairs Division should gather the data required to implement the metric including 'Other available resources'.
<b>Commentary</b>	As with recommendation 2, subject to the work undertaken in recommendation 1 and a measure of poverty being established, this data, if required, will be gathered.
<b>Response</b>	<b>Recommendation accepted, subject to the caveat above.</b>

<b>Recommendation 4</b>	That the Isle of Man Government, in partnership with Graih, defines 'rough sleeping' and produces data on the number of homeless people in the Isle of Man.
<b>Commentary</b>	Council of Minister's recognises the excellent work that Graih undertake with some of the Island's most vulnerable people. However, there are also other important Third Sector bodies that work in this area and it is important that they are also included in this work.  Rough Sleeping is often only one part of what many places define as homeless, and whilst it is a specific component of the Social Metric Commission measure, a wider view of homelessness would be worthwhile. However to do this, the Isle of Man needs to first adopt a definition. This will then define what is to be measured, which will inform how the data is collected and who is involved in that process.

	This work will also need to combine with Recommendation 3 of the Select Committee on Accommodation for Vulnerable Young People which recommended that a statutory definition of Homelessness be introduced.
<b>Response</b>	<b>Recommendation amended to:</b>  <b>That the Isle of Man Government, in partnership with the Third Sector, defines homelessness, which includes 'rough sleeping' and produces data on the number of homeless people in the Isle of Man.</b>

<b>Recommendation 5</b>	That Tynwald is of the opinion that the Isle of Man Household Income and Expenditure Survey should be conducted every three years.
<b>Commentary</b>	<p>The Household Income and Expenditure Survey (HIES) is used for a wide range of purposes, including updating the basket of goods used in the Island's inflation calculations, for social policy development and, more recently, it is a key survey in the Final Expenditure Revenue Sharing Agreement (FERSA) that determines the share of VAT and duties that the Island receives.</p> <p>The FERSA process is undertaken every five years and if the HIES was no longer coordinated with this process, it could create additional complexity in agreeing the Island's appropriate share, which accounts for around one third of Government income.</p> <p>As well as this, the HIES is a significantly burdensome survey both on Government resources, especially in respect of officer resource and on households to complete it. Conducting the survey every five years already presents a significant challenge in achieving a large enough sample size and the cycle of planning, undertaking and analysing would consume significant resource.</p> <p>Conducting the survey more frequently will make achieving this more difficult and will also likely have an impact upon other surveys that are conducted in the same year as the HIES (which is an impact that has been noticed during 2018/19).</p> <p>The current five year cycle allows for the survey to be planned, conducted, and analysed properly and for then any policy actions to be designed and implemented. There is also a financial implication of running the survey more regularly, with the survey costing in the region of £183,000 every five years. Moreover, it might prove necessary that some of the incentive payments would have to increase to counter act survey fatigue.</p> <p>It should also be noted that the Isle of Man Government has taken on the responsibility to calculate the Living Wage for the Isle of Man, with the price collection undertaken each February and the methodology mirroring that used by the Living Wage Foundation in the UK modified appropriately for Isle of Man application.</p>

	Minimum Income Standards are also calculated for different pensioner households.
<b>Response</b>	<b>Recommendation amended to:</b>  <b>That Tynwald is of the opinion that the Isle of Man Household Income and Expenditure Survey should be conducted every five years and Minimum Income Standards should be estimated and published annually.</b>

<b>Recommendation 6</b>	That the Economic Affairs Division of the Cabinet Office sits independently from any Government Department.
<b>Commentary</b>	<p>The function of Economic Affairs is not solely to produce economic statistics regarding various aspects of the Isle of Man and it undertakes other duties, including policy development. Therefore, Council of Minister's considers that it is not appropriate to make Economic Affairs independent in the way suggested.</p> <p>Whilst the data produced by Economic Affairs is not subject to political interference, Council of Minister's recognises that this is about actual and perceived interference and therefore some additional safeguards will be put in place.</p> <p>These will include an annual publication schedule for all planned statistical releases for the year ahead, published in January of each year, and a 'Code of Conduct' specific to statistical data production.</p> <p>It is worth noting that whilst in Jersey (a model which is referenced in the Committee's Report) there is a law (Statistics and Census (Jersey) Law 2018) which makes Statistics Jersey independent, the Chief Minister of Jersey is still involved with the statistics in relation to its budget and instruction to produce statistics.</p>
<b>Response</b>	<b>Recommendation rejected</b>

<b>Recommendation 7</b>	That Government assign a lead Department for poverty
<b>Commentary</b>	<p>As the Committee's report identifies, both the cause and effect of poverty is multifaceted. It can have an impact upon a person's physical and mental health, their ability to learn, to gain employment and much more.</p> <p>Due to this, there is no one Government Department that can or should be lead on this, as this could lead to only the issues that that department has the ability to handle being addressed and connected issues in another department being missed.</p> <p>The Social Policy and Children's Committee, which is a sub-committee of the Council of Ministers, is the most appropriate place to lead the work on poverty both as it has all of the relevant departments present and has the ability to direct them in a way</p>

	which should achieve better outcomes for those affected by poverty.
<b>Response</b>	<b>Recommendation amended to:</b>  <b>That the Council of Minister’s Social Policy and Children’s Committee act as the lead for poverty within Government.</b>

<b>Recommendation 8</b>	That the Tynwald Policy Review Committee with responsibility for scrutinising the lead Department for poverty builds into its work programme the duty to report on the progress of the metric
<b>Commentary</b>	Council of Minister’s view is that responsibility for scrutinising the Government’s work on poverty should be the Social Affairs Policy Review Committee.
<b>Response</b>	<b>Parliamentary Matter</b>