United Kingdom

1. SITUATION AND KEY TRENDS

The UK enjoyed solid economic performance during recent years, and GDP grew by 3% in 2007. The crisis in the financial and housing markets has depressed the economic outlook and the UK economy is expected to slow to 0.7% in 2008 and to contract in 2009.

The employment rate is high for all groups and the UK exceeds all quantitative Lisbon targets on employment. However, the high rate of people living in jobless households (10.7% of adults) continues to be a cause for concern despite strong economic growth and the government's activation measures. The problem is especially acute for children, as 16.7% live in a household where nobody works and which is the highest in the EU (the EU-average is 9.4%). The female employment rate is high (65.5%) partly being due to a flexible labour market and opportunities for part-time work thus facilitating reconciliation between work and family life. Eurostat data suggests that only 7.8% of part-time work is involuntary (the second lowest in the EU) but the high proportion of women working part-time (42%) also affects gender pay gap, under-utilisation of women's skills and child poverty**.** Further improvements, such as increasing the availability of full-time childcare and improving the quality of part-time jobs would be beneficial. The number of people who are economically inactive because of poor health continues to be a concern.

Income inequality in the UK is high, both compared to other EU countries and by historical standards as the substantial increase which took place in the second half of the 1980s has not been reversed. This has significant impacts upon people's life chances because in the UK there is a much stronger correlation between educational achievement and socio-economic background than in most other countries. The relative poverty rates also exceed the EU averages for all groups.

The structure and share of social protection expenditure of GDP (26.4% in 2006) is around the EU average. Social transfers (excluding pensions) reduce poverty by 11 percentage points or by 37% (from 30% to 19%), which is around the EU average. The UK faces similar demographic trends to other EU Member States, though to a somewhat lesser extent. The projected old age dependency ratio (38 in 2050) is significantly below the EU average of 50.4. Between 2004 and 2050 age-related public spending as a percentage of GDP is expected to increase by 4 percentage points.

The UK has a long history of immigration and 12.6% (in 2007) of the working age population was born outside the UK. Following the EU enlargement of 2004, the UK experienced a high rate of mobility from the eight new Member States which put pressure on public services in some local communities. The employment rate gaps between people born inside and outside the country are slightly above the EU average; however, this has to be seen in the light of the high employment rate — 62.8% for people born outside the EU-25 and 75.4% for people born in another EU-25 country — which is above the EU average. For several groups of ethnic minorities, the employment rate varies greatly with gender. Certain ethnic minorities continue to exhibit higher poverty rates and one third of ethnic minority children live in poverty.

2. OVERALL STRATEGIC APPROACH

The main priorities identified by the National Strategy Report (NSR) remain the same as in 2006-2008 and include facilitating access to the labour market, eradicating child poverty, tackling discrimination and ensuring access to services. Gendered analysis in the NSR could be strengthened regarding employment policies (particularly in relation to employment of

older women, women from ethnic minorities and part-time work), child poverty, health and long term care and pension adequacy of current women pensioners.

The UK has a strong tradition of evidence-based policy. There is a clear focus on quantifiable targets and performance measures are transparent and closely monitored. The targets and policies are usually shared and coordinated between several Departments, reflecting the multi-dimensional nature of social inclusion. Good governance is promoted by the involvement of stakeholders in the development of policies. There is an effective interaction between the strategy on social inclusion and the Lisbon strategy. The UK approach to social inclusion is focused on employment as the best route out of poverty and on increasing employment opportunities for the disadvantaged. Improving the skills of the population is seen as a contribution to increased employability and social cohesion, and as the response to the challenges of globalisation. Measures that make work pay have addressed poverty and created incentives to enter employment. The European Social Fund supports the priorities of the NSR by contributing to policies aimed at increasing labour market participation, tackling discrimination and enhancing the skills level of the low skilled. It also contributes to reducing child poverty by improving parents' access to the labour market.

3. SOCIAL INCLUSION

3.1. Key trends

The relative risk of poverty after social transfers (19%) continues to be above the EU average (16%) in 2007. However, in absolute terms the incomes of the poor in the UK greatly exceed the incomes of the poor in most other countries, as the poverty threshold (one person household), at €12 572 per year, is the fourth highest in the EU. According to Eurostat data, old people are at the highest risk of poverty (30% for old people and 23% for children in 2007); however national data show a higher poverty rate for children[1]. The discrepancy is due to different methodologies. Disabled people, certain ethnic minorities, jobless single parents and people living in deprived areas continue to exhibit higher poverty rates.

Income inequalities are above the EU average, with the Gini coefficient standing at 33 (EU-25 average is 30) and s80/s20 income share ratio of 5.5 (EU-27 is 4.8). The increase in Gini coefficient after 2005 followed a fall over the period 2001-2005 and as a result, income inequality remained pretty much unchanged over the last decade. In-work poverty (6% for full-time and 12% for part-time workers) is around the EU average.

Despite high employment rates, the proportion of adults (10.7%) and children (16.7%) living in jobless households is among the highest in the EU in 2007. The rate has remained around 11% for adults over the last 7 years. The rate of young people not in education, employment or training has stagnated over the last decade and is particularly high among the low skilled. Unemployment traps are minimised, but inactivity and low wage traps are in most cases higher than in most other EU countries.

3.2. Progress on the priorities set in the 2006-2008 National Strategy Report (NAPIncls) and the challenges identified in the 2007 Joint report

There has been good progress over the last ten years across most areas identified as priorities by the previous NSR, although a number of indicators showed a deterioration over the last

[1] According to national data the poverty rate for children in 2006/07 is 21% before housing costs and 29% after housing cots. Poverty rate for older people is 21% and 18% respectively. National data also indicates that pensioners are less likely to be in poverty- measured after housing costs - than the population as a whole.

period (pensioner poverty, employment rates of several disadvantaged groups, gender pay gap).
According to national data, over the period 1998-2006 the risk of children living in poverty fell from 26% to 22%. The number of children in poverty fell from 3.4 million to 2.9 million (relative poverty) and from 3.4 million to 1.7 million (absolute poverty).
Regarding access to the labour market, several disadvantaged groups (single parents, people with disabilities, older people and ethnic minorities), except for the least skilled, have experienced improvements in their labour market position over the last 10 years. The current economic difficulties may hinder further progress in this area. It is difficult to assess overall progress on the priority of ensuring access to quality services as there are many areas and initiatives and an integrated approach is not explicitly mentioned. There has been a significant increase in investment in education (from 4.6% of GDP in 1999 to 5.5% in 2005). The increased investment in health care has contributed to improved accessibility and quality. Regarding transport, although there have been developments aimed at improving access for disadvantaged groups, further improvements are needed to enhance general access to transport. In England, the number of households living in fuel poverty increased to 3.5 million compared to 3.4 million in 1998. There has been progress in reducing re-offending (by 7.4% compared to 2000), bringing down the number of adults without a bank account (from 2 million to 1.3 million in two years) and increasing the proportion of vulnerable households living in decent homes (from 43% in 1996 to 68% currently).
Progress had been made in some areas regarding equalities. Over the last ten years, the gender pay gap has been reduced, although the latest data show that it has widened over the past year. Overall school attainment for disadvantaged groups has improved. Socio-economic background appears to be the strongest determinant of educational outcome and the attainment gaps between disadvantaged pupils and their peers are large but narrowing. The attainment gaps of most ethnic minorities have narrowed.

3.3. Key challenges and priorities

The key priorities identified by the 2006-2008 National Strategy Report are the same as in the previous reporting period. The selected priorities are appropriate and broadly consistent with the challenges identified by the 2007 Joint Report. Despite the challenges identified in the 2007 Joint Report, the inequalities in terms of income and wealth are largely neglected; a different approach is taken by Scotland, which is committed to increasing the total income and proportion of income earned by the poorest three income deciles by 2017. Income inequality remains a persistent problem and is closely related to inequalities in health, education and life chances.

3.4. Policy measures

The UK set ambitious targets to reduce child poverty by a quarter by 2004 (target narrowly missed), to halve it by 2010 and to eradicate it by 2020. As the child poverty rate has been significantly decreased, it becomes more challenging to reduce it even further and the existing policies might not be sufficient to meet the targets. Child poverty in the UK is tackled though measures to move more parents on low income into work, social transfers, a wide range of local initiatives and measures addressing the wider causes of poverty. In 2008, the government announced new measures to increase social transfers to families with children. A further investment of £125 million over the next three years is aimed to help prepare for the next decade, supported by pilot schemes to develop new and innovative ideas for tackling child poverty.
The government's overall employment rate aspiration of 80% in the long term is very ambitious, especially taken into account the pace of employment growth in recent years. Active labour market policies are undergoing a process of transformation towards more

personalised support, increased contracting out of employment services and integration of employment and skills provision. The welfare reform introduces increased conditionality combined with increased support aimed at moving people off benefits and into work. The national minimum wage and working tax credits help provide incentives to enter employment. Regarding people with disabilities, the 'Pathways to Work' programme was rolled out in Great Britain and made compulsory for certain claimants of incapacity benefits considered to be capable of work. The budget for the programme which assists disabled people into work and within the workplace will double (for special equipment, adaptations to work premises, help with transportation). Starting from October 2008, single parents are expected to search for work once their youngest child reaches 12; the age limit is planned to be decreased further. The reform is expected to address the low employment rates of single parents, as part of a package to eradicate child poverty by 2020 and accompanied by pre-work and in-work support measures.

There is a wide range of measures to improve educational attainment, such as school benchmarking, merit pay for teachers, use of targets and plans to provide one-to-one tuition to low-achieving children. Section 5.1.2 provides information on measures regarding access to healthcare. Access to transport is facilitated by the introduction of low-floor vehicles, tailored solutions for specific groups and a wide range of local projects. The main measures to tackle fuel poverty are a package of heating and insulation measures, financial help for older people with heating costs and the requirement for energy companies to achieve 40% of their energy savings by helping vulnerable customers increase their energy efficiency. The government has allocated resources and developed strategies and action plans to promote digital and financial inclusion and improve the well-being and independence of older people.

Concerning action on discrimination, the main policy development is the establishment of an Equality and Human Rights Commission in Great Britain (a separate Commission exists for Northern Ireland) responsible for promoting equality and tackling discrimination in relation to race, gender, disability, sexual orientation, age, religion and belief. Further measures to tackle discrimination were announced in an Equalities Bill. To monitor developments in this area, the government has set quantifiable targets, including a reduction of the gender pay gap and narrowing gaps between disadvantaged groups and the general population in respect of different aspects of active inclusion.

3.5. Governance

Most of the key aspects of social inclusion are devolved to the four countries. The community and voluntary sector are actively engaged in social inclusion processes. In preparing the NSR the government is working together with stakeholder groups consisting of representatives from key government departments, devolved administrations, local government, the voluntary sector and people experiencing poverty. The 12 month project *Bridging the Policy Gap* aimed at increasing awareness of European action in the field of social inclusion and social protection. The first UK conference of people experiencing poverty was held in 2007 and is considered a successful contribution to the enriching experience of policy making. There is some scope for improving effective follow-up strategies of the social inclusion process.

4. PENSIONS

4.1. Key trends

In contrast to many other European countries, the UK state pension system is concerned with preventing poverty and providing a foundation for saving, rather than providing retirement income similar to that in working life. The UK state pension consists of a flat-rate Basic State Pension (BSP) and an additional pension called State Second Pension (S2P) which is

earnings-related but following reform will become increasingly a flat-rate addition to the Basic State Pension. This state foundation is supplemented by private pension provision consisting mainly of occupational and personal pensions.

The BSP is based on the number of qualifying years built up through National Insurance Contributions, and its value is currently indexed to prices.[2] Recent reforms will make the BSP more generous and easier to qualify for. Currently, 11 million people in the UK receive the BSP (nearly the entire population above state pension age), but only 85% of men and 35% of women qualify for the full amount. For everyone reaching state pension age (SPA) on or after April 2010, only 30 qualifying years will be needed for a full BSP, down from the 44 years for men and 39 years for women currently required. This is expected to raise entitlement to full BSP to over 90% among both men and women by 2025. Another change will be the removal of the de-minimis rule, under which one does not currently qualify for any BSP if one has fewer than 25% of the required qualifying years. More generous crediting arrangements for periods spent caring for children or the severely disabled will also improve entitlement to BSP and S2P. From 2012 (or later depending on affordability), the BSP will be up-rated in line with earnings.

The SPA for women will be gradually equalised with that of men rising from 60 to 65 between 2010 and 2020. Between 2024 and 2046 it will increase from 65 to 68 years for both men and women. Deferring retirement by working and claiming state pension or delaying claiming a state pension is encouraged. For private provision, the earliest possible age to take a pension will rise from 50 years to 55 from 2010.

Recent reforms also include measures aimed at encouraging private pension provision. Legislation was approved in 2008, stipulating that from 2012 all eligible workers, who are not already in a good quality workplace scheme, will be automatically enrolled into either their employers' pension scheme or a new savings vehicle, Personal Accounts. For the first time, all employers will be required to contribute a minimum of 3% (on a band of earnings) to an eligible employee's workplace pension scheme for those who do not actively opt out. Employees will contribute 4%, while government will provide around 1% in the form of tax relief. The self-employed will not be automatically enrolled but will be able to opt in. Further measures to increase private pensions include the reduction of legislative burdens on occupational pension schemes and the simplification of the pension taxation regime. Much of the overall success of the reform will depend on the level of participation in workplace-related schemes, which in turn may be affected by the current deterioration of financial market conditions.

4.2. Key challenges and priorities

The UK, like other European countries, is facing increased longevity which poses long-term challenges for the sustainability of its pension system. In 2006, total pension expenditure in the UK was 10.7% of GDP (EU average: 11.9%). The dependency ratio in the UK is forecast to increase comparatively more slowly than in other Member States. The public pension expenditure as a % of GDP is expected to increase by 2 percentage points and reach 8.6% in 2050. In 2007, the aggregate replacement rate in the UK is 0.41, which is below the EU average of 0.49[3]. Latest Indicators Subgroup projections on net theoretical replacement rates suggest that pensions in relation to earnings at the point of retirement in the UK will drop by 4 percentage points between 2006 and 2046 for an average earner retiring at age 65. Most of this drop takes place in the statutory defined benefit scheme, partly reflecting the increase in

[2] Though in practice since 1997 there has been an increase of more than 7% in real terms in its value, due to above-inflation up-rating of the Basic State Pension.

[3] It should, however, be kept in mind that the median income from employment for older workers (55-64 years old) in the UK is 40% higher than the EU average (in euros, 2007)

the retirement age in the UK to ensure the sustainability of the pension system. The UK has also introduced a number of other measures, including increasing the earliest possible age at which a private pension can be drawn, promoting longer working lives by increasing the deferral rate of the state pension (from 7.4% to 10.4% in 2005) and allowing people to receive their state pension while continuing to work.

The key challenge identified in the last Joint Report is to continue to address the adequacy of pensions. The reform measures outlined in the previous section (increased eligibility for a state pension, pension uprating according to earnings, including periods spent caring in pension entitlements, encouraging private pensions) should increase access to and improve the pension adequacy of future pensioners. Concerning the pension adequacy of today's pensioners, the income of elderly persons has increased significantly over the last decade[4], keeping pace with the strong growth in earnings. Ensuring this trend persists, and continuing to tackle inequality and poverty among pensioners, is the main challenge faced by policymakers.

4.3. More people in work and working longer

In the UK, the employment rates for older workers (66.3% for men and 48.9% for women in 2007) are among the highest in Europe. The average age of exit from the labour market was 62.6 years in 2006 (EU-27 – 61.2 years.) Alongside the initiatives already described (rise in pension age, incentives to defer the state pension, increase in age when the occupational pension can be drawn) the government also emphasises supportive measures to help people to stay in the labour market. The most important tools are the active labour market policy New Deal 50 Plus aimed at older people, legislation to outlaw age discrimination in employment and vocational training and the Age Positive initiative, which promotes the benefits of employing older people. The UK has a comparatively high number of people on incapacity benefits and for a long time they have served as an early exit from the labour market. The government has embarked on welfare reforms with the aim of reducing the number of people on sickness benefits and moving them into work. The main measures include introducing a new medical test to better determine benefit eligibility and increased income conditionality, combined with increased support for those deemed to be able to work.

4.4. Privately managed pension provision

For those retiring today, defined benefit (DB) schemes are predominant, but there is a continuing shift from DB schemes to defined contribution (DC) schemes, where the investment risk is with the pension scheme member. The contribution rates are also significantly higher for open DB schemes than for open DC schemes and typically employers also pay a larger proportion of the total contributions in DB schemes than in DC. Participation in private pension schemes is encouraged by tax incentives. However, the regressive nature of these tax reliefs contributes to increasing inequality. There are concerns that coverage of private pension savings is low (only 56% of working age employees are contributing to a private pension) and has been declining. Participation in private pension schemes varies greatly by earning level and gender. To promote private savings, the government has implemented or will implement several measures described in previous sections (most crucially Personal Accounts but also simplification of legislation and the taxation regime and tax relief). There are also provisions to deal with risks: a Pensions Regulator (regulates work-based pension schemes) and a Pension Protection Fund (pays compensation if the employer becomes insolvent and the pension scheme is under-funded). However, the recent financial

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4 Eurostat data indicate that the median income of the 65+ in the UK has risen significantly during the last decade), from being 85% of EU-15 average in 1997 to 109% in 2007, although the largest increases took place in late 90s.

crisis poses significant challenges to increased participation in private pensions and adequacy levels.

4.5. Minimum income provision for older people

According to Eurostat data, the risk of poverty for people above 65 is higher (27% for men and 32% for women) than the EU25 average (16% for men and 22% for women). According to national data, pensioner poverty has decreased over the last decade, although during the last year it rose by 2 percentage points. Possible explanations for the last increase are that median earnings grew in excess of inflation and age-related payments were made in 2005/2006 but not repeated the following year.
All those aged 60 or over and living in Great Britain are entitled to claim the Guarantee Credit, which ensures that the weekly income for single persons does not fall below £124.05 and £189.35 for couples. Moreover those aged 65 or over may also be entitled to the Savings Credit, which rewards those who have made some savings towards their retirement. These two elements together make up the Pension Credit. To ensure a better take-up of the Pension Credit, data matching is used to identify those entitled and face-to-face visits are offered to the most vulnerable pensioners. In addition to direct support for pensioners with low incomes, income-related benefits are also provided for additional and varying spending commitments, such as rent and council tax. During cold months, there is also financial support for older people to cover heating costs.

4.6. Information and transparency

The complexity of the UK pension system continues to be problematic. To improve information and transparency, a range of programmes have been launched to focus on improving financial capability, particularly to help those most at risk of taking poor financial decisions. People also have access to personalised pension forecasts and a pension tracing service which helps find lost pension schemes. Generic pension information is available via websites and leaflets. The Pensions Advisory Service provides free information, advice and guidance on the whole spectrum of pensions. The Pensions Education Fund was established to provide impartial and accurate information to employees and self-employed who are at a risk of under-saving.

5. HEALTH AND LONG-TERM CARE

5.1. Healthcare

5.1.1. Health status and description of the system

Healthcare in the UK is delivered through the mainly publicly funded National Health Service (NHS), which provides comprehensive and universal coverage. Primary and secondary care is provided by employees of the NHS or contracted providers. Health care services are free at the point of delivery but there are a limited number of co-payments. Responsibility for health care is devolved to the four constituent countries of the UK. Scotland, Wales and Northern Ireland receive a block grant from HM Treasury and determine its allocation to health and social care and other devolved functions. All four countries in the UK give high priority to improving quality and access, prevention, moving more services out of hospitals into local communities, ensuring more personalised care and tackling health inequalities. During recent years, all four countries have published a number policy documents outlining their vision of health care as well as priorities, challenges and policy responses.

Life expectancy at birth (77.1 for males and 81.1 for females in 2005) is broadly around the EU average. It has increased by about three years for men and two years for women over the last decade. The number of healthy life years is 63.2 for men and 65 for women.

5.1.2. Accessibility

In the UK there is universal access to healthcare for the resident population. Concerning access to health care, the UK is among the most equitable in the EU, as the self-reported unmet need for health care is below the EU average and is fairly evenly distributed across different income groups. Patients who seek private healthcare are still entitled to NHS treatment; however, they cannot benefit from both services for the same episode of treatment. Around 11% of the UK population is covered by private insurance. As a consequence of devolution, there are differences in access to health care between the four countries as there are different regional priorities concerning resource allocation and service development. For example, waiting times in England are significantly shorter than in the rest of the UK. In England there are co-payments for prescription drugs with exemptions for certain groups; in Scotland and Wales drugs are free of charge. Independently of co-payments there are variations in drug accessibility both between and within the countries (availability of cancer drugs being the most noticeable example). The National Institute for Health and Clinical Excellence (NICE) decides which treatments and medicines should be available to NHS patients and the appraisals are based on weighing up the costs against the benefits. The regions can offer access to drugs on a local basis independently of approval from NICE, resulting in variations in the availability of drugs. Concerning waiting times, all countries have set quantifiable targets and significant progress has been made (especially in England). In the UK, there have been significant absolute improvements in the health of people in disadvantaged groups and areas. Despite these improvements, in England inequalities in health persist and, in some cases have widened. The current strategy on health inequalities focuses on the wider determinants of health, the lives people lead and what the NHS can do. An ongoing evaluation of enacted programmes has been made available with a commitment by the government to continue supporting actions in order to meet the targets, and more action on the factors that drive inequalities. In Scotland, a Ministerial Task Force was established in 2007 to identify priorities and practical actions to tackle health inequalities. In Wales, the government has provided funding for projects to promote awareness and understanding of health inequalities and stimulate action. In Northern Ireland, resources are allocated taking into account the duty to ensure equal access to various groups and demographic factors, and additional resources are targeted to sparsely populated areas. All residents should be able to access treatment within one hour in case of an accident or emergency

5.1.3. Quality

Quality healthcare is a priority for all the constituent countries of the UK, where there are healthcare standards in place along with mechanisms to monitor quality. Health technology assessment programmes have been developed to evaluate the effectiveness and broader impact of healthcare treatments and tests. In England, during the last decade the main challenge was capacity; now the main challenge is to improve the quality of healthcare. There is emphasis on improved delivery and governance and expanding patient choice. Quality is also monitored by using patient surveys. Further plans to improve quality include developing comparable quality indicators and introducing a legal duty for healthcare providers to publish regular reports to the public on the quality of their services. A new system of tariffs will ensure that money follows the patient and that prices reflect the cost of best practice rather than the average cost. In Scotland, policy developments aim to improve the safety of hospital care, support health care staff to drive improvements and share best practices and use patient surveys to improve health care services. In Wales, monitoring patient safety is one of the key

issues and the culture of reporting and learning from patient safety incidents is actively promoted. In Northern Ireland there are initiatives to improve clinical and social care governance, promote an informed safety culture and develop new standards.

5.1.4. Sustainability

While still below the EU average (9% of GDP) in relative terms, health expenditure rose from 6.8% of GDP in 1997 to 8.4% of GDP in 2006 and is projected to increase further. The increase in spending is a deliberate policy action with the aim of providing better healthcare services. However, a comprehensive evaluation of increased investment, its effectiveness and overall impact on different parts of the health system would be appropriate. Policies to address sustainability include prevention, promotion of healthy lifestyles and public health and moving more services out of hospitals. Though the UK currently has one of the lowest numbers of practicing clinicians per 1000 population, this number is steadily increasing and is predicted to increase further. The UK also has one of the highest numbers of nurses and midwives. England is the only country within the UK that has adopted a Payment by Results system, whereby a large proportion of hospitals' income is dependent on the volume of activity that they undertake. The price (national tariff) is based on average cost data collected and submitted by NHS providers. Prices are adjusted to take account of unavoidable regional cost differences. To create incentives for efficiency, Scotland has implemented a national tariff which is the estimated average cost of different procedures. A programme was launched to attack waste, duplication and bureaucracy in the public sector. As part of the programme, the health sector has identified £613 million in savings over the three year period. In Wales, the government allocates resources to local health boards to pay for the costs of hospital treatments provided by NHS Trusts or other independent providers. Northern Ireland is planning to introduce a tariff in shadow form based on the average cost, with an aim of encouraging providers to become more efficient. To make the health sector more streamlined and efficient, 18 former Trusts have been merged into six.

5.2. Long-term care

5.2.1. Description of the system

The responsibility for long-term care is devolved to the four countries of the UK. In England and Wales, long-term services are means-tested. In Scotland, long-term care is free for those in need. Northern Ireland is the only country where healthcare and long-term care services are integrated; the country is currently discussing the possibility of introducing free long-term care.

5.2.2. Accessibility

All four countries have introduced or are planning to introduce measures to support unpaid informal carers. Local authorities determine eligibility and access to care. However, the assessment allows considerable discretion over the decisions. In England, Wales and Northern Ireland, local authorities contribute towards some of the cost of care and it varies between countries and care locations. Co-payments and additional user charges that are not covered for persons above the means-tested threshold can act as barriers to accessibility. England has implemented a pilot scheme under which people can choose to take money from the local council and arrange their own care. In Scotland, there is evidence that free long-term care enjoys broad support, although there are suspicions that need assessment and eligibility rules have been applied inconsistently across the country.

5.2.3. Quality

All four countries have mechanisms in place to monitor the quality of long-term care. In England, responsibility for quality assurance has moved from the local authorities to the central government. The regulatory body inspects the performance of long-term care against National Minimum Standards. The regulatory body can place legal conditions on providers failing to meet requirements to carry out improvements. There are some concerns that the perspectives of users are not well integrated into the standards of the inspection process.

5.2.4. Long-term sustainability

In all the constituent parts of the UK the level of funding for long-term care is increasing. In Scotland, where long-term care is free, it is predicted that the costs will rise substantially over the next 20 years. In England and Northern Ireland there are consultations on the long-term sustainability of long-term care in light of demographic change. In Great Britain, there is a general problem of care coordination between the healthcare services and personal social services, which has implications for the sustainability of the system and future needs assessment. The countries are seeking ways to ensure integrated health and social care services.

6. CHALLENGES AHEAD

- To continue efforts to reduce persistent inequalities, such as those in income, health, skills, and 'life chances'.

- To tackle levels of economic inactivity by improved engagement with vulnerable groups, whilst adequately supporting the transition to quality and sustainable work and reducing the number of jobless households.

- To pursue the reform process and continue to address pensions adequacy; to implement improved access to quality private pension schemes and to monitor the situation, especially in light of the current financial crisis.

- To build on the progress made and to continue to improve accessibility and quality of healthcare services.

- To look at ways of improving integration of health and long-term care services and addressing discretion in the assessment of needs and eligibility rules.

7. TABLE WITH PRIMARY AND CONTEXTUAL INDICATORS

1. Employment and growth

Eurostat	GDP growth rate *	GDP per capita**
2000	3,9	119,0
2005	2,1	121,8
2008f	0,7	115,5

Eurostat	*Employment rate (% of 15-64 population)*				
	15-64				
	Total	Male	Female	15-24	55-64
2000	71,0	77,7	64,5	55,8	50,4
2005	71,7	77,7	65,8	54,4	56,8
2007	71,5	77,5	65,5	52,9	57,4

Eurostat	*Unemployment rate (% of labour force)*			
	15+			15-24
	Total	Male	Female	
2000	5,6	6,1	4,9	12,0
2005	4,8	5,2	4,3	12,8
2007	5,3	5,6	4,9	14,3

** Growth rate of GDP at constant prices (2000) - year to year % change; ** GDP per capita in PPS (EU27=100); f: forecast*

2. Demography and health

Eurostat	*Life expectancy at birth*		*Life expectancy at 65*		*Healthy life expectancy at birth (2005 instead of 2006)*		*Infant mortality rate*
	Male	Female	Male	Female	Male	Female	
1995	74,0	79,2	14,6	18,2	60,6	61,2	6,2
2000	75,5	80,2	15,7	18,9	61,3	61,2	5,6
2006	77,1	81,1	17,0	19,5	63.2b,p	65.0b,p	4,5

WHO - OECD	*Total health exp %GDP*	*Public health Exp % of THE**	*Out-of-pocket payments % of THE*
1995	6,9	83,9	10,9
2000	7,2	80,9	13,3
2006	8,4	87.3d	11.9**

EU-SILC	*Unmet need for health care % of pop*
	-
2005	2,3
2006	1,9

s: Eurostat estimate; p: provisional; b: break in series; d: change in methodology

**THE: Tot. Health Expenditure; ** 2005 instead of 2006*

3. Expenditure and sustainability

Social protection expenditure (Esspros) - by function, % of total benefits

Eurostat	*Total expenditure * (% of GDP)*	*Old age and survivors*	*Sickness and health care*	*Unemployment*	*Family and children*	*Housing and social exclusion*	*Disability*
1995	27,7	43,1	24,0	5,6	8,9	7,5	10,9
2000	26,4	48,8	25,5	3,0	6,9	6,4	9,4
2006	26,4	44,7	31,8	2,4	6,1	6,3	8,7

** including administrative costs*

Age-related projection of expenditure (AWG)

EPC-AWG	*(2008) Old age dependency ratio Eurostat*	*Expenditure (% of GDP) Level in **2004** and changes*			
		Total social expend.	*Public pensions*	*Health care*	*Long-term care*
2004	24,3	19,6	6,6	7,0	1,0
2010	24,7	-0,2	0,0	0,2	0,0
2030	33,2	2,2	1,3	1,1	0,3
2050	38,0	4,0	2,0	1,9	0,8

4. Social inclusion and pensions adequacy (Eurostat)

	At-risk-of-poverty rate				***Poverty risk gap***				***Income inequalities***
SILC 2007	Total	Children 0-17	18-64	65+	Total	Children 0-17	18-64	65+	S80/S20
Total	19	23	15	30	23	22	25	20	5,5
male	18	-	14	27	23	-	26	18	-
femal	20	-	16	32	23	-	24	21	-

Anchored at-risk of poverty	Total - fixed 2005 threshold
2005	19b
2006	18
2007	16

	People living in jobless households			
	Children	% of people aged 18-59*		
	Total	Total	Male	Female
2001	17,0	11,2	9,1	13,3
2004	16,3	10,8	8,8	12,8
2007	16,7	10,7	8,8	12,7

	Long Term unemployment rate		
	% of people aged 15-64		
	Total	Male	Female
2000	1,4	1,9	0,9
2004	1,0	1,2	0,6
2007	1,3	1,6	0,9

	Early school-leavers		
	% of people aged 18-24		
	Total	Male	Female
2000	18,4	18,9	17,9
2004	13,6	14,1	13,1
2007	17.0b	18.2b	15.8b

**: excluding students; i: change in methodology; b: break in series*

SILC 2007	Total	Male	Female
Relative income of 65+	0,82	0,91	0,80

SILC 2007	Total	Male	Female
Aggregate replacement ratio	0,41	0,42	0,44

Change in theoretical replacement rates (2006-2046) - source ISG

Change in TRR in percentage points (2006-2046)						*Assumptions*				
Net	*Gross replacement rate*					Coverage rate (%)		Contribution rates		
								pensions	pensions	
Total	Total	Statutory pensions	Type of statutory scheme*	Occup. & voluntary pensions	Type of suppl. scheme**	Statutory pensions	Occupational and voluntary pensions	(or Social Security)	Estimate of current (2002)	Assumption
-4	-2	-3	DB	1	DC	100	53(M)/56(F)	19,85	9	8

** (DB: Defined Benefits; NDC: Notional Defined Contributions; DC: Defined Contributions); ** (DB/DC)*