GROUP OF NON-GOVERNMENT EXPERTS IN THE FIGHT AGAINST
POVERTY AND SOCIAL EXCLUSION

REPORT ON

UNITED KINGDOM NATIONAL ACTION PLAN ON
SOCIAL INCLUSION

2001-2003

Jonathan Bradshaw and Fran Bennett

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SUMMARY

The UK strategy to combat poverty and social exclusion as presented in *Opportunity for All* (2002) has shifted from a life cycle approach to focus on the main elements of the strategy, which are:

- Ensuring that work that pays is possible;
- Support for those unable to work;
- Investing in services for children to break cycles of deprivation;
- Tackling inequalities by improving public services.

The attack on poverty and social exclusion has remained at the heart of the domestic agenda with the political commitments reiterated in Ministerial speeches and government publications. The practical outcomes of those commitments have been reinforced in new policies which are reviewed in this paper.

Our overall judgement on progress to date is

- From a poverty base which was historically and comparatively dire in the mid 1990s,
- The key indicators of poverty and social exclusion have been moving in the right direction.
- Much of this has to do with the performance of the UK economy, and particularly increasing employment and falling unemployment.
- Some of it is the result of tax and benefit polices, either already announced by July 2001 and coming on stream since then, or new measures announced since in the budgets of 2002 and 2003.
- The public expenditure settlement announced in 2002 will from 2003/4 lead to substantial increases in public expenditure on transport, education and health and there are programmes embedded in the health and education budgets (but arguably not transport), which are geared to tackle poverty and social exclusion directly and in the long term.
- However progress in reducing relative poverty has been slower than expected and the Government has some way to go in order to meet its main headline objective - to reduce child poverty by a quarter by 2004.
- While the treatment has been right, the dose has so far been inadequate to reduce relative poverty more.
- Even if the labour market remains as buoyant as it is, further redistributive policies will be required.
- There are also concerns about the extent to which the attack on poverty and social exclusion is being mainstreamed across government departments, the devolved administrations and in regional and local government.

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INTRODUCTION

At the Lisbon summit in 2000 the European Council agreed to adopt an Open Method of Coordination in order to make a decisive impact on the eradication of poverty and social exclusion by 2010. Member states adopted common objectives at the Nice European Council and all member states drew up National Action Plans against poverty and social exclusion (NAPs/incl). The first UK National Action Plan on Social Inclusion 2001-2003 was published in July 2001.

Early in 2003, the European Commission established a group of non-government experts responsible for providing an independent critical review of member state NAPs/incl. At the first meeting of the Group in Brussels on 26 February 2003, it was agreed that each country expert would produce three reports in the next period

1. A First Report by 15 April 2003 reviewing developments since the 2001-2003 NAP/incl.2
2. A Second Report by 1 July 2003 updating that, but also reviewing the involvement of actors in the NAP/incl for 2003.

It was the original intention of the Commission that the first report of the Group might, in reviewing the first NAP, contribute to the second NAP/incl. However work on the second NAP/incl is now very far advanced (a draft is being circulated to actors in the debate at the time of writing). Criticisms of the UK NAP/incl implied in the Joint Report on Social Exclusion3 and elsewhere4 included that

• It only reported on existing policies and did not announce any new ones.
• There was little data on gender mainstreaming of the NAP/incl.
• There was little evidence of involvement of national level NGOs, the Social Partners and people in poverty.
• There was a narrow range of examples of access to services – no discussion of legal services, sport, culture.
• The contribution of some aspects of the European Social Fund was underplayed.

Informally the UK government acknowledge some of these criticisms. In their defence they might argue that:

• They only had six months to prepare the last NAP/incl.
• There are particular problems for the UK NAP/incl in that it involves four jurisdictions each with a good deal of independence.
• The Department for Work and Pensions, where the NAP/incl was prepared, has not previously had much experience of involving actors.

• The UK was already very active in tackling poverty and social exclusion and monitoring them.
• Given that, a NAP/incl was not the vehicle for announcing new policies.

We shall soon see how the UK Government has responded to the criticisms of the first NAP/incl, when the second NAP/incl is published in July 2003. In this report we do not intend to rake over these coals but rather to focus on what has happened to poverty and social exclusion and policy designed to tackle them in the UK since July 2001. Meanwhile however it is worth acknowledging three particular developments that the NAP/incl process can claim some responsibility for.

1. The 2001-2003 UK NAP/incl was largely devoted to reviewing policy initiatives designed to tackle poverty and social exclusion across government departments, in the different jurisdictions and at regional and local level. Before NAP/incl that kind of cross-cutting review had not been done and, partly as a result of the work on the first NAP/incl, it is now being continued more systematically in the annual Opportunity for All reports. The two Opportunity for All reports which have been produced since the first NAP/incl build on the review in the first NAP/incl and contain substantial overviews of policy. Equivalent reports have been produced by the devolved jurisdictions also with increased policy content.

2. In the UK, much of the responsibility for tackling social exclusion is devolved to the Scottish Executive, the Welsh Assembly Government and the Northern Ireland Executive. Among the policies which impact on poverty and social exclusion, economic management, employment policy, the National Minimum Wage, and social security and taxation policy are reserved to the UK government. The indicators in the Opportunity for All reports are sometimes based on UK or GB or England and Wales data, but they have never attempted to compare poverty and social exclusion across the administrations and many of the indicators are for England only. So while important policy has remained UK national, monitoring its impact has tended to come at the country level. The NAP/incl process has in a way required the different jurisdictions to get back together again, a process which may eventually lead to a much less detached and more productive relationship between the UK national government and the devolved administrations – both in policy and monitoring.

3. There is no doubt that the 2003-2005 NAP/incl process has involved a great deal more participation by the policy actors. The Second (expert group) Report in July

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will be devoted to reviewing this process in more detail and so it will not be discussed further here.

The bulk of the report is a critical review of developments in policy relevant to poverty and social exclusion since the first NAP/incl was produced in July 2001. However, we start with an analysis of the main indicators.
HEADLINE INDICATORS

The main government source of data on poverty and social exclusion is the Opportunity for All report published now in September of each year. Each jurisdiction has its own version of this which include a somewhat different selection of indicators. There are other similar collections of indicators such as the series produced by the New Policy Institute, and other reviews of the evidence.

The Appendix summarises the Opportunity for All indicators for children, people of working age, older people and communities, with the low income indicators updated where appropriate with the latest data obtainable from the Households Below Average Income (HBAI) report published in March 2003.

Child poverty

The target in the Prime Minister’s Toynbee Hall speech was ‘to eradicate child poverty within a generation’. Subsequently the Treasury set out further objectives: to eradicate child poverty by 2020, to halve it by 2010 and ‘to make substantial progress towards eliminating child poverty by reducing the number of children in poverty by at least a quarter by 2004’. The wording of the target has now been slightly altered ‘To reduce the number of children in low-income households by at least a quarter by 2004 as a contribution towards the broader target of halving child poverty by 2010 and eradicating it by 2020….The target for 2004 will be monitored by reference to the number of children in low-income households by 2004/5. Low income households are defined as households with income below 60% of the median as reported in the HBAI statistics… Progress will be measured against the 1998/9 baseline figures and methodology’.

Table 1 shows that, towards the goal of a 25 per cent reduction in child poverty by 2004, between 1998/9 and 2001/2 there has been a fall in the relative child poverty rate after housing costs of 10 per cent and before housing costs of 16 per cent. This is because for those receiving Housing Benefit/Council tax benefit 85 per cent of the gains in income from Working Families Tax Credit have been offset by losses in Housing Benefit and Council Tax Benefit. Only 220,000 WFTC recipients are now getting Housing Benefit. The taper on Housing

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Government claimed that the reforms introduced from 1997-2001 would reduce the number of children in poverty by 1.2 million\textsuperscript{16} and similar estimates were produced by independent commentators.\textsuperscript{17} Following the publication of the HBAI figures up to 2000/01,\textsuperscript{18} which showed that the reduction in child poverty had only been 500,000, researchers at the Institute for Fiscal Studies sought to explain the reasons.\textsuperscript{19} They attributed the disappointing results to three main factors: first, the poverty figures were still out of date – covering only six months after the introduction of Working Families’ Tax Credit (WFTC); second, there is a problem of non-take-up of both WFTC and Minimum Income Guarantee (MIG) and third, the Government has been chasing a moving target – the 60 per cent of median threshold has been moving upwards as a result of real increases in the incomes of the better off.

Table 1: % children living in household with equivalent income less than 60 per cent of the median, including the self employed.

<table>
<thead>
<tr>
<th></th>
<th>Before housing costs.</th>
<th>After housing costs.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of children</td>
<td>% of children</td>
</tr>
<tr>
<td>1996/7</td>
<td>26</td>
<td>34</td>
</tr>
<tr>
<td>1997/8</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td>1998/9</td>
<td>24</td>
<td>33</td>
</tr>
<tr>
<td>1999/00</td>
<td>23</td>
<td>32</td>
</tr>
<tr>
<td>2000/01</td>
<td>21</td>
<td>31</td>
</tr>
<tr>
<td>2001/02</td>
<td>21</td>
<td>30</td>
</tr>
</tbody>
</table>

% reduction (in numbers) 1996/7-2001/02
\[19\%\] 12\%

% reduction (in numbers) 1998/9-2001/02
\[16\%\] 10\%

Source: DWP (2003)\textsuperscript{20}

It is partly because of this latter problem with the headline measure of child poverty that the Department for Work and Pensions has been consulting on an alternative.\textsuperscript{21} The Consultation Document outlined four approaches: the multi-dimensional approach of \textit{Opportunity for All}; an index of headline indicators; a measure of ‘consistent poverty’ based on the Irish method; a core set of indicators and a measure of ‘consistent poverty’. Responses to the consultation were invited by 10 July 2002, seminars were held in London and Edinburgh in June 2002, and consultation meetings were also held with people living in poverty, non-governmental organisations and

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children. The report on the consultation was expected in early 2003 but at the time of writing has not yet been published.

Meanwhile the question remains - will the Government meet its child poverty target by 2004? In late 2002, Piachaude and Sutherland\textsuperscript{22} published an update of their poverty estimates based on a micro simulation model (POLIMOD). They estimate that in 2003/4 taking account of all policies announced,\textsuperscript{23} the child poverty rate (less than 60 per cent of the median) will be 15 per cent before housing costs and 25 per cent after housing costs – a reduction in both cases of 4 percentage points over the 2000/1 regime. For the whole population, they estimate a reduction in the poverty rate of 2 percentage points before housing costs and 3 percentage points after housing costs. Their explanation for this is that although increases in employment have benefited all groups except pensioners and the permanently inactive, and changes to benefits and tax credits have improved the situation of children, particularly low earning families, these gains have been offset by a relative decline in the value of the basic pension, and social security benefits paid to those without children. ‘Without the improvements which have been made to the tax and benefit system for those with low incomes, things would have been much worse, but more measures are needed each year simply to hold the gains which have been made, let alone make progress……’ (p. 28). The Institute for Fiscal Studies, in their pre 2003 Budget report, estimated that £1 billion of further spending on Child Tax Credit will be required in order to meet the child poverty target in 2004/05.\textsuperscript{24} The Chancellor said in his 2003 Budget speech that for the next Budget and spending review he was asking for a report on the public service and welfare reforms needed to reach the goal of halving child poverty by 2010 on the road to the abolition of child poverty in a generation.\textsuperscript{25}

\textbf{Inequality}

There was a rapid increase in inequality in the early 1980s in the UK. During the 1990s, inequality was more or less steady. The main official source on inequality is the analysis carried out every year by ONS.\textsuperscript{26} Table 2 summarises trends in inequality since 1996/97. In 2000/01, there was a hint that inequality might at last be falling but the very latest figures for 2001/2 show that this is not the case and that at each stage of the distributional process inequality increased in 2001/02, especially market income before taxes and transfers.

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{23} Except childcare tax credit, child support changes, the effect of lengthening maternity leave and the introduction of paternity leave and pension tax credit.
\item \textsuperscript{25} Chancellor of the Exchequer’s Budget speech, 9 April 2003.
\end{itemize}
\end{footnotesize}
Table 2: Trends in Gini coefficients for the distribution of income at each stage of the tax benefit system.

<table>
<thead>
<tr>
<th></th>
<th>Original (market) Income</th>
<th>Gross (original plus cash benefits) Income</th>
<th>Disposable (gross less direct taxes) Income</th>
<th>Post tax (disposable less indirect taxes) Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996/97</td>
<td>53</td>
<td>37</td>
<td>34</td>
<td>38</td>
</tr>
<tr>
<td>1997/98</td>
<td>53</td>
<td>37</td>
<td>34</td>
<td>38</td>
</tr>
<tr>
<td>1998/99</td>
<td>53</td>
<td>38</td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td>1999/00</td>
<td>53</td>
<td>38</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>2000/01</td>
<td>51</td>
<td>38</td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td>2001/02</td>
<td>53</td>
<td>39</td>
<td>36</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Lakin: Table 27

**Dependence on social assistance**

These data, based as they are on sample surveys, take some time to emerge and for a more up-to-date picture we can turn to administrative data. Table 3 shows that there has been a reduction in the number of lone parent families claiming Income Support, despite the fact that the real level of benefits has been increased, and despite the fact that there has probably continued to be an increase in the number of lone parents. A growing proportion of lone parents have been getting into employment (54 per cent by 2002 - see Appendix). This fall in the number of lone parents on Income Support is also a main reason why the number of children living in families on Income Support has also been declining. The number of pensioners receiving Minimum Income Guarantee is also affected by the level of the benefit and its relationship to the basic pension. The numbers in receipt have been growing since May 2000. The number of claimants with disabilities has also increased throughout the period.

Table 3: Number of claimants of Income Support. November of each year, Thousands.

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Aged 60 or over (MIG)</th>
<th>Lone parents</th>
<th>Disabled</th>
<th>Other</th>
<th>Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>3938</td>
<td>1701</td>
<td>982</td>
<td>858</td>
<td>397</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>3824</td>
<td>1641</td>
<td>938</td>
<td>903</td>
<td>342</td>
<td>2336</td>
</tr>
<tr>
<td>1999</td>
<td>3835</td>
<td>1626</td>
<td>929</td>
<td>940</td>
<td>340</td>
<td>2334</td>
</tr>
<tr>
<td>2000</td>
<td>3877</td>
<td>1675</td>
<td>894</td>
<td>992</td>
<td>316</td>
<td>2286</td>
</tr>
<tr>
<td>2001</td>
<td>3950</td>
<td>1741</td>
<td>867</td>
<td>1044</td>
<td>298</td>
<td>2247</td>
</tr>
<tr>
<td>2002</td>
<td>3961</td>
<td>1768</td>
<td>843</td>
<td>1086</td>
<td>265</td>
<td>2212</td>
</tr>
</tbody>
</table>


**Employment**

‘The key labour market objective is to achieve high and stable levels of employment so everyone can share in growing living standards and greater job opportunities’ (p. 21).27 The UK government has a ‘work first’ approach to welfare reform,28 in part

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because of its views about the negative effects of worklessness at all stages of the lifecycle. The government describes its strategy on participation in employment as 'making work possible … making work pay … making work skilled'.

Compared with some other EU countries, the UK’s labour market has been remarkably buoyant. Since June 2001, overall employment has continued to rise - to a rate in Nov 2002 - Jan 2003 of 74.6 per cent. The proportion of temporary workers (because they could not get a full-time job) has fallen. The number of vacancies is up in the latest figures for February 2003. ILO unemployment has fallen to 5.0 per cent and the claimant count in February 2003, at 3.1 per cent (or 935,300), while up slightly on the previous quarter, is down over the year. The unofficial “Inclusion” count of people not working, who want to work, or who are on government employment schemes or working part-time because they cannot get full-time jobs, has also fallen to 4.1 million.

As we shall see, the Government’s welfare to work programmes have made a modest contribution to this picture. The growth in employment seems to have been greatest in those regions with the lowest employment rates – Wales, Scotland, Northern Ireland and the North West of England, though the North East and London do not appear to be benefiting as much as other regions. Most of the increase in employment and its dispersion to the regions are due to growth in jobs in the public services.

Among critics of the UK economy, there is a tendency to be critical of the ‘flexible’ nature of the UK labour market. There is no doubt that it has become more flexible. We have the second highest proportion of part-time workers in the European Union. Self-employment increased rapidly during the 1980s. In 2001, approximately 20 per cent of full-time workers and 23 per cent of part-time employees had some form of flexible working arrangement, with women in both cases being more likely than men to work flexible hours. During the 1990s, temporary work increased for both men and women. However, these trends should not be exaggerated. Full-time jobs for both men and women have been increasing since the mid 1990s. The proportion of these that are self-employed is falling and the number of self-employed jobs has been falling. Temporary work has grown only very slightly and the growth of flexible work patterns has been partly generated by the demands of employees. After a weak period over the summer of 2002, involuntary part-time working and involuntary temporary working are declining.

While overall it can be seen in the Appendix that there has been a reduction in worklessness, and increases in the labour participation rates of most vulnerable groups, there is still a concentration of worklessness in some neighbourhoods. The Social Exclusion Unit (SEU) reports that the worst five per cent of wards in England have unemployment rates 2.5 times the rate for England as a whole and economic inactivity affects four times as many people as unemployment. The SEU launched a

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30 Data in this paragraph is derived from recent editions of the Centre for Economic and Social Inclusion’s *Working Brief*.
new project in March 2003 to investigate what more can be done to tackle concentrations of worklessness that persist in some neighbourhoods. The work will be based on detailed area-based case studies representing concentrated worklessness. Recommendations will be made to Ministers by early 2004 and policy actions will follow. At the same time, the SEU also announced an investigation into mental health and social exclusion and what could be done to help adults with mental health problems to obtain and retain employment.32 There is further material on employment in the next section of this report.

**Improving public services**

About one third of government spending is on services and they are thus an important element in the attack on social exclusion. In 2002 the Government announced the results of the spending review,33 which covered expenditure in the three-year period 2003/4 to 2005/6. In the Labour Government’s first term in office, spending on services was constrained by the commitment to stick to the previous administration’s spending plans and then by the constraints of the commitment not to increase income tax rates. Spending on health and education grew in real terms but fell as a proportion of GDP up to 2001. The new spending plans envisage an overall increase of 3.3 per cent per year in real terms over the period and public expenditure as a proportion of GDP will rise from 39.9 per cent in 2002/03 to 41.9 percent in 2005/6. This increase in spending is concentrated on education (7.7 per cent growth), health (7.3 per cent growth), transport (12.1 per cent growth). Between 2000/1 and 2005/6, educational spending will rise from 4.6 per to 5.6 per cent of GDP. By 2007/8, it is envisaged that UK health spending will reach 9.4 per cent of GDP – above the current EU average of 8 per cent.

There is reportedly a live debate within government about the marginal benefits of an extra pound spent on services or transfer payments, especially for children. The prime minister argues that ‘high quality public services are the best attack on poverty’34 – interesting, given the government’s similar claim about paid work in the past. He also says that ‘an excellent education is a far better route to a life of opportunity for a child than simply paying more in benefit to her parents’ – interesting, given the previous focus on new tax credits and increased benefits for the under-11s in particular.

There is no doubt that elements embedded in the expenditure plans are part of an assault on social exclusion and we review these elements below. Measures of poverty or social exclusion do not usually take into account access to high quality service provision, either public or private, and there is actually very little analysis in the UK of the overall distributional impact of this expenditure on services. The analysis by Lakin (2003) mentioned above provides an indicative analysis of how spending on some services affects the overall distribution. A more sophisticated analysis has recently been produced by Sefton (2002).35 He compared spending between 1996/97

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and 2000/01 on health, personal social services, housing and education. He concludes that poorer households receive a greater share of benefits in kind from welfare services than richer households and that the ‘pro poor’ bias in spending has been rising gradually over the long term. Since 1996/97, spending on welfare services has grown faster than in the past and there has been an incremental shift in favour of lower income groups, even after controlling for demographic effects. Between 1996/97 and 2000/01, the bottom quintile’s share of the social wage increased, while that of the top quintile fell. However, not all service expenditure has a pro poor distributional effect. Differential rates of participation in post-compulsory schooling and higher education, under-utilisation of health and personal social services by lower income groups and the fact that poor people do not live as long - are all factors that favour higher income groups.

This kind of analysis is important because it raises questions about the extent to which central government aspirations to target social exclusion are ‘mainstreamed’ or represented in the spending priorities of separate Ministries and at government level and by local authorities. We will take three examples:

1. **Transport.** Transport and social exclusion have recently been the subject of an excellent Social Exclusion Unit report, which included a review of the evidence. Transport is relevant to social exclusion because those without access to a car have difficulty accessing employment, education, health and other services, food shops, sporting leisure and cultural activities. People without cars mainly rely on buses. Poor people face physical barriers in accessing buses. In addition, there are problems of frequency, reliability, coverage and cost – bus fares have risen by 30 per cent in the last 20 years and are some of the highest in the EU. Spending on bus route subsidies has fallen by two-thirds since 1985. Overall transport spending is highly regressive, with better-off road and rail users receiving much more of the benefit of subsidies than worse-off bus users. The SEU report estimated that the lowest income quintile will gain 12 per cent of the total spend of the Government’s recent 10 Year Transport Plan, while the highest quintile will gain 38 per cent.

2. **Health Inequalities.** In a recent review of the policy-making following the Acheson Inquiry into Inequalities in Health, Exworthy et al found that policies initially introduced were disparate and typified by projects, funding ‘challenges’ and one-off initiatives which were detached from mainstream policies. They argue that further steps are required to join up and embed these policies more fully into mainstream policy, planning and provision.

3. **Childcare strategy.** The main extra resources that have gone into the childcare strategy have been in the form of funding for nursery classes in primary schools. It is arguable that this, mainly part-time, term-time provision is not the most effective way of enabling (poor) lone parents to obtain access to employment. Childcare tax credit only covers a maximum of 70 per cent of the costs of childcare up to a ceiling. The package of funding available for childcare also calls for extremely complicated partnership working to be put together at a local level, with funding coming from a variety of national and local programmes.

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These are just three examples where policy is perhaps not being driven as much by the poverty and social exclusion agenda as it might be. The Social Exclusion Unit indicated recently that it wishes to share its learning from experience so far; and that it wants to examine how government policies act together against social exclusion and what the potential drivers of social exclusion might be in the future.\textsuperscript{38} If these goals are pursued, this would be a real opportunity for consolidation of recent experience.

**NEW POLICY ANNOUNCEMENTS SINCE NAP/incl 2001-03**

This section reviews the policy announcements that have been made between July 2001, when the first NAP/incl was produced, and early April 2003. The policies have been reviewed following the overall framework set out for the NAPs/incl (though the specific subsections may not be exactly those which all member state governments would choose to include within each Objective or subObjective); the numbering and lettering below therefore also follow that recommended framework.

**Objective 1 – Employment and rights**

Objective 1 of the NAPs/incl is about achieving ‘participation in employment and access by all to resources, rights, goods and services’.

**Facilitating participation in employment**

This comprises subObjective 1.1 in the NAPs/incl framework; it is also broken down into subsections. Below, these are further subdivided to reflect the UK government’s specific focus within each (‘More focus on the more marginalised’ etc.).

**Pathways/training for most vulnerable**

**More focus on the more marginalised**

There is still concern about young people – and especially young men – who are marginalised in relation to the labour market.\textsuperscript{39} But the government has been urged to shift the emphasis of its ‘New Deal’ strategy away from younger recipients of jobseeker’s allowance towards older claimants, and those facing acute barriers to work, on other benefits and economically inactive.\textsuperscript{40} One in six (17\%) adults in Britain are experiencing non-employment (defined as being either not working at least 16 hours a week or not in full-time education, \textit{and} not having a working partner).\textsuperscript{41} Some types of people are more likely to be non-employed than others. Analysis of Labour Force Survey data for 1992 to 2000 found that those most at risk of non-employment are:

1. Men and women without partners, especially lone parents
2. Disabled people
3. People with low qualifications and skills

\textsuperscript{38} Social Exclusion Unit conference, 5 March 2003.


\textsuperscript{41} Berthoud, R., \textit{Multiple Disadvantage in Employment: A quantitative analysis}, York: York Publishing Services for Joseph Rowntree Foundation, 2003; Findings 313, Joseph Rowntree Foundation. The data in the paragraph below are also taken from this source.
4. People in their fifties
5. People living in areas of weak labour demand
6. Members of certain minority ethnic groups

These risk factors are similar to the risk factors for being in low paid rather than in higher paid employment. This suggests that not only are people in these groups more likely to be without work; but if they are in work, they are more likely to be low paid.

Two-thirds of adults in Britain have at least one of these six disadvantages and about a tenth have at least three of them. Very few (1 in 5000) have all six. The more of these disadvantages people have, the greater the risk of them being non-employed. Only four per cent of adults (aged 17 to 59) with none of these six disadvantages are non-employed. Meanwhile, more than 90 per cent of people with all six disadvantages are non-employed. The risk of non-employment reflects the number of disadvantages that people have. But the risk does not go up exponentially, rising faster and faster as the number of disadvantages increases. ‘This analysis largely justifies the common assumption that variations in the risk of non-employment can on the whole be explained by just by adding the effects of each disadvantage together.’

Through Public Service Agreements, the government has undertaken to reduce the difference between the employment rates of various disadvantaged groups and the whole population, and in its National Action Plan for employment the goal for lone parents’ employment rate is 70 per cent by 2010. A taskforce in Northern Ireland has also reported on measures to increase employability and reduce long-term unemployment.

The 2002 Budget extended the New Deal 25 Plus for the long-term unemployed, on a pilot basis, to people unemployed for a total of 18 months over the past three years, in an attempt to deal with the problem of ‘cycling’ in and out of unemployment.

Employment rates for different ethnic groups vary greatly, with the lowest for the Bangladeshi population. The Minority Ethnic Outreach initiative was introduced in April 2002 in five areas of England with large minority ethnic populations, to engage more effectively with these communities in relation to barriers to employment. In Northern Ireland, there is continuing concern about labour market disparities between Catholic and Protestant communities.

From November 2002, the New Deal for Lone Parents (NDLP) was opened to any lone parent not in work, or working under 16 hours per week; recent research shows

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47 House of Commons *Hansard*, Written Answers 18 March 2003, cols. 717W-718W.
clear evidence of the success of the NDLP,49 and that it more than doubles lone parents’ chances of finding a job.50 But a report argued that relying too heavily on plans to increase lone parent employment will jeopardise the government’s aim to halve child poverty by 2010; complementary policy initiatives will also be required.51 Research also shows that up to 30 per cent of lone parents may be ill or disabled, or caring for an ill or disabled child; health issues may be more important to this group.

There is also a New Deal for partners of claimants of certain benefits, which started before mid-2001, developing out of the New Deal for Partners of the Unemployed.

Research consistently shows that many disabled people want to work.52 The government has responded to this by ‘active labour market’ policies, and by bringing in legislation against disability discrimination. Incapacity Benefits claimants are increasingly treated in an active way, by being given a ‘capability assessment’ to see what they may be capable of and, since October 2001 for some, by having to have ‘work-focused interviews’. But campaigners argue that proper financial support out of work is essential for people to remain socially included and engage in job search etc.53

The Prison Service has just launched ‘Prison Service Plus’, designed to reduce re-offending by addressing barriers to employment experienced by prisoners.54 This followed a report by the Social Exclusion Unit about ways to reduce re-offending.55

More focus on areas
Following the 2001 election, the government’s focus on narrowing the employment gap between disadvantaged areas and the rest of the country increased.56 Ministers talk of an ‘unacceptable culture of worklessness’ in some deprived neighbourhoods.57

Fifteen Employment Zones were introduced in 2000, in employment-disadvantaged areas; by the end of December 2002, 32,100 people had been helped into work (23,400 of them into ‘sustained’ jobs, defined as jobs which last 13 weeks or more).58 From October 2003, the same approach - greater freedom to use benefits and other funds in an individualised way, to help people into employment - will be extended to lone parents and people returning to the New Deal in existing Zone areas. Similarly, Action Teams for Jobs have been in existence for some time in disadvantaged areas; but they can now provide support to employment and transport projects.59

53 Response to Green Paper, Pathways into Work, from Disability Alliance, 2002.
55 Social Exclusion Unit, Reducing Re-offending by Ex-prisoners, Cabinet Office, 2002.
59 House of Commons Hansard, Written Answers 7 March 2003, cols. 1269W-1270W.
The Social Exclusion Unit has now been asked to examine ways of promoting employment and enterprise in disadvantaged areas (see above). And the 2002 Pre-Budget Report proposed a £40 million initiative aimed at overcoming barriers to work in deprived neighbourhoods. This suggests the government believes further significant progress is necessary in disadvantaged areas.

More conditionality
Jobcentre Plus was formally established in April 2002 (though some ‘pathfinder’ offices were set up in October 2001). This merges the employment service and the benefits service for people of working age. It also introduces a new condition for qualifying for benefit for most claimants – a compulsory ‘work-focused interview’ with a personal adviser. All lone parents claiming certain benefits, including those with children under five, will have to attend ‘work-focused interviews’; the Employment Act 2002 extended this possibility to some benefit claimants’ partners, including some with children. The government says Jobcentre Plus has helped over a million people into jobs. A recent evaluation report found most customers satisfied with the service, with the personal adviser seen as the most useful element. Jobcentre Plus will be extended nationwide by 2006.

The StepUp scheme was introduced in twenty pilot areas in May 2002, to provide guaranteed temporary full-time jobs for long-term unemployed people not securing sustained employment through the New Deal. The jobs are paid at the national minimum wage level; but long-term unemployed people refusing them are given benefit sanctions. Regulations also introduced benefit sanctions for Jobseeker’s Allowance claimants refusing to go on literacy and numeracy courses in pilot areas, from September 2001.

Joint claims for Jobseeker’s Allowance were introduced, initially for those in childless couples aged 18 to 24, and then from October 2002 for older couples (aged under 45) as well. This means both partners ‘sign on’ and sign up to a jobseeker’s agreement. It also means that more partners without children are brought into contact with employment services, and can therefore be helped to find work (though the New Deal for Partners already included this service, albeit on a voluntary basis).

Most recently, in the 2003 Budget, the Chancellor announced that those unemployed for thirteen weeks would be asked to sign on weekly for six weeks and would have to widen their job search to work within 90 minutes’ travel.

60 Office of Deputy Prime Minister, press release 5 March 2003.
62 Announced in 2002 Budget.
63 House of Commons Hansard, Written Answers 7 March 2003, cols. 1269W-1270W.
65 House of Commons Hansard, Written Ministerial Statement 10 December 2002, cols. 8WS-10WS.
66 Chancellor of the Exchequer’s Budget speech, 9 April 2003.
70 Chancellor of the Exchequer’s Budget speech, 9 April 2003.
Whilst there has been some concern about increased conditionality and benefit sanctions, there is little publicity about their effects. Some research has found general support for sanctioning powers, but problems with their practical operation.71

New focus on retention and next rung
Having concentrated initially on entry to work, the government in its PreBudget Report of 2002 decided to focus more on retention of employment, and advancement in work.72 There has been particular concern about the low rate of return to work of incapacity benefit claimants: over 40 per cent are still on benefit after a year, and only one in five return to work within five years.73 Employment retention after the onset of sickness and disability is less likely for people with mental health problems, those aged 45 or over, and those living in a region with low labour demand.74 A Green Paper suggested ways of helping those on Incapacity Benefits get jobs, including a ‘return to work credit’ for a year for those taking low-paid jobs, and rehabilitation to help them back to work.75 From April 2003, job retention and rehabilitation pilots will test out additional health and workplace support to help sick/disabled people return to work.76 And from October 2003, schemes to help retention and advancement in work – including support from an adviser, and financial incentives - will also be piloted for some lone parents and unemployed people in certain Jobcentre Plus districts.77

Issues
Amidst the plethora of evaluation reports, it is difficult to make a balanced assessment of the success of the various ‘welfare to work’ strategies. We do know that:

- Over a fifth (22.2 per cent) of those who started on the enhanced New Deal for 25+ which operated from April 2001 moved into sustained jobs and 31 per cent were still on New Deal at December 2002.
- The New Deal for Young people has helped 414,200 people into jobs, including 301,800 to sustained unsubsidised jobs.
- New Deal for Lone Parents personal advisers have had meetings with 321,630 lone parents since the meetings became a requirement for new or repeat claims for Income Support in May 2001. 175,810 lone parents started work through the NDLP to the end of December 2002, that is 35 per cent of those who attended a first interview, 40 per cent of those who agreed to participate and 53 per cent of all leavers from the programme.
- Of participants in the New Deal 50 Plus, 84 per cent were off benefits at the 52 week stage and 77 per cent stayed off benefits for all of the 52 weeks.78

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77 House of Commons *Hansard*, Written Ministerial Statement 24 March 2003, cols. 1WS-2WS.
78 www.dwp.gov.uk/jad/index_intro.htm
The government seems to be fully aware of the remaining challenges in meeting its employment targets, however.\textsuperscript{79}

Some commentators have been concerned that much of the positive impact of the government’s ‘welfare to work’ strategy may be due to favourable economic conditions. Personalised packages of help, such as those given by personal advisers, are also very labour-intensive. The government argues, however, that its ‘active labour market’ policies would continue in the event of an economic downturn.\textsuperscript{80}

Recent research suggests that there is not an exponential increase in labour market disadvantage, but rather just an additive effect of each factor (see above).\textsuperscript{81} This may give a rather more optimistic picture than is sometimes painted of the prospects for those with multiple disadvantages. However, some commentators question whether an ‘employment first’ strategy is appropriate for such groups. The Social Security Advisory Committee has questioned the impact on multiply disadvantaged people of work-focused welfare.\textsuperscript{82} And a recent report highlighted two issues: the origins of multiple problems in family structures and social milieus ‘that cannot be addressed merely by promoting labour market attachment’; and the ‘corrosive effects’ of an ideological ethos that encourages people with multiple problems to blame themselves.\textsuperscript{83}

There is some concern about the seemingly elastic expansion of the boundaries of ‘work for those who can’, and especially about the imposition of work requirements without individual rights to benefit in return (in joint claims for Jobseeker’s Allowance), or without significant changes in the gendered division of labour.\textsuperscript{84} Moreover, partners can still only gain access to employment services via the other partner’s status; help is not available to those with partners already in paid employment, for example, even if they are on in-work benefits/tax credits. Despite the overall employment targets, the government’s focus is on reducing dependence on the state. It does intend to focus more on second earners for families in future, in part because for couples this is one of the best routes out of poverty.\textsuperscript{85} Yet whilst work incentives have increased for the first earner in families, they seem to have been reduced for second earners,\textsuperscript{86} and research into joint claims for (Income Based) Jobseeker’s Allowance found that the benefits disincentive is a major issue for


The government says that the new tax credits system from April 2003 has been designed in part to reduce disincentives for second earners, and the disregard of the first £2,500 per year of additional income will undoubtedly help; but the overall effects are as yet unclear.

**Reconciliation of work and family life**

**Arrangements for parents**

The Sure Start maternity payment (available to low-income families on certain benefits/tax credits having a baby) has been increased to £500, which now approaches the one-off costs associated with childbirth, though it is conditional on contacts with health professionals. The Employment Bill received Royal Assent in July 2002, introducing improved maternity and paternity rights applicable from April 2003. Maternity leave will be extended to 52 weeks in total, 26 of them paid (the first six, as before, paid at 90 per cent of earnings and the rest at a new improved rate of £100 per week Statutory Maternity Pay). Increased flexibility about taking leave has already been introduced, as part of a first stage of reform. More low-paid women not qualifying for statutory maternity pay have been given access to Maternity Allowance.

Statutory paid paternity leave will be introduced for the first time, paid at £100 per week for two weeks for most fathers. (The government is proposing further changes in future, including allowing paid time off for prospective fathers accompanying their partners to antenatal classes.) From April 2003, parents of children up to age 6 (or 18, if disabled) can ask their employer for flexible working time, and the employer must consider the request seriously; but there is no legal right to flexible working. The government argues that it has taken a social partnership approach to these issues and come up with a sensible compromise position. Campaigners argue that it has not gone far enough.

**Childcare measures**

New research demonstrates that mothers still face substantial hurdles in undertaking paid employment, including a lack of affordable childcare. What the government called the ‘biggest ever’ single investment in new childcare places was announced soon after the general election. A cross-departmental review of childcare was then undertaken for the 2002 spending review, resulting in a report, and announcements about a new integrated budget for child care and early learning, worth £1.5 billion by 2005-06; spending on childcare will double in real terms, with an additional 250,000

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88 Information from Maternity Alliance. (The payment has nothing to do with Sure Start schemes, though this causes some misunderstanding amongst pregnant women and new parents.)
childcare places. But campaigners called for comprehensive provision, pointing out that two-thirds of children living in poverty do not live in the most disadvantaged areas.

The government has attempted to resolve the interdepartmental divisions over childcare provision by creating a new interdepartmental unit responsible for early years education, childcare and Sure Start, based in the Department for Education and Skills and the Department for Work and Pensions, and reporting to a cross-departmental ministerial group. All children aged 3 will get a free nursery education place by April 2004, six months earlier than planned, according to the government.

The government says that £1 million per day is now spent supporting parents with childcare costs. Future costs are more difficult to predict, as they depend on take-up and on childcare charges. The Childcare Tax Credit covers up to 70 per cent of childcare costs for low-income families on in-work tax credits, up to a ceiling (which varies for up to two children but not beyond). The 2002 Budget proposed extending the Childcare Tax Credit to cover approved childcare at home, particularly for parents who work shifts or have disabled children. But a minister reportedly said that the government would be investigating why the tax credit is not having the ‘transforming impact’ that it could and should have.

From April 2003, Childcare Tax Credit will be paid alongside the new Child Tax Credit, and therefore to the main carer, reflecting the common practice of the ‘main carer’ in couples (usually the woman) paying childcare costs. Previously, it had been paid as part of Working Families Tax Credit, and therefore in some cases was paid via the pay-packet. But Childcare Tax Credit will be calculated as part of the new Working Tax Credit from April 2003, as entitlement is still linked unambiguously to participation in paid work by a lone parent or by both parents in couples. It has already been amended, to be more flexible to cover short-term increases in costs.

Personal advisers already give benefit claimants, especially lone parents, information about childcare provision; and from April 2003, there will be a childcare coordinator in every Jobcentre Plus district, to give parents advice and information. The most recent new policy proposal is for new incentives for employer childcare provision.

Issues

Whilst the new parental rights have been widely welcomed - and the UK, even by July 2001, had improved its comparative position in relation to its ‘package’ of child care

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95 Daycare Trust, press release 6 November 2002.
98 House of Commons *Hansard*, Written Answers 12 March 2003, col. 295W.
(and parental) benefits\textsuperscript{104} - there is still some way to go before the UK matches the best in Europe. In addition, most countries improving their parental provisions recently have moved in the direction of improved rights to paid parental leave, to be taken by either parent, rather than lengthening the period of unpaid maternity leave, as the UK is doing. The UK still has a comparatively short period of earnings-related maternity leave, and extending this is resisted on the grounds that better-paid women will be receiving full pay in any case from their employers.

The expansion of childcare has also been widely welcomed. But there is some concern that it is still seen primarily in the context of parents’ opportunities for employment (and/or a ‘deficit’ model of poor parenting), rather than as a right of all children. Campaigners argue that the lack of provision for children under two and for after school clubs are the biggest problems.\textsuperscript{105} Quality still varies,\textsuperscript{106} although the schools inspectorate assumed a new responsibility recently for monitoring under-eights day care. Childcare services in the UK are still expensive for parents, despite – or perhaps partly because of - the subsidy to fees provided by the Childcare Tax Credit.\textsuperscript{107} They are also still largely market oriented; yet it has been argued that the government will not be able to meet its target of eliminating child poverty within 20 years without universal childcare provision.\textsuperscript{108}

\textbf{Employability, lifelong learning etc.}

Research showed that employment rates rose much more slowly in 1993-2000 for unqualified than for qualified workers.\textsuperscript{109} Official reports have highlighted the development of adult skills as essential to reducing social exclusion,\textsuperscript{110} and the potential role of government intervention in skill development and improving productivity.\textsuperscript{111} In addition, reports have repeatedly warned of skill shortages.\textsuperscript{112} These are all reasons for the government’s increasing concentration on ‘making work skilled’. (One way in which the government is increasing the skills base of the workforce is to expand the immigration of skilled workers; this is not dealt with here.)

\textbf{Existing programmes to improve employability}

Existing programmes included Work Based Learning for Adults, a voluntary programme for unemployed people eligible for the New Deal 25+,\textsuperscript{113} which was widened to include people claiming benefits other than jobseeker’s allowance; the

\textsuperscript{105} Daycare Trust, press release 30 January 2003.
\textsuperscript{112} See, for example, Campbell, M. \textit{et al.}, \textit{Skills in England 2001: Research report}, SIE01, Department for Education and Skills, 2001.
Work Preparation programme, which helped 8,000 people with disabilities during 2001/02 with competencies necessary for employment rehabilitation; and in-work training grants for lone parents, which are seen positively by them and their advisers.

The innovation fund has been used (£1.4 million) to help unemployed and disadvantaged people gain the right skills to meet employers’ needs in key sectors. After an investigation of whether doing voluntary work increases people’s employability, the government also relaxed the rules for people on jobseeker’s allowance about volunteering and availability for work.

**Newer programmes to improve employability and lifelong learning**

An inquiry in 2001 recommended a major expansion of work-based training, and the government announced an upgraded and expanded ‘modern apprenticeship’ scheme, aimed at improving on-the-job training for young people in England. A taskforce will examine ways to improve it further. But the quality of three-fifths of training providers on the New Deal for Young [unemployed] People is poor. The government recently set a new target that, by 2010, 90 per cent of young people will have participated in a full-time programme by age 22 fitting them for entry into higher education or skilled employment; in Wales, 95 per cent should be ready by 2015.

The Learning and Skills Council published its workforce development strategy. The government proposed a network of new councils to improve skill supply in specific sectors, and published an action plan for a better skilled workforce, implementing the strategy outlined in a previous report. The 2003 Budget saw an expansion of ‘employer training pilots’ under which the government helps with training costs. But an annual survey found that whilst the supply of skills in England is growing, there are still problems with basic and intermediate level skills and some generic skills.

**European structural funds**

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116 House of Commons *Hansard*, Written Answers 18 March 2003, col. 720W.


The European Regional Development Fund has continued to provide support for Objectives 1 and 2 (promoting the development of the poorest regions). Qualifying UK regions are West Wales and the Valleys, Cornwall, Merseyside and South Yorkshire. There are transitional/special programmes for the Highlands and Islands of Scotland and for Northern Ireland. The European Social Fund has provided support for Objective 3, including measures to combat long-term unemployment and facilitate the integration into working life of groups (such as women and young people) exposed to exclusion from the labour market.

In total, during 2000-06, the UK will receive around £10 billion in European Union (EU) structural fund money (£7 billion under Objectives 1 and 2, and £3 billion under Objective 3). In addition, it will receive around £916 million under four separate but related EU initiatives. Projects can generally receive up to 50 per cent support from EU funds, with the applicant responsible for finding matching funding (including a public funding element). In the UK, European funding has (for example) made available about £150 million in funds through the Learning and Skills Councils.

The UK government has continued the routine evaluation of individual EU-funded programmes, and published the results. But the government has also admitted to being unclear about the 'added value' of EU structural fund interventions, especially given the close intertwining of EU and UK government support. Consultants were therefore commissioned in late 2002 to review the available evidence, within the framework of the standard mid-term programme evaluation, and their report is expected in July 2003. They will examine structural fund projects since 1994.

In March 2003, the government began consultation on a new framework for the operation of EU structural funds after 2006. It acknowledged the 'significant impact' made by the funds to date. But it said the current system is over-centralised and inflexible. It proposed instead that the more prosperous member states should take over the funding and organisation of regional support measures, based on the principle of devolution to regional and national bodies. EU programmes would then be refocused on the needs of the poorest member states. But it has undertaken to ensure that regional spending would be increased so that the nations and regions of the UK do not lose out from these proposals on structural funds reform.

**Issues**

The government will need to learn lessons from the withdrawal of Individual Learning Accounts in December 2001, due to widespread fraud. (Wales and Scotland are going to reintroduce them in a different form.) And the training culture

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130 Department for Education and Skills (ESF Division) website.
131 Objective: The UK Structural Funds Newsletter, Issue No.1, December 2002.
133 House of Commons Hansard, Written Answers 3 April 2003, col. 789W.
among employers which favours high-fliers over the unqualified\textsuperscript{137} is still a major obstacle to improvements in productivity and to the government’s goal of promoting advancement in work.

**Access to resources, rights, goods and services**

This comprises subObjective 1.2 in the NAPs/incl framework, and is again subdivided to follow that; as above, however, under each specified section below particular topics may be chosen because they reflect the UK government’s current priorities for action.

**Resources to live with human dignity**

**Pensions**

The UK’s National Strategy Report on pensions for the EU has been published.\textsuperscript{138} The Chancellor said the government aims to ‘end pensioner poverty in our country’.\textsuperscript{139} The government says it will be spending an extra £7.5 billion per year on pensioners in real terms in 2003-04, as a result of policies introduced since 1997 (\textsterling3.5 billion of this being spent on the poorest third of pensioners);\textsuperscript{140} by 2003/04, the poorest third of pensioners will have gained over \textsterling1,500 a year in real terms due to policy changes between May 1997 and March 2002.\textsuperscript{141}

Most of the government’s pension reforms were planned and set out before publication of the National Action Plan in July 2001. For example, the Minimum Income Guarantee will rise in line with earnings throughout this parliament; and 11.3 million individuals benefited from the Winter Fuel Payment in 2002/03.\textsuperscript{142} One year’s small increase in the basic state retirement pension also led to the government promising that it would increase by 2.5 per cent or inflation, whichever is higher, for the rest of this parliament.\textsuperscript{143} But the introduction of the Pension Credit (a means-tested benefit which will absorb the Minimum Income Guarantee, with improved treatment of savings) has now been postponed until October 2003.\textsuperscript{144} It will provide on average around \textsterling400 extra per year to eligible pensioner households,\textsuperscript{145} with a Public Service Agreement target to pay it to at least 3 million pensioner households by 2006.\textsuperscript{146} But ‘barriers to saving’ will be one of the government’s new areas of investigation, reflecting concern about the low level of private saving towards pension provision in the absence of compulsion.\textsuperscript{147} A Pensions Commission has been set up, with a focus on private pension provision. The government’s longer-term strategy is to shift the centre of gravity of pension provision further towards private pensions.


\textsuperscript{139} Labour Party conference, 30 September 2002.

\textsuperscript{140} House of Commons *Hansard*, Written Answers 7 April 2003, cols. 89W-91W.


\textsuperscript{142} House of Commons *Hansard*, Written Answers 7 April 2003, cols. 89W-91W.

\textsuperscript{143} House of Commons *Hansard*, Written Answers 7 April 2003, cols. 92W-93W.

\textsuperscript{144} *State Pension Credit Act 2002*, Department for Work and Pensions, 2002.


\textsuperscript{146} House of Commons *Hansard*, Written Answers 7 April 2003, cols. 89W-91W.

The 2003 Budget statement announced an additional £100 on top of the £200 Winter Fuel Payment for a pensioner aged 80 or over and extended to 52 weeks the period when pensioners in hospital receive their full pension. The Chancellor claimed that as a result of measures announced since 1997, pensioner households were £24 per week better off in real terms and the poorest third of pensioners were over £30 per week better off.\(^{148}\)

**Children and disabled people**
Young children have been a particular policy focus in recent years. By October 2002, Income Support rates for the under-11s had nearly doubled in real terms since 1997.\(^{149}\) A ‘Baby Tax Credit’ from April 2002 pays extra on top of Children’s Tax Credit for the first year of a baby’s life, and will be continued under the new Child Tax Credit from April 2003, although Opposition MPs claim that take-up is very low. Child Benefit has also been increased in value (though for the first/oldest eligible child more than for others.) Child Tax Credit will bring together means-tested help for children with parents in and out of employment. It will be introduced from April 2003, apart from families on Income Support and Jobseeker’s Allowance – who will nonetheless get similar increases in their benefits, and will get Child Tax Credit later. Once families are on Child Tax Credit, the calculations ignore Child Benefit – which means that Child Benefit increases will in theory give all families additional income.

The government says that by April 2003, due to personal tax and benefit measures, families with children will on average be £1,200 per year better off; and those in the poorest fifth of the population will on average be £2,500 better off.\(^{150}\) By April 2003, it will be spending £8 billion more on support for children annually, in real terms, than in 1997.\(^{151}\) Once the new tax credit system is introduced, any losses suffered by families with children (particularly affecting lone parent families) as a result of policy changes since 1997 will be made up.\(^{152}\)

The Disabled Child Premium has also been increased in real terms. Since 1997, the Disability Income Guarantee has been introduced for adults with severe disabilities; and reforms to local authority care charges and the Independent Living Fund rules also mean that severely disabled people in work are better off.\(^{153}\)

**Other groups and benefits**
The government rejected proposals for any fundamental reform of the Social Fund (grants and loans for low-income groups on certain benefits to help with one-off expenses),\(^{154}\) though it did abolish the capital limits for the regulated part of the Fund

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\(^{148}\) Chancellor of the Exchequer’s Budget Statement, 9 April 2003.


\(^{151}\) House of Commons *Hansard*, Written Answers 15 October 2002, cols. 593W-594W.


helping with funeral and maternity expenses, and announced a £90 million boost for the discretionary part of the Fund over the three years to 2005-06.\(^{155}\)

From October 2002, older people can claim Invalid Care Allowance (renamed Carer’s Allowance from April 2003), although it still overlaps with Retirement Pension.\(^{156}\) This, together with other changes to carers’ benefits, mostly introduced earlier, means a package of change worth £500 million over three years from 2001/02, potentially benefiting more than 300,000 carers, according to the government.\(^{157}\)

**Assets**

The importance of access to capital of all kinds has been increasingly recognised. The government consulted on encouraging saving by low-income families.\(^{158}\) It started piloting ‘saving gateway’ projects, under which low-income groups are given matching funds for savings up to a limit.\(^{159}\) It also consulted on detailed plans for a ‘child trust fund’, an account provided by private financial service providers for all children at birth, added to at various stages of childhood, with more generous government help for those on low incomes.\(^{160}\) In the 2003 Budget, the Chancellor announced that the initial endowment would be £250, and £500 for the poorest one third of children, for every child born after September 2002; the fund could be added to by parents and others, and would be available at age 18.\(^{161}\) Further details will be published in summer 2003. Existing individual savings accounts are reportedly failing to help low-income families increase their savings, however.\(^{162}\)

**Issues**

One assessment concludes that social security reforms since 1997 have redistributed income to the poor, pensioners and children, but have increased means testing and weakened the national insurance system.\(^{163}\) Recent figures show that there is still a problem of take-up of means-tested benefits, including the Minimum Income Guarantee (MIG, or Income Support for pensioners), which the government has focused on improving. The mid-point of estimates for MIG take-up was 72 per cent in 2000/01, compared with 71 per cent in the previous year.\(^{164}\) The government has already put significant resources into investigating this problem, but proposes to do further research.\(^{165}\) It also hopes that the new tax credits will have higher take-up, because they will be associated with the tax rather than the benefits system. But take-

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159 Announced in Budget, 2002.
161 Chancellor of the Exchequer’s Budget speech, 9 April 2003.
164 House of Commons Hansard, Written Ministerial Statements 27 March 2003, col. 18WS.
up of Working Families Tax Credit in 2000-01 was 62 to 65 per cent.\textsuperscript{166} (Figures on take-up for Northern Ireland will be available from the 2002-03 data onwards on the same basis as for GB.)\textsuperscript{167} How the new tax credits are experienced may depend not just on the administration of initial claims and treatment of changes of circumstance, but also on the intensity of compliance activities and severity of penalties.

Benefit levels have improved significantly for some groups, in particular families with children (see above for their impact on families’ living standards). But they have not even kept up with prices for some groups, and not with median income growth for many.\textsuperscript{168} The government is now proposing to investigate disadvantage amongst large families (which overlap with minority ethnic families in many cases), estimating that over half of all children in low-income families by 2004 will be in large families.\textsuperscript{169} Another of the government’s future foci is ‘why income matters’, in relation to other factors such as worklessness.\textsuperscript{170}

The government’s pension reforms are contested, and various reports have called for a higher basic state pension as a foundation for improved security in retirement.\textsuperscript{171} There is also scepticism amongst some commentators about asset-based welfare, with the Institute for Fiscal Studies, for example, estimating that only one in eight of the poorest fifth will benefit from the ‘saving gateway’ in the way the government expects;\textsuperscript{172} others, however, stress the less quantifiable benefits of owning assets.

**Employment with increased income**

**National Minimum Wage**

The UK government has long focused on ‘making work pay’. The statutory National Minimum Wage was initially introduced at a modest level. The rate will be increased from £4.20 per hour to £4.50 from October 2003 (and the ‘development rate’, for workers aged 18 to 21 and certain others, will go up from £3.60 to £3.80); this is a rise of 7-8 per cent. Further increases are provisionally planned for October 2004 - to £4.85, and £4.10 for those aged 18 to 21 - as the Low Pay Commission argues that there is no evidence of any significant employment losses. The Commission will consider the case for a rate for 16 and 17 year olds, who are currently excluded, in the context of education and training policy and the system of financial support for young people overall. The government again rejected extending the adult rate to 21 year olds, however.\textsuperscript{173} But it is consulting on a plan to require home workers to be paid the minimum wage or a ‘fair piece rate’ linked to it.\textsuperscript{174}


\textsuperscript{167} House of Commons *Hansard*, Written Answers 25 November 2002, col. 23W.


\textsuperscript{171} See, for example, *Resolving the Pensions Dilemma*, Work Foundation, 2002.

\textsuperscript{172} Data exclude those who already hold financial assets, homeowners, students, pensioners and those not in paid work.

\textsuperscript{173} House of Commons *Hansard*, Written Ministerial Statement 19 March 2003, cols. 43WS-44WS.

The National Minimum Wage seems to have had only limited effects on wage inequality, although it may have had a positive impact on the gender pay gap. But its impact was initially significantly over-estimated, reportedly because of inaccurate statistics about low pay. So the announced increases can be seen as only restoring the scale of the government’s original aims for the minimum wage.

**Two-tier workforce**

The government has responded to widespread concern about ‘two-tier workforces’ due to contracting out by announcing that a code of practice will be applied where a local authority transfers employees to a private or voluntary sector partner as part of a contract to provide any local public service; similar arrangements will apply to any ‘best value’ authorities. The code aims to ensure that transferred workers receive comparable pay and conditions. (It appears that it does not apply to the health service.)

**Working Tax Credit**

Immediately post-election, the government promised to extend tax credits, including introducing a ‘Working Tax Credit’ (originally called Employment Tax Credit). This will separate in-work subsidy from means-tested help with the costs of children, and will be extended from families with children – already covered by the Working Families Tax Credit - to some single people and childless couples as well (if they are aged 25 or over, with one person working 30 hours per week or more). The Working Tax Credit will be introduced from April 2003, alongside a new Child Tax Credit, and will absorb the Disabled Person’s Tax Credit and the in-work subsidy paid to some 50-year-olds and older workers under the New Deal for the 50 Plus. The new tax credits will cost an additional £2.7 billion altogether, which includes expenditure on some 250,000 single people and childless couples. In his 2003 Budget statement, the Chancellor claimed that Working Tax Credit and the National Minimum Wage guaranteed £241 per week for a family with one child and one earner working full-time and £187 per week for a single person.

Initially tax credits (including the Child Tax Credit and Childcare Tax Credit) will be based on income in the 2001-02 tax year. In the absence of changes in family composition or other circumstances affecting entitlement, awards can continue for a year, though there is provision for reassessment, and overpayments will have to be repaid. There are penalties for failing to report changes in circumstances; but the government describes the new tax credits as ‘light touch’.

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179 House of Commons *Hansard*, Written Answers 27 March 2003, col. 331W.

180 Chancellor of the Exchequer’s Budget speech, 9 April 2003.
Benefits and work
Even if eventually more income will be received once in work, the disruption to normal budgeting arrangements can be significant, especially if debts are called in and/or in-work benefit payments are delayed. 'Rapid reclaim' of benefits was introduced, to try to help counter this problem for jobseekers.182

The Adviser Discretion Fund, introduced in July 2001, gives one-off help to New Deal participants with the expenses of moving into work. It will now be extended to everyone claiming a benefit for six months or more. The job grant, a lump sum of £100 to people aged 25 and over moving into full-time work, will be extended to include lone parents and people claiming Incapacity Benefits. For lone parents, this will replace the temporary run-on of out of work benefits. But for people claiming Incapacity Benefits, the run-on of full help with Housing and Council Tax Benefits will be extended to them. The job grant will be increased for families with children.183

Research has shown the importance of ‘mini jobs’ in leading out of worklessness. New ‘permitted work’ rules were introduced to define the amount of paid work which can be undertaken by Incapacity Benefits claimants without it affecting their benefits, from April 2002. And carers can now earn more without this affecting their entitlement.

Issues
The National Minimum Wage is still low, especially the youth rate. There is no inbuilt uprating mechanism, although the Low Pay Commission now has a permanent monitoring role. Structural inequalities in the labour market remain stubbornly persistent, and growing numbers of employees get less than average earnings: in the past decade, the earnings of the top 10 per cent of employees increased by nearly 54 per cent, while the lowest 10 per cent saw a rise of 45.6 per cent.188

Whilst recognising the valuable help which the Working Tax Credit will bring to many households on low in-work incomes, some commentators have warned against over-reliance on in-work subsidy, and pointed to its functions in substituting for other forms of social protection. There are differences of view as to whether in-work subsidies compensate for low-paid ‘flexible’ labour markets (see above), or whether they may exacerbate them.

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183 House of Commons *Hansard*, Written Answers 21 March 2003, cols. 981W-982W.
Access to decent housing and utilities

Housing

Right to buy and social housing finance
The government has been continuing to grapple with a backlog of low investment in social housing and increased polarisation of neighbourhoods (see ‘areas’, below). It increased the grant rate for new housing developments by registered social landlords, but is now proposing to change the local authority social housing grant arrangements (under which local authorities use their own capital for housing association schemes).190 The biggest increase in spending on affordable social housing since the 1970s was announced in the 2002 spending round, from £4.8 billion in 2002/03 to £5.9 billion in 2005/06.191 The housing capital allocation system in England was revamped, to allow better targeting of resources at deprived areas.192 But much of the housing debate has been about the provision of sufficient housing in total, to keep up with social trends and expectations, since households now exceed houses, at least in England;193 and about locating it in places where people want to live and work.194 In Scotland, a ‘community ownership’ programme to facilitate stock transfer can be used for demolition, new build or environmental improvements.195

The government announced measures to restrict the ‘right to buy’ (for council tenants purchasing their homes), to combat exploitation of the scheme and ease local housing market pressures in some areas of England.196 It will also reverse the rule forbidding local authorities retaining capital receipts from the disposal of housing assets, which had been much criticised for restricting the provision of affordable housing - but it will be retained for the proceeds of ‘right to buy’ sales.197 Recent research (see above) found that social housing is the most strongly ‘pro-poor’ part of the social wage;198 but its residualisation is often blamed for contributing to social divisions.

Social housing rents and standards
By 2010, the government says it aims to raise all social housing to a decent standard, and increase the number of private sector homes occupied by vulnerable households brought up to a decent standard.199 In Northern Ireland, primary legislation dealt with grants to improve the standard of private sector housing.200 In Wales, providers have an objective of meeting a ‘quality standard’ by 2012.201 Social housing rents in

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196 House of Commons Hansard, Written Ministerial Statement 22 January 2003, cols. 14WS-16WS.
England are being restructured over a ten-year period from 2002, to link them to local property values and earnings.\textsuperscript{202}

**Housing Benefit**

There is a complex but fairly comprehensive scheme of Housing Benefit for tenants in the UK, which was cut back under previous governments but still performs a modified safety net function. Pilots are now under way to give standard housing allowances (varying only with area and family size) direct to some private tenants, rather than to their landlords, in a bid to reform the structure of Housing Benefit\textsuperscript{203} – a goal which has so far eluded this government, as previous ones. The government argues that this will empower private tenants and, at least under the pilots, no one will be worse off. In the 2003 Budget, the Chancellor announced that the scheme will be extended throughout the country as soon as possible and extended to social sector tenants as soon as rent restructuring has taken place.\textsuperscript{204} Various charges for support for certain groups, which used to be met through Housing Benefit, will now be separately funded; arrangements will differ in Northern Ireland, however.

The other pressing Housing Benefit issue has been its administration by local authorities.\textsuperscript{205} There have been consistent reports of some landlords pushing for eviction of tenants, to try to force councils to improve; a report in Wales called for this to be halted.\textsuperscript{206} Standards do now seem to be improving;\textsuperscript{207} and the government is introducing a reclaim process, which reduces the need to reassess claims every year.\textsuperscript{208} Improvements are crucial, as long delays and mistakes can undermine both the security of households on low incomes and more generally the success of the government’s anti-poverty and welfare to work strategies. The number of Housing Benefit claimants has been declining, probably due partly to lower unemployment and partly to increases in tax credits (which count against Housing Benefit).\textsuperscript{209}

The government is also planning to consult on proposals to apply sanctions for antisocial behaviour by withdrawing Housing Benefit from tenants.\textsuperscript{210}

In the 2003 Budget, the Chancellor announced that tenants entering work would not have to make a new claim for Housing Benefit, but would just have to inform their local authority; Housing Benefit would then continue at the out of work rate until it was recalculated. And from April 2004, a disregard of £11.90/week of Housing Benefit for tenants receiving Working Tax Credit will be introduced.\textsuperscript{211}


\textsuperscript{204} Chancellor of the Exchequer’s Budget speech, 9 April 2003.


\textsuperscript{206} Audit Commission and University of Cardiff, *Rent Arrears and Closing the Gap*, 2002; see also similar reports by Citizens Advice and Shelter, 2003.


\textsuperscript{210} House of Commons *Hansard*, Oral Answers 17 March 2003, col. 625.

\textsuperscript{211} Chancellor of the Exchequer’s Budget speech, 9 April 2003.
Issues
Home-owners can get help with their housing costs only when out of work, and then only after a certain time. Recent research found that, although poverty in the owner-occupied sector is far lower than in other tenures, its size (68 per cent of households) means that half of all those living in poverty are owners or mortgage-payers. The poverty and social exclusion problems of homeowners are different from those of tenants; and mortgage arrears and possessions recently fell to their lowest levels for twenty years. But more attention may need to be paid to homeowners in future policies. The government has just set up a taskforce on home ownership, which could be a vehicle for doing this. In addition, in the Budget the Chancellor announced a review of variable mortgages in the UK, which are unusual in European housing.

Basic utilities

Fuel
The UK government published a strategy to eliminate fuel poverty for vulnerable households by 2010, and sees fuel poverty as ‘a major priority – a problem with serious consequences’. The first annual progress report estimated that the number of households in fuel poverty in the UK had fallen from about 5.5 million in 1996 to some 3 million in 2001 - though the National Consumer Council argues that over 4 million people live in fuel poverty now. The energy regulator and consumer watchdog published guidelines urging companies to be proactive, especially for customers on low incomes, to help stop them falling into debt. The Scottish Executive has its own target: to reduce the numbers in fuel poverty by 30 per cent in four years, and consultation on a Welsh strategy also took place.

Water
The poorest (4 million) households spend 3 per cent of their income on water, compared to the average 1 per cent. There now seems to be more awareness of water debt. In 2002, data showed there were 4.4 million households in water debt, and bad debt amounted to £130 million per year. The water regulator published new guidelines on how water companies should deal with customers in debt. And the

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217 Department of Trade and Industry, Social and Environmental Guidance to the Gas and Electricity Markets Authority, 2002.
218 Published on 4 March 2003.
government said that the water price review in 2004 should give due weight to the impact of water bills on vulnerable customers.\textsuperscript{226} The government is currently consulting on proposals to introduce water charges in Northern Ireland, in order to finance more investment,\textsuperscript{227} and on (fairly minor) revisions to water charge reductions for people with water meters and high water use.\textsuperscript{228}

**Issues**

There is as yet no uniform definition of fuel poverty across the UK,\textsuperscript{229} and an advisory committee report apparently said additional resources were needed to tackle it.\textsuperscript{230} Lower costs due to competition, and the abolition of all price controls,\textsuperscript{231} have benefited many customers; but there has been some mis-selling to vulnerable groups. The only long-term solution to fuel poverty depends on improving the fuel efficiency of the housing stock.\textsuperscript{232} ‘Water poverty’ is not (yet) such a well-known term. But the National Consumer Council argues that the government’s ‘vulnerable user’ scheme is too restrictive, and that water charges should only rise in line with inflation.\textsuperscript{233} Examining fuel and water poverty highlights the role of private sector service providers in worsening, ignoring or helping to combat poverty and social exclusion.\textsuperscript{234} A recent report\textsuperscript{235} argued that no strategy against poverty and social exclusion would be truly national unless it paid more attention to the roles of those other than government in helping to combat them.

**Access to health care**

**Health inequalities**

**Crosscutting review and consequent action**

New Public Service Agreements were drawn up following the 2002 spending review; two national targets to address inequalities in life expectancy and to reduce infant mortality were formulated\textsuperscript{236} (in addition to reducing teenage pregnancy rates); and the cross-cutting review of health inequalities also recommended that objectives for addressing health inequalities should be incorporated into departments’ mainstream programmes.\textsuperscript{237} A new Health Inequalities Unit has been established within the


\textsuperscript{227} Announced on 11 March 2003.


\textsuperscript{229} House of Commons *Hansard*, Written Answers 28 March 2003, cols. 472W-476W.


\textsuperscript{231} Ofgem, press release, 15 February 2002.


Department of Health, and all primary care trusts will have to appoint a director of public health. Plans to tackle health inequalities in Wales and in Northern Ireland were also drawn up. There is now increasing concern about health charges, and especially about NHS dentistry being replaced by private provision with higher charges.

**Health care**

**Funding for the NHS**
An official review found that the National Health Service (NHS) had been under funded, but recommended continued funding by direct taxation. National Insurance Contributions will increase by 1 per cent from April 2003, loosely earmarked for the NHS; UK spending on health care will increase by an average 7.4 per cent in real terms annually to 2007-08. But revised figures on total health spending seem to show that the UK already matches average spending in the EU, as promised by the Prime Minister. One National Service Framework has been published for older people, and another is in the process of being developed for children; these are intended to ground health care provision in a clear strategy. The Scottish Executive published plans to ‘transform’ Scotland’s health services.

**Issues**
There are clear tensions in policies to tackle health inequalities. Some – such as increasing taxation on smokers – can have a disproportionate impact on low-income groups (although this government has put resources into sustained initiatives on smoking cessation). Others, such as imposing more controls on multinational companies’ advertising to children, would involve taking on powerful commercial interests. Some commentators would see the government as placing too much responsibility on individuals for their own health. Others argue that some government policies on health care, such as the proposals for foundation hospitals, may increase health inequalities. But increasingly the government is promoting a new ‘localism’, and the Prime Minister argues that health inequalities can be tackled through giving patients greater choice over health care provision. However, Wales decided not to follow English plans for foundation hospitals, or the abolition of community health councils.

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238 Speech by Secretary of State for Health, 20 November 2002.
243 Chancellor of the Exchequer’s Budget speech, 2002.
244 Experimental statistics from Office for National Statistics, reported in Daily Telegraph, 18 March 2003.
246 British Medical Association, Memorandum to Health Select Committee Inquiry into Foundation Hospitals, 2003.
247 Speech by Secretary of State for Health, 5 February 2003.
Data on health inequalities is often difficult to obtain, especially for comparison over short time periods; it is also often difficult to link policy and outcomes. Interim findings were published from local and national evaluations of Health Action Zones (organisations drawing in bodies beyond the NHS to develop local strategies to improve health). But policies to tackle health inequalities still need to be embedded more fully into mainstream provision; and health impact assessments could be used more widely to include a health inequalities dimension at the policy-making stage.

Home care has continued to be the subject of controversy, as Scotland decided to offer free home care services, whilst England only offered free nursing care.

**Access to education, justice etc.**

**Education**

**Funding**
The government’s approach to education includes a focus on the early years, to tackle inequalities from the beginning (see below); an aim of improving schools, especially those in poor areas, and children’s achievements; and increasing the staying-on rate and access to higher education. The older age groups have received more attention since the 2001 general election. More generally, the government is now increasing the level of education funding, which had been below the OECD average: from 2002-03 to 2005-06, there will be a 6 per cent annual increase, up to 5.6 per cent of GDP. It is also changing the formula for distributing education spending to local education authorities in England.

**Area-based education policies**
The government decided not to renew Education Action Zones at the end of their five-year programme; but Excellence in Cities is being used to inject an extra £300 million into attainment in inner city schools, in part in order to attract middle-class parents, and is being extended to more areas. (There is some indication that Excellence in Cities initiatives may be benefiting middle-class white children.)

**Reforms of secondary schools**
The national literacy and numeracy strategy was extended to secondary schools in England. An Act reformed secondary education, involving greater specialisation and diversity; Wales reserved the right to ignore key features at White Paper stage. But later the government said that any school could become specialist, and

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that some could be helped with finding the necessary funds. Scotland set out its education priorities, including reducing class sizes and simplifying assessment. In Northern Ireland, the ‘11 plus’ transfer tests to secondary school will be abolished.

**Education and young people**

Connexions - a new, more comprehensive careers guidance service for 13- to 19-year-olds - was found to be of variable quality, especially as concerned work-based training. The government also produced new ideas for 14- to 19-year-olds’ education, including bridging the divide between vocational and academic courses and announced new targets for learning and skills for the 16 plus. Evaluation of a pilot scheme of means-tested educational maintenance allowances showed that they increased participation in post-16 education amongst young people from low-income families; they will be extended nationwide from autumn 2004. And a new strategy was published for post-16 learning, especially for more specialisation and qualified staff in further education, with funding rising from £4.4 billion (2002-03) to £5.6 billion in 2005-06, an estimated 7 per cent real increase in spending per student.

Currently, the ‘excellence challenge’ (2001/02 onwards) aims to encourage participation in higher education amongst those from deprived areas. In the longer term, the government intends half of all young people to go to university. It will allow universities to introduce top-up fees from 2006, if they satisfy requirements about widening access. It will introduce means-tested maintenance grants from 2004. (Wales had already decided to introduce a means-tested grants scheme.) A report argued that students from under-represented groups get inadequate support, but the government said it was simplifying financial support for those most in need from 2003-04. However, there is still concern that maintenance grants will not be sufficient to encourage wider participation, and that factors such as social class, gender and poverty are still barriers to participation.

**Issues**

Educational opportunities are expanding, and it appears that achievement is improving in general; but unequal outcomes by social background are worryingly persistent, not only because of increased poverty and area polarisation but also

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264 House of Commons Hansard, Written Answers 16 December 2002, col. 555W.
because of features of the education system - including school choice, league tables, and school funding based on student numbers. Almost a third of England’s secondary schools do not reflect the relative wealth or poverty of their local communities. An international study found children aged 15 in England and Northern Ireland doing well in reading, maths and science, but also some of the greatest differences between students with well-educated parents in good jobs and those from less advantaged backgrounds. This is not solely a question of class or income: the proportion of black teenagers in England and Wales getting good GCSE grades fell from 2000 to 2002. The schools inspectors say the education system still fails too many in England, especially less academic students. This is of growing importance because of the increasing demand for skills.

The government says narrowing the attainment gap between children of different social backgrounds is a key priority. But a major issue is how to ensure that the aims of increasing choice (competition) and improving outcomes do not work against inclusiveness. Wales has decided to abandon publication of secondary school league tables altogether. Whilst ‘value added’ tables assess how effective educational establishments may be in working with their pupil intake, rather than assessing the intake, this is not necessarily the same as prioritising working with the most disadvantaged pupils, improving achievement at the bottom, and reducing concentrations of disadvantage in certain schools, rather than improving on the target for numbers getting good grades. One way to do this may be via ‘extended schools’ (which provide a focus for the whole community), or Scotland’s ‘new community schools’, which are embedded in a national comprehensive structure with a broad curriculum. One study has also suggested that strategies to address inequalities in education/training need to be closely linked to local economic development plans.

Justice

Rights-based approaches
Social rights are meaningless unless it is possible to get access to them, and any requirements imposed are reasonable. Those organisations which support the

279 Secretary of State for Education, reported in The Independent, 29 November 2001.
283 Dyson, A. et al., A Study of the Extended Schools Demonstration Projects, RR 381, Department for Education and Skills, 2002.
participation of people with direct experience of poverty in debates and decision-making about policy measures also tend to be those with a firmly rights-based view of poverty and social exclusion. The Charity Commission for England and Wales has now decided that the promotion of human rights is a charitable purpose.\(^{287}\)

The UK government has had a mixed record in this area since 2001. The role of the Community Legal Service in countering social exclusion is recognised.\(^{288}\) Five million more people are estimated to have gained access to publicly funded legal advice and representation, following changes to financial eligibility criteria.\(^{289}\) Lawyers argue that the new funding system means a decline in the number of solicitors undertaking legal aid work;\(^{290}\) but an audit report says it means better scrutiny of suppliers.\(^{291}\) In the face of rising compensation payments by employment tribunals,\(^{292}\) an Act proposes that, from later in 2003, workers must raise grievances internally before applying to a tribunal.\(^{293}\) Ten different kinds of tribunals will be brought together under the Lord Chancellor’s Department.\(^{294}\)

**Issues**

The introduction of the Human Rights Act in the UK has not been without its difficulties, but does seem to have had a constructive effect. However, many public services staff do not understand their responsibilities to uphold it.\(^{295}\) A case has also been made for a Human Rights Commission for England and Wales, which could be combined with the single equality body the government is proposing (see below).\(^{296}\) The Scottish Executive published a consultation paper on ideas for a Scottish Human Rights Commission.\(^{297}\) And the new National Care Standards Commission decided that its staff will use the UN Convention on the Rights of the Child in decisions affecting children.\(^{298}\) But government ministers can see rights-based arguments as evidence of the ‘chattering classes’ being out of touch with ‘ordinary people’, or a slippery slope towards a compensation culture. In practice, however, many people would argue that a number of ‘rights’ are in practice currently unenforceable.\(^{299}\)

The proposal to use Housing Benefit sanctions to control antisocial behaviour (see above), taken up by the government from a Private Member’s Bill, is part of the ‘rights and responsibilities’ agenda, which uses the imposition of conditionality via

\(^{289}\) House of Commons *Hansard*, Written Answers 18 December 2001, col. 257W.
\(^{298}\) National Care Standards Commission, press release 4 February 2003.
social security benefits as a lever to achieve other social goals where success appears particularly elusive. It is also part of an approach which increasingly turns to administrative as well as, or instead of, judicial mechanisms – such as the use of on the spot fines for antisocial behaviour by the police.300

**Culture, sport, leisure etc.**

**Libraries, museums and galleries**
There is evidence of a significant fall in the use of library services.301 The government set out a new vision for the service, including making it more ‘user-friendly’.302 Admission charges were ended for entry to national museums and galleries303 (though exhibitions often still have to be paid for). Visitor numbers have increased, but not in significant numbers from poorer communities and minority ethnic groups.304 An official report stressed the importance of cultural and sporting activity for promoting social inclusion.305

**Transport**
As we have already mentioned above, the government’s 10-year transport plan was criticised for not providing a vision of a more equitable transport system;306 and the Social Exclusion Unit produced a report on transport and social exclusion,307 which calculated the inequitable impact of the proposed spending under the transport plan. It proposed an ‘accessibility planning’ framework for local transport authorities and others, to extend affordable access to jobs and services. The UK government, and the Scottish Executive, are consulting on proposals for the reform of bus service funding; and in Northern Ireland, concessionary fares may be extended to certain disabled people. A draft Disability Bill later in 2003 will deal with accessible transport.

**Issues**
It has traditionally been unusual to see culture, sport or transport as important features of a strategy against poverty and social exclusion. But this is now beginning to change. And the Social Exclusion Unit’s report on transport in particular shows the potential of ‘poverty-proofing’ all policies.

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300 *The Guardian, 13 August 2002.*
303 Department for Culture, Media and Sport, press release 30 November 2001.
305 Department for Culture, Media and Sport, *Making it Count: The contribution of culture and sport to social inclusion,* 2002.
Objective 2. Preventing the risks of exclusion
As above, the main subheadings in this section are subjects taken from the overall framework for the NAPs/incl, but specific topics are chosen for their UK relevance.

Preventing exclusion from the knowledge-based society

Basic skills and financial literacy
One in five adults in the UK do not have the literacy or numeracy skills level of most children starting secondary school. The costs of financial illiteracy include unclaimed means-tested benefits, and thus have a direct impact on poverty and social exclusion, even narrowly defined. Initiatives to improve basic skills were already in operation by July 2001. But pathfinder projects for improving adult literacy and numeracy were evaluated; and a strategy was developed for Northern Ireland.

ICT training and equipment
Internet and computer use are still lowest among the poorest social groups. Efforts to try to prevent the ‘digital divide’ from widening, via projects to extend access to information and communications technology, have had mixed success. Press reports suggested that a government scheme to give second-hand computers to low-income families was being abandoned. But an evaluation of the ‘wired up communities’ project, worth £10 million and enabling socially excluded communities to use information technology to access jobs, learning and services, found that many had used the technology provided to access the internet, though some had not.

Issues
The most significant educational policy is one that tackles social and economic disadvantage. But the UK still needs to do more to reverse its long-standing bias towards providing educational resources to the already better educated.

Preventing exclusion in crisis situations

Family breakdown

Children at risk
After reviewing ‘children at risk’ as a cross-departmental issue, the government concluded that, despite significant investment, there was no overall strategy for

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308 Trades Union Congress and Confederation of British Industry, Brushing up the Basics, 2002.
313 Reported in The Times, 8 April 2002.
314 Devins, D. et al., Connecting Communities to the Internet, RR389, Department for Education and Skills, 2003.
children’s services.\textsuperscript{316} It is due to produce a Green Paper on children at risk in spring 2003, examining the services available to children and young people at risk of educational failure, offending, victimisation and abuse, and poor health; and how parents and professionals can best be enabled to support and safeguard children.\textsuperscript{317} Scotland launched a three-year reform programme for child protection services,\textsuperscript{318} and Northern Ireland published a draft strategy for the protection of children.\textsuperscript{319} The Social Exclusion Unit’s report on young runaways proposed giving the Department of Health national responsibility (in England).\textsuperscript{320}

‘Children’s trusts’, bringing together children’s services, will be piloted from sometime in 2003.\textsuperscript{321} Local systems to track children at risk are being put in place across the country;\textsuperscript{322} and local authorities and other agencies have to agree ‘local preventative strategies’ covering children at risk from April 2003.\textsuperscript{323} ‘Looked after children’ have become a key policy focus, with local authorities being given new duties to help them until at least age 21 from October 2001, and an emphasis on improving their educational achievements, which are low in relation to their peers. Scotland reviewed through care and after care for looked after children and proposed improvements.\textsuperscript{324} The government wants to increase adoptions by 40 per cent,\textsuperscript{325} partly to reduce the numbers of children in care.

Wales has now got a Children’s Commissioner. A Scottish Parliament report backed calls for a similar post in Scotland. But the government is not convinced of the case for appointing one in England.

**Child support**

The proposed reforms to the child support scheme, simplifying the formula for payments, were delayed until March 2003 (and then will affect new cases only at first). There will be a disregard in Income Support and Income Based Jobseeker’s Allowance, to allow parents with care to retain some child support.\textsuperscript{326}

**Debt**

**Financial exclusion**

About 5 per cent of households are heavy credit users, and around 20 per cent are in financial difficulties at any one time, most with household bills rather than credit;\textsuperscript{327}

\begin{footnotesize}
\begin{itemize}
\item\textsuperscript{317} House of Commons \textit{Hansard}, Written Answers 21 March 2003, col. 956W.
\item\textsuperscript{318} Scottish Executive, press release 18 February 2003.
\item\textsuperscript{319} Department of Health, Social Services and Public Safety, \textit{Co-operating to Safeguard Children}, Northern Ireland Executive, 2002.
\item\textsuperscript{322} Scottish Executive, \textit{Report from Working Group on Through Care and After Care of Looked After Children in Scotland}, The Stationery Office, 2002.
\item\textsuperscript{323} Children and Young People’s Unit, Department for Education and Skills, press release 16 August 2002.
\item\textsuperscript{324} Children and Young People’s Unit, Department for Education and Skills, press release 6 September 2002.
\item\textsuperscript{325} Scottish Executive, \textit{Report from Working Group on Through Care and After Care of Looked After Children in Scotland}, The Stationery Office, 2002.
\item\textsuperscript{326} Department of Health, \textit{Adoption and Children Act}, London: The Stationery Office, 2002.
\item\textsuperscript{327} Department for Work and Pensions press release 27 January 2003.
\end{itemize}
\end{footnotesize}
29 per cent do not have access to mainstream credit.\textsuperscript{328} People living in poverty emphasise the corrosive effects of debt.\textsuperscript{329} Deductions from Income Support for Social Fund loans increased from 582,000 in November 1997 to 794,000 in November 2001, at a time of economic growth and increased expenditure on social security; in all, 1.22 million claimants (31 per cent) had one or more deductions.\textsuperscript{330} (This does not take account of benefit sanctions to control behaviour.) Some groups are inhabiting a parallel financial universe, with debt and exorbitant interest constant features of their lives.

**Consumer credit and universal banking**

After a review of credit laws, the government is improving consumer credit licensing. It is instituting a fast track complaints procedure for consumers about unfair loan/hire purchase agreements, and a new body to consider disputes; consumer bodies will be able to make group claims.\textsuperscript{331} It has also removed some legal restrictions on credit unions, and given credit union members similar protection to bank customers.\textsuperscript{332}

A ‘universal banking service’ is also being developed, encouraging private banks to provide a basic bank account open to all, and making post office card accounts available; this is in part about the government wanting to move over several years to paying most benefits into bank accounts.

**Issues**

The importance of capital of different kinds is increasingly recognised; but it is only recently that campaigners have forced debt higher up the agenda. Even then, different departments have different agendas. Many campaigners argue that changes to low benefit/wage levels are as important as credit law reform. The government is not willing to put a ceiling on interest rates, arguing that this retains wider access to credit. Researchers have queried the effectiveness of the universal banking service in tackling social exclusion.\textsuperscript{333}

The proposed new civic enforcement arrangements allow ‘enforcement agents’ (previously bailiffs) to break into someone’s home by force, with permission from a judge.\textsuperscript{334} Easy credit arrangements are justified by allowing tough enforcement action.

**School dropout**

**Exclusions, truancy and disaffection**

Government alarm over the numbers of pupils excluded from school was modified because of pressure from teachers, resulting in it dropping targets for reductions and relaxing the rules to make exclusions easier; permanent exclusions from maintained schools in England increased 10 per cent from 2000 to 2001, to 9135.\textsuperscript{335}

\textsuperscript{328} Financial Services Authority, *In or Out*, 2000.
\textsuperscript{329} See, for example, reports from Debt on Our Doorstep.
\textsuperscript{331} *The Guardian*, 7 March 2003.
\textsuperscript{332} HM Treasury, press release 2 July 2002.
A legal case showed that parents are criminally liable for truancy, even if they have done all in their power to get their children to go to school; they are often liable for fines, and can be sent to prison. Government ministers are particularly concerned by parents who are found with their truanting children. After one prison sentence was reported widely, schools apparently said that truancy rates dropped. The government has now announced a range of measures to deal with discipline and behaviour problems in schools, including special help in some areas, as well as fixed penalty notices and statutory parenting contracts. Fast track prosecutions for parents with truanting children were piloted in England, but press reports suggested problems.

There is great concern over ‘NEETs’ – young people aged 16 to 18 who are not in education, employment or training. The Neighbourhood Support Fund, for 13- to 19-year-olds whose needs are not fully met by mainstream education provision (in 40 of the most deprived areas of England), was evaluated and judged to be useful.

**Issues**

There have been frequent changes in policy on school exclusions, without a consistent government line. Policy on truancy has escalated, however; campaigners argue that fines can be a barrier between schools and parents. Following reports of Cabinet splits on the idea of withholding child benefit from parents of persistent truants, the government retreated, and is now concentrating more on curbing authorised absences. Its policies indicate the difficulty of ensuring that children’s right to education is protected while recognising the pressures on parents on low incomes whose children face a future of being disadvantaged in the labour market - or of the alienation felt by parents who themselves had bad educational experiences.

**Homelessness**

**Homelessness Directorate and Acts**

Statutory homelessness increased rapidly in England - by 9 per cent from September 2001 to 2002. Local authorities were urged to increase their emphasis on prevention. The government established a new Homelessness Directorate in April 2002. An Act introduces greater protection for dependent children and vulnerable people, and requires local authorities to put a homelessness strategy in place by July 2003. Scotland passed a housing Act dealing with homelessness, and (following a taskforce report) a second Act which undertakes to ensure that by 2012 everyone who is unintentionally homeless will be entitled to permanent accommodation; the intentionally homeless will get probationary tenancies. In Northern Ireland, a report

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345 *Housing (Scotland) Act 2001* and *Homelessness etc. (Scotland) Act 2003*. 

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recommended a legal redefinition of homelessness: ‘the absence of a safe and accessible place to stay’;346 and a new homelessness strategy was published.347 Northern Ireland is now setting up an interdepartmental cross-sectoral Promoting Social Inclusion Review Group which will consider the causes of homelessness and the needs of homeless people.348

**Bed and breakfast accommodation**

The government moved on from a focus on rough sleeping, to investing resources to support a commitment that by March 2004 no homeless family with children would have to live in bed and breakfast accommodation (except in an emergency, but for no longer than six weeks).349

**Issues**

The number of households in temporary accommodation is still continuing to rise sharply.350 Whilst some housing indicators are improving, this seems to suggest that there is still a need to focus on homelessness. There has been increasing recognition of the complexity of the issues involved, at least for some people. But the government’s carrot and stick approach continues: it has indicated recently that it plans to take greater powers to outlaw begging.351

**Preserving family solidarity**

**Family support**

It is not clear that research findings on parents’ support needs are being used consistently to shape services,352 and the National Family and Parenting Institute called for improvements.353 A report critically reviewed services for vulnerable families in Scotland with young children.354 The government published its blueprint for modernising youth services in England.355 Money earmarked for disabled children within the budget for children in need will double in 2003-04, to £30 million, with additional increases for respite care provision;356 and in most of the new employment rights for parents, those with disabled children receive help for longer.

**Issues**

The government does fund some organisations to provide family support; but they (and others) often criticise the focus on crises rather than prevention. Families living

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348 House of Commons *Hansard*, Written Answers 7 April 2003, col. 82W.
356 House of Commons *Hansard*, Written Answers 18 March 2003, col. 671W.
in poverty would argue that a more constructive emphasis would be to prioritise putting resources into partnership with them, in order to avoid crisis situations arising.

**Objective 3. Help the most vulnerable**

As above, the main subheadings in this section are subjects taken from the overall NAPs/incl framework, but the specific topics are chosen for their UK relevance.

**Persons at risk of persistent poverty/integration problems**

**Asylum seekers**

The government did not say much about asylum seekers in its first NAP/incl. Yet they are one of the groups at risk of persistent poverty and difficulties of integration. Even when refugee status is granted, they may still feel like second-class citizens.

A series of measures on asylum support has been implemented since July 2001, starting with the proposed abolition of vouchers and introduction of entitlement cards, with major measures implemented in a recent Act. Most recently, childless people not applying for asylum as soon as practicably possible are no longer entitled to income or housing. Those who fail the habitual residence test will not qualify for help from local authorities. (These new rules were challenged by the Appeal Court in March.) All these changes have been made despite there being little evidence that asylum seekers have a detailed knowledge of UK asylum procedure or benefits and work opportunities.

There has been concern over proposals for the separation of asylum-seekers (to put them in reception or detention centres, and to end the concession allowing them to work if their application is not decided in six months), as well as for the separation of their children (no longer to be educated in mainstream schools, at least initially). But there has also been concern over how much immigrants should be expected to integrate (such as learning English). From April, a new fast track procedure will be used to process asylum claims. The government has also proposed deporting asylum-seekers to ‘protection centres’ abroad for their cases to be considered. It aims to halve the number of asylum seekers by September 2004. Increasingly, policy on asylum and immigration will in future be decided at EU level.

**Offenders**

The prison population of England and Wales reached a record level of 73,230 in April 2003. More has been discovered about prisoners’ disproportionate disadvantages, such as illiteracy and experiences of being in care. The Social Exclusion Unit published a report about reducing high re-offending rates, and the government

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357 House of Commons Hansard, 29 October 2001, cols. 627-647.
followed this up with practical proposals.\textsuperscript{366} The Scottish Executive also proposed strengthened arrangements to help tackle re-offending.\textsuperscript{367} On the other hand, benefit sanctions started being imposed on those breaching the conditions of their community sentences.\textsuperscript{368} Like asylum-seekers, these groups epitomise for the government the tensions between its desire to tackle poverty and social exclusion and its equally strong agenda on deterrence and crime/punishment.

**Teenage pregnancy**
Teenage parenthood has serious long-term consequences not only for the teenage mother’s employment and income opportunities but also for her child/ren. The government’s strategy on teenage pregnancy, already under way by July 2001 following an investigation by the Social Exclusion Unit, is partly preventative and partly re-integrative. It set a target of doubling the participation of teenage mothers in education or work to 60 per cent by 2010,\textsuperscript{369} and published guidance for teenage pregnancy co-ordinators on inclusive approaches.\textsuperscript{370} A strategy for dealing with teenage pregnancy in Northern Ireland was also published.\textsuperscript{371}

**Other groups**
In Northern Ireland, a working group has been established under the Promoting Social Inclusion initiative to look at factors causing older people to be at risk of social exclusion; the working group will present ministers with a draft policy and strategy.\textsuperscript{372} Older people were one group to be prioritised in 2002; others included disabled people, carers, homeless people and those with mental health problems. Other groups already targeted include members of ethnic minorities, travellers and teenage parents.

**Social exclusion amongst children**

**Poverty, Sure Start and children’s centres**
The UK government’s programme to tackle child poverty via improved income and services was set out in a comprehensive way.\textsuperscript{373} The Welsh Assembly Government also said that it would develop a strategy to combat child poverty in Wales, involving outside representatives, and including an audit of its policies and programmes.\textsuperscript{374} Sure Start programmes were featured in the first NAP/incl and have continued to develop; they have been evaluated since early 2001. By July 2003, when the target of over 500 Sure Start local programmes has been met, they will reach about 30 per cent of all children under 4 living in poverty in England; but the government also says that their principles will be mainstreamed into other provision.\textsuperscript{375}

\textsuperscript{366} Home Office, press release 5 February 2002.
\textsuperscript{369} Department of Health press release, 27 June 2002.
\textsuperscript{370} Teenage Pregnancy Unit, *Diverse Communities: Identity and teenage pregnancy*, Department of Health, 2002.
\textsuperscript{371} House of Commons *Hansard*, Written Answers 18 March 2003, col. 651W.
\textsuperscript{373} House of Commons *Hansard*, Written Answers 18 March 2003, col. 619W.
For some time various think tanks and non-governmental organisations have been pushing for a comprehensive network of ‘children’s centres’ to provide children’s services.\(^{376}\) In the 2002 spending review, the government announced funding to set up children’s centres in every disadvantaged area in England,\(^{377}\) but the Daycare Trust called for children’s centres in every community, bringing together childcare and other family services.\(^{378}\) Children’s centres will have to provide specified hours of day care suitable for working parents.\(^{379}\) By March 2006, the government plans to reach at least 650,000 children (about two in three of those living in the 20 per cent most disadvantaged wards), and to create nearly 43,000 additional childcare places for them. Some £435 million will be spent over these three years to meet these targets. Children’s centres will often be developed from existing provision, such as Sure Start.\(^{380}\) (See above about new Unit to bring together childcare within government.)

Crime prevention amongst children and young people, in particular in disadvantaged areas, is an increasing policy focus. The Children’s Fund was established to prevent children aged 5 to 13 falling into drug abuse, truancy, exclusion, unemployment and crime (with a Local Network fund available for projects for children from birth to 19); from April 2003, at least a quarter of Children’s Fund monies must be used on crime prevention.\(^{381}\) Organised sports and cultural activities for young people in deprived areas appear to have helped reduce street crime and robbery,\(^{382}\) but child curfews have also been offered to police forces by the government as a weapon against juvenile crime. Three more years’ funding will be given to the existing ‘youth inclusion programmes’, which target fifty 13- to 16-year-olds most at risk of social exclusion in each of the most deprived neighbourhoods of England and Wales.\(^{383}\) There is great concern about custodial sentences for young offenders, and most first-time offenders aged 10-17 should be referred for community sentencing in future.\(^{384}\) But the government is considering placing persistent young offenders away from their own families, with foster parents.\(^{385}\)

**Strategy for children and young people**

The government will publish a strategy for children and young people later in 2003, setting out a vision, aims and objectives, and plans for action. Eight government departments published action plans for involving young people in decision-making.\(^{386}\)

**Issues**

Evaluations of Sure Start programmes have so far been positive.\(^{387}\) Expectations, however, are very high; anecdotally, commentators say Sure Start is put forward as

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\(^{376}\) See, for example, Holtermann, S., *Children’s Centres*, Daycare Trust, 2001.


\(^{379}\) House of Commons Hansard, Oral Answers 17 March 2003, col. 621.

\(^{380}\) House of Commons Hansard, Written Answers 24 March 2003, col. 40W.

\(^{381}\) House of Commons Hansard, Written Answers 17 March 2003, col. 596W.

\(^{382}\) Youth Justice Board, press release 13 January 2003.


\(^{386}\) Children and Young People’s Unit, Department for Education and Skills, press release 12 June 2002.

\(^{387}\) See, for example, Cunningham-Burley, S. et al., *Sure Start Scotland Mapping Exercise*, Scottish Executive, 2002.
the answer to virtually every problem of social exclusion among children. There is some concern, on the other hand, that the more general strategy for children and young people, and involvement in decision-making (such as the youth parliament), may not be sufficiently proactive in relation to those living in poverty. One recent commentary on government policies towards families highlights the lack of parental rights in relation to children, and the recent emphasis on parents’ responsibility to control their children’s behaviour.388

Areas marked by exclusion

New Deal for Communities

The six successive rounds of the Single Regeneration Budget have now finished. A summary report on evidence on their effectiveness was published.389 The New Deal for Communities (NDC) programme, launched in 1998, is investing around £2 billion over a 10-year period in 39 severely deprived areas in England (each with a population of 4,000 or fewer). Funding for the second, and so far final, phase was determined in April 2001. There were early reports of slowness in spending money allocated for NDC projects.390 The other concern was about a lack of central control.

The NDC is aimed at delivering significant and lasting improvements in five areas: housing, education, worklessness, crime and health. It forms a key part of the government's national strategy for neighbourhood renewal,391 but covers much smaller numbers: some 200,000 people, compared with 19.6 million.392

A major programme of NDC evaluation was launched in May 2002. The first phase of the evaluation will last until 2005. An initial scoping evaluation resulted in a range of reports, including individual reports for each NDC, a composite report of the findings across all NDC partnerships, and a report on evidence and activity in the five policy areas.393 Key lessons for future evaluation work have been summarised.394

The government claims that the NDC has cut crime by over 30 per cent in some areas, and that NDC projects 'are already teaching us valuable lessons to pass on to the rest of the country through the wider neighbourhood renewal programme' (see below).395 The first NDC annual review also claimed that NDC partnerships are making genuine progress in boosting employment, improving health, housing, and the local environment, raising educational achievements and actively involving residents in

392 House of Commons Hansard, Written Answers 1 April 2003, col. 684W.
393 Reports are available at www.renewal.net
decisions affecting their communities. But it also warned that many of the problems that have blighted neglected neighbourhoods cannot be solved in the short term.

**Neighbourhood renewal**

Neighbourhood renewal in England covers 88 local authority districts, and will receive £400 million of funding in 2003-04, for local authorities now working as part of Local Strategic Partnerships, who will negotiate how they work with their communities. (These communities have been given money via the Community Empowerment Network for capacity building to work with local authorities.) Local Strategic Partnerships have to prepare a community strategy and local neighbourhood renewal plan for their area, as a framework for setting priorities; those in neighbourhood renewal areas therefore receive additional funding. The government has just announced that the existing 88 eligible areas will continue to be funded in 2004-05 and 2005-06 at the 2003-04 level, and that an additional £86 million will be used over the same period to support community participation in these areas.

**Minimum standards/floor targets**

Neighbourhood renewal strategies are part of a 10 to 20 year strategy to end ‘post code poverty’. The more recent emphasis in such strategies is to move away from special one-off projects towards ‘bending’ mainstream services to ensure they serve disadvantaged communities better. Government departments were given minimum standards (‘floor targets’) to meet in 2000, which were strengthened and added to in the 2002 spending review. This fits with the views of activist tenants, who emphasise the importance of access to quality services in achieving social inclusion. A Community Forum was set up as a national advisory body for the government on neighbourhood renewal, including local activists. And a strategy for improving the skills of all those involved in neighbourhood renewal was published.

The Neighbourhood Renewal Unit is also developing a programme of ‘foresight’ research, which will look at issues affecting disadvantaged areas, in co-operation with the people and neighbourhoods it works with.

As of summer 2002, 294 Local Strategic Partnerships were in operation in England, with others functioning as such, or in the process of being formed. Each principal local authority is meant to set one up, not just those in neighbourhood renewal areas.

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397 House of Commons Hansard, Written Answers 1 April 2003, col. 684W.
399 House of Commons Hansard, Written Ministerial Statement 4 April 2003, col. 76W.
400 Implementation strategies were published by relevant government departments in England in 2001.
401 See, for example, Stewart, M. et al., *Collaboration and Co-ordination in Area-based Initiatives*, RR1, Neighbourhood Renewal Unit, Department of Transport, Local Government and the Regions, 2002.
406 Speech by Minister for Social Exclusion at Social Exclusion Unit conference, 5 March 2003.
407 House of Commons Hansard, Written Answers 17 March 2003, col. 612W.
The Scottish Executive has also set out its plans for regenerating the most deprived communities.\textsuperscript{408} It also looked at each department in relation to disadvantaged communities’ needs.\textsuperscript{409} Scotland has an executive agency, Communities Scotland, which works on regeneration issues. In most areas of policy development related to neighbourhood regeneration, there are close parallels with England. In Scotland, there are 48 Social Inclusion Partnerships, and instead of Local Strategic Partnerships it has Community Planning Partnerships. (From April 2003, community planning is an obligation, underpinned by legislation, to determine the strategic direction of public services at local authority level after consultation with local communities,) Scotland also has 12 Working for Communities pathfinder partnerships, and is piloting community budgeting (widening participation in discussion about local spending).\textsuperscript{410} But participants argue that one difference is the continuous commitment to community development in Scotland in local authorities for over 30 years.\textsuperscript{411} One way this may be demonstrated is a commitment to ‘community learning’.\textsuperscript{412} Most recently, the Scottish Executive has announced a package of measures including more money to support the engagement of communities with community planning, and plans for urban regeneration companies.\textsuperscript{413}

In October 2001, the Welsh Assembly Government published its ‘Plan for Wales’.\textsuperscript{414} This proposed better support for the 88 most deprived local communities in Wales through a ‘Communities First’ programme\textsuperscript{415} (£82 million during 2001-04). The initiative is designed to enable communities to pursue sustainable development and combat social disadvantage, based on best practice in social inclusion. It is supported through a communities directorate in the Welsh Assembly Government. Longer-term targets for 2010 included bringing the prosperity of the least well-off communities closer to that of the most prosperous; improving local government services; eliminating fuel poverty; and bringing all social housing up to a good standard.

In July 2001, the Northern Ireland Executive published a new strategic approach to urban regeneration.\textsuperscript{416} Key components included putting tackling the most acute deprivation and disadvantage at the heart of all regeneration activity; and focusing regeneration activity at the neighbourhood level to empower local communities. There are four separate EU structural funds programmes for urban regeneration in Northern Ireland. However, the EU has suggested that some grants under the Northern Ireland urban development programme may constitute state aid: pending a legal resolution, grant assistance is currently limited to 100,000 Euros.\textsuperscript{417}

Following the disturbances in northern towns in England, there is an increasing focus on ‘community cohesion’ – often a code word for a focus on ‘race’ and ethnicity

\textsuperscript{408} Scottish Executive, \textit{Better Communities in Scotland: Closing the gap}, 2002.
\textsuperscript{410} Scottish Executive, press release 31 October 2002.
\textsuperscript{411} Barr, A., paper for Community Development Foundation conference on practice development in community development, 21 March 2003.
\textsuperscript{412} See, for example, Scottish Executive HMI, \textit{Towards Community Learning Plans}, 2002.
\textsuperscript{413} ‘Regeneration of communities’, Scottish Executive website, 18 March 2003.
\textsuperscript{417} Statement by Department for Social Development, 2003.
issues - as a crucial factor in area-based policies. Guidance was published on how to counter segregation; and up to 15 local authority areas in England and Wales will participate in the ‘community cohesion pathfinder programme’, aimed at promoting better integration, with a £6 million budget. The Neighbourhood Renewal Unit has also developed a strategy to mainstream a focus on ‘race’ issues in its work.

**Investment and enterprise**

The government has also focused on investment and enterprise. ‘Community investment tax credits’ are intended to help disadvantaged areas attract investment by topping it up with public funds. They were complemented by the abolition of stamp duty on properties up to a certain value in over 1,200 severely deprived areas in England. Local councils could be given powers shortly to relax planning controls in new ‘enterprise areas’. Some critics see this kind of measure as micro-management, which also risks creating loopholes. More recently, the government announced that local authorities will be able to keep the additional business rate income derived from regeneration and local economic development. In Scotland, there has just been a review of the Executive’s policies to promote the social economy.

**Neighbourhood and community**

Neighbourhood management pilots, intended to give local people more control over day-to-day issues in their area, were announced. ‘Community chests’ were set up to provide small amounts of funding to support community activity. Other community and neighbourhood initiatives have been carried forward since before July 2001.

**Rural areas**

Neighbourhood renewal is often seen as an urban issue, but there has also been more focus recently on ‘rural proofing’ government policies, and the government has set up a ‘rural delivery review’ about rural services. The Scottish Executive has recently published a progress report on service delivery in rural areas, and the Welsh Assembly Government launched a rural strategy in 2002. In 2001, the Northern Ireland Executive launched an £80 million rural development programme. The programme (co-funded by the EU) is designed to provide opportunity and support for people living in rural areas, and will run until 2006. It will focus on disadvantage and equality of opportunity, with particular reference to encouraging input and uptake.

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425 Active Community Unit, *Funding Community Groups*, 2001.
by rural women, young people, farm families and the long-term unemployed. Local community involvement in rural regeneration was examined in a recent study.431

**Issues**

The Office of the Deputy Prime Minister has been responsible for social exclusion and neighbourhood renewal since mid 2002. This was seen by some as bringing together core areas of the government’s anti-poverty work – but by others as downgrading it (from Cabinet Office or prime ministerial status).

The pinpointing of small local areas of deprivation has been made possible in recent years by the release and use of administrative data on benefit claims at ward level (though this is recognised as a second-best indicator of poverty). Data are now available for each country of the UK.432 This has also generated political controversy, however, as the indices of deprivation have been used by the government to reallocate monies between different areas. There is much debate over the relative weighting of different factors; in particular, lack of access to services in a geographical sense (rural isolation) was given more weight than hitherto. In addition, the familiar tensions between the advantages and disadvantages of being labelled a ‘deprived area’ persists.

One think tank argues that, whilst the government’s focus on spatial disadvantage is consistent, substantial new funding has yet to be released for such areas as improving public spaces and developing trust between residents and public authorities.433 Community participation is not yet mainstreamed throughout neighbourhood renewal, although this is probably closer to realisation in the smaller nations. Indeed, some commentators argue that community organisations feel ‘co-opted’ by government.434

Several central government units have an input to policy and practice for disadvantaged areas, at least in England; and there appears to be some confusion at local level, too, with service providers struggling with the volume of central initiatives.435 The government has now announced a simplified system of area-based initiatives; this includes reducing funding streams; mainstreaming the lessons from Health Action Zones and aiming to mainstream lessons from Sure Start; and merging Education Action Zones and Excellence in Cities.436 In the longer term, the most significant influences on area-based policies are likely to be the review of local government funding just announced by the government,437 and the development of the ‘new localism’ promised after ending the ‘postcode lottery’ in public services.438


438 Speech by Chancellor of the Exchequer, 7 February 2003.
Objective 4: Mobilising all relevant bodies

This is to be the main topic in the Second Expert report on NAP due in July and will not be discussed here.

OVERARCHING FRAMEWORK OF VALUES

We would argue that any government strategy to tackle poverty and social exclusion should be embedded in a framework of broader values, so that it does not become a residual programme to deal with ‘problem groups’. We therefore think it appropriate to investigate the UK government’s approach to broader equity issues. The NAPs/incl framework does not facilitate the analysis of policies in these areas; so we have added a separate section here. It would obviously be preferable, as the European Commission has noted, to integrate gender (and other concerns) throughout instead.

Anti-discrimination: general

The government is consulting on proposals to merge the three main equality commissions, dealing with race, gender and disability, into a single body. A European directive outlawing discrimination in employment of various kinds (including age and sexual orientation) must be brought in by 2006.

A distinct equality agenda is emerging in the smaller nations. In Wales, this is largely due to a clause in the Government of Wales Act requiring the National Assembly to consider equality when carrying out all its functions. The Scottish Executive examined its own record in implementing an equality strategy. A recent report on Northern Ireland (see above) concluded that, despite the policies of the New Targeting Social Need programmes, there were still considerable differences between the experiences of Catholics and Protestants (though the experience of hardship was not confined to Catholics); the labour market was the source of the most glaring disparities.

Gender

The weekly median total individual income for all women in 2000/01 was £133, slightly under half that for men (£271), and in working age couples is 35 per cent of men’s. In 2002, the gender pay gap widened slightly, with full-time women workers’ pay being 81.2 per cent of full-time men’s (compared to 81.5 per cent the year before); this was apparently due largely to a widening of the gap at the top of

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the salary scale. The Women’s Unit was renamed the Women and Equality Unit (WEU), and given some responsibility for cross-cutting equality issues; its minister is now in the Department of Trade and Industry, which has adopted a gender equity Public Service Agreement applying across government, which will be followed by a gender equality action plan.

The government’s response to an official inquiry into the gender wage gap preferred the idea of voluntary pay audits and the Equal Opportunities Commission claims its proposals to change the equal pay law would make it more difficult for women. A new ‘household satellite account’ has estimated the value of unpaid work in the home at £700 billion. Having been criticised for failing to include detailed gender analysis in the 2002 edition of Households Below Average Income, the government has introduced more of a gender focus this year. But public authorities are still not under a statutory obligation to promote gender equity (unlike good race relations); too few government interventions are informed by systematic gender awareness; and gender mainstreaming has yet to be introduced in a comprehensive way. The Equal Opportunities Commission published a list of goals for equality of women in 2003.

Some commentators have argued that in terms of social policy the ‘male breadwinner’ model is gradually being abandoned, but without necessarily acknowledging or dealing with inequalities due to the gendered nature of the different situations faced by men and women once they are treated as individuals. A renegotiation of the traditional ‘gender contract’ is taking place, often unacknowledged. There are also tensions between the trend towards ‘individualisation’ on the one hand – including an increase in joint claims or compulsory work-focused interviews for benefit claimants’ partners – and growing emphasis on the couple/household as a policy focus.

‘Race’ and ethnicity

In 2001-02, there were 4.5 million minority ethnic people in the UK, or 7.6 per cent of the total population, of whom nearly half live in the London region. A wide range of public sector bodies were put under a general duty to promote race equality from mid-2002. There was concern about low voting by minority ethnic people in the 2001 general election. But a defining moment for ‘race relations’ recently was the disturbances in various northern towns in England in 2001, which led to concern about the segregated ‘parallel lives’ of young people of different ethnic groups. The government set up a Community Cohesion Unit in the Home Office, and there is also now a minister for community cohesion.

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446 House of Commons Hansard, Written Answers 3 April 2003, col. 783W.
The Cabinet Office has examined the labour market position of minority ethnic groups and the policy implications, arguing that the issues are complex and multi-faceted. Reactions to a recent Commission report on ‘multi-ethnic Britain’ demonstrated the continuing sensitivity of race/identity issues in the UK.

After an advisory forum made recommendations for promoting race equality in Scotland, the Executive published its scheme. A report reviewed empirical research on the experiences and needs of minority ethnic people in Northern Ireland, and the government consulted on measures against race and sectarian crime. A report suggested an inter-agency forum to tackle racial inequalities and promote good relations, and the Executive began consultation on a race equality strategy, including a forum to help finalise an action plan.

**Disability**

Nearly one in five of the UK population was disabled in 2000. The Disability Rights Commission, which is just getting into its stride, is concerned about its position under the government’s proposals for a single equality body. Regulations effective from October 2004 will extend disabled people’s rights of access to services, under the Disability Discrimination Act; educational facility providers could not discriminate against disabled children and young people from September 2002. The government will publish a draft disability Bill later in 2003. The learning disability task force published its first annual report monitoring commitments made in a 2001 White Paper, but campaigners say little has changed.

A national disabled people’s parliament is being established, funded by the European Union and the Department for Work and Pensions. It will have 180 elected members, reflecting both geographical and cultural diversity and a wide range of impairments, and is organised through disabled people’s groups.

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## APPENDIX

### OPPORTUNITY FOR ALL INDICATORS

#### 1. Indicators for children

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<tbody>
<tr>
<td>% children living in workless households</td>
<td>17.9</td>
<td>17.9</td>
<td>17.3</td>
<td>15.6</td>
<td>15.2</td>
<td>15.8</td>
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<tr>
<td>% children living in households with income below 60% of the contemporary median before housing costs</td>
<td>26</td>
<td>25</td>
<td>24</td>
<td>23</td>
<td>21</td>
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<tr>
<td>% children living in households with income below 60% of the median after housing costs</td>
<td>34</td>
<td>33</td>
<td>33</td>
<td>32</td>
<td>31</td>
<td>30</td>
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<tr>
<td>% children living in households with income below 60% of the median held constant in real terms before housing costs</td>
<td>26</td>
<td>24</td>
<td>22</td>
<td>19</td>
<td>16</td>
<td>12</td>
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<td>% children living in households with income below 60% of the median held constant in real terms after housing costs</td>
<td>34</td>
<td>32</td>
<td>31</td>
<td>28</td>
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<td>20</td>
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<tr>
<td>% of children experiencing persistent low income – below 60% median household income in at least 3 out of 4 years</td>
<td>20</td>
<td>16</td>
<td>16</td>
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<tr>
<td>% of children experiencing persistent low income – below 70% median household income – in at least 3 out of 4 years</td>
<td>30</td>
<td>26</td>
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<tr>
<td>% of 7-year-old children in Sure Start areas achieving Key Stage 1 Reading/ writing/maths tests</td>
<td></td>
<td></td>
<td></td>
<td>75/77/85</td>
<td>76/78/86</td>
<td></td>
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<tr>
<td>% of those aged 11 achieving level 4 or above in Key Stage 2 tests for literacy</td>
<td>57</td>
<td>63</td>
<td>65</td>
<td>71</td>
<td>75</td>
<td>75</td>
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<tr>
<td>% of 16-year-olds with at least one GCSE A*-G</td>
<td>92.2</td>
<td>92.3</td>
<td>93.4</td>
<td>94.0</td>
<td>94.4</td>
<td>94.5</td>
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<tr>
<td>% of 19-year-olds with at least a level 2 qualification or equivalent</td>
<td>79.7</td>
<td>72.3</td>
<td>73.9</td>
<td>74.9</td>
<td>75.3</td>
<td>74.8</td>
</tr>
<tr>
<td>% of children who live in a home which falls below the set standard of decency</td>
<td>23</td>
<td></td>
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<tr>
<td>Admission rates (per 1,000) to hospital as a result of an unintentional injury resulting in a stay of longer than 3 days for children aged under 16</td>
<td>1.20</td>
<td>1.12</td>
<td>1.02</td>
<td>1.02</td>
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<tr>
<td>% of children living in learning</td>
<td>76.3</td>
<td>74.9</td>
<td>74.8</td>
<td>75.4</td>
<td>75.4</td>
<td>75.5</td>
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<tr>
<td>% of young people leaving care with one of more GCSE (grade A*-G) or a vocational qualification</td>
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### Under 18 conception rates per 1,000 aged 15-17

<table>
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<th>Year</th>
<th>Rate</th>
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<td>1996</td>
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<td>1997</td>
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<td>1998</td>
<td>46.5</td>
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<tr>
<td>1999</td>
<td>44.7</td>
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<tr>
<td>2000</td>
<td>43.6</td>
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% of teenage parents who are not in education, employment or training

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<td>1997</td>
<td>72.9</td>
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<tr>
<td>1998</td>
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<tr>
<td>1999</td>
<td>68.9</td>
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<td>2000</td>
<td>70.3</td>
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% re-registered on the child protection register

<table>
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</tr>
<tr>
<td>1998/99</td>
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<tr>
<td>1999/00</td>
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The gap in mortality for children under 1 year between manual groups and the population as a whole

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<th>Year</th>
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<td>1996</td>
<td>0.50</td>
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<tr>
<td>1997</td>
<td>0.42</td>
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<tr>
<td>1998</td>
<td>0.49</td>
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<td>1999</td>
<td>0.48</td>
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% of teenage parents who are not in education, employment or training

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<th>Year</th>
<th>Rate</th>
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<tr>
<td>1997</td>
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<td>1998</td>
<td>72.9</td>
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<td>2000</td>
<td>68.9</td>
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<td>2001</td>
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% re-registered on the child protection register

<table>
<thead>
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<th>Year</th>
<th>Rate</th>
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<td>1998/99</td>
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### 2. Indicators for people of working age

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<tr>
<td>Proportion of working age people in employment</td>
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<tr>
<td>All</td>
<td>72.7</td>
<td>73.3</td>
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<td>74.6</td>
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<td>Men</td>
<td>77.6</td>
<td>78.2</td>
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<td>79.4</td>
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<td>Employment rates of disadvantaged groups</td>
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<tr>
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<td>Older workers</td>
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<td>People with disabilities</td>
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<td>Working age people living in workless households</td>
<td>13.1</td>
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<td>12.3</td>
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<td>11.8</td>
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<tr>
<td>Percentage of working-age people without a qualification</td>
<td>18.0</td>
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<td>16.5</td>
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<tr>
<td>Number of working age people living in families in receipt of Income Support or income based JSA for two years or more (Millions)</td>
<td>2.00</td>
<td>1.84</td>
<td>1.76</td>
<td>1.75</td>
<td>1.75</td>
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<td>% working age people living in low-income households. Relative 60% median</td>
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<tr>
<td>Before housing costs</td>
<td>15</td>
<td>15</td>
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<tr>
<td>After housing costs</td>
<td>20</td>
<td>20</td>
<td>19</td>
<td>20</td>
<td>19</td>
<td>19</td>
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<tr>
<td>% working age people living in low-income households. Absolute 60% median</td>
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<tr>
<td>Before housing costs</td>
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<td>14</td>
<td>13</td>
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<td>10</td>
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<tr>
<td>After housing costs</td>
<td>20</td>
<td>19</td>
<td>18</td>
<td>17</td>
<td>16</td>
<td>14</td>
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<tr>
<td>Below 70% median in 3 out of 4 years</td>
<td>7</td>
<td>7</td>
<td>7</td>
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<tr>
<td>Below 70% median in 3 out of 4 years</td>
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<td>12</td>
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<td>Smoking rates</td>
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<td>Non-manual groups</td>
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<td>Mortality rates per 100,000 from suicide</td>
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<tr>
<td>(1996)</td>
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<td>Estimated number of rough sleepers</td>
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## 3. Indicators for older people

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<td>% pensioners living in low income</td>
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<td>households less than 60% median</td>
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<tr>
<td>Relative low income</td>
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<td>Before housing costs</td>
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<td>23</td>
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<tr>
<td>After housing costs</td>
<td>27</td>
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<tr>
<td>Absolute low income</td>
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<tr>
<td>Before housing costs</td>
<td>21</td>
<td>21</td>
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<td>18</td>
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<td>25</td>
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<td>Persistent low income</td>
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<td>Below 60% median in 3 out of 4 years</td>
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<td>Below 70 per cent of median in 3 out 4 years</td>
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</tr>
<tr>
<td></td>
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<td>16</td>
<td>17</td>
<td>17</td>
<td>18</td>
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</tr>
<tr>
<td>Percentage of working age people</td>
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<td>contributing to a non state pension</td>
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<td>45</td>
<td>44</td>
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</tr>
<tr>
<td>Male</td>
<td>50</td>
<td>51</td>
<td></td>
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<tr>
<td>Female</td>
<td>38</td>
<td>37</td>
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<tr>
<td>% who have contributed to a non state</td>
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<td>Health expectation of life at 65</td>
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<td>Receiving intensive home care</td>
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<td>Receiving any community based</td>
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<td>7.8</td>
<td>8.8</td>
<td>9.3</td>
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<tr>
<td>% of older people who live in homes</td>
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<td>below a decency standard</td>
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<td></td>
<td>(1996)</td>
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<tr>
<td>% of older people reporting fear of</td>
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<td>Male</td>
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## 4. Indicators for communities

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<td>Employment rates in the most deprived</td>
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<tr>
<td>local authority districts compared to the</td>
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<td>overall employment rate (GB)</td>
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<td>areas</td>
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<td>% households who live in a home that falls below a decency standard</td>
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<td>Life expectancy</td>
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<tr>
<td>Males</td>
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<td>Lowest fifth of health authorities</td>
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<td>72.8</td>
<td>73.0</td>
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<tr>
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<tr>
<td>Female</td>
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<td>Lowest fifth of health authorities</td>
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<td>Total England</td>
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</tr>
</tbody>
</table>