

Opportunity for all

Fourth Annual Report 2002



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Presented to Parliament by
the Secretary of State for Work and Pensions
by Command of Her Majesty
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Foreword	vii
Introduction	1
Understanding our strategy	1
Ensuring that work that pays is possible	2
Support for those unable to work	2
Investing in services for children to break cycles of deprivation	2
Tackling inequalities by improving public services	3
Partnership with elected bodies	3
Annex: Indicators of progress	4
An evolving process	4
Chapter One: Understanding our strategy	5
Introduction	5
What is poverty?	5
Why poverty matters	5
What do we mean by poverty?	7
A lack of resources	8
A lack of opportunities to work	8
A lack of opportunities to learn	9
Suffering health inequalities	9
A lack of decent housing	9
Disruption of family life	10
Living in a disadvantaged neighbourhood	10
Interaction and reinforcement	10
Who are the poor and why are they poor?	11
How are we tackling poverty?	13
Ensuring that work that pays is possible	13
Support for those unable to work	14
Investing in services for children to break cycles of deprivation	16
Tackling inequalities by improving public services	16
Indicators of progress	17
What next?	17
Chapter Two: Ensuring that work that pays is possible	21
Introduction	21
An integrated approach	21
Making work possible	22
Maintaining a strong and stable economy	22
Providing an active welfare system	24
Targeting help at particular groups	29
Making work pay	46
National Minimum Wage	46
Working Families' Tax Credit	47
New tax credits	47
Financial help moving into work	49
Making work skilled	51
Encouraging learning	51

Chapter Three: Support for those unable to work	57
Introduction	57
The inheritance of poverty	57
Children	57
People of working age	58
Pensioners	58
Support for children	58
Introduction	58
Tax and benefit reform	59
Progress so far	60
For the future – more to do	62
Support for people of working age	63
Introduction	63
Support through a modern welfare state	64
Boosting the incomes of those in need	65
Progress so far	66
For the future – more to do	67
Support for pensioners	68
Introduction	68
Tackling low income	68
Progress so far	72
For the future – more to do	74
Ensuring security for future pensioners	76
Progress so far	78
For the future – a Green Paper	79
Delivering a modern service	79
Chapter Four: Investing in services for children to break cycles of deprivation	83
Introduction	83
The inheritance of poverty	83
Bringing services together	84
Getting the best start in life	85
Introduction	85
Children's Centres	85
Sure Start	86
The Foundation Stage	87
Teenage pregnancy	88
Supporting children in need and their families	89
Quality Protects	89
The Children's Fund	91
Court support for children at risk	91
Relationship support	92
The voluntary sector	93

Tackling educational disadvantage	93
Introduction	93
Mainstream educational improvements	95
11–14-year-olds: Key Stage 3 National Strategy	95
Tackling truancy and exclusions	96
Literacy and numeracy strategies	96
Creative Partnerships	98
Computers in public libraries – The People’s Network	98
Action in the most disadvantaged neighbourhoods	99
Support for the transition to adult life	101
Educational Maintenance Allowance	101
Connexions Service	102
Modern Apprenticeships	103
Excellence Challenge	103
Chapter 5: Tackling inequalities by improving public services	105
Introduction	105
Focusing services on those in need	105
Securing high minimum standards	106
Working with the voluntary sector	108
Tackling health inequalities	109
Introduction	109
NHS Plan, Budget and Reforms	110
Primary Care	111
National Service Frameworks	111
Smoking	113
Drug misuse and the National Treatment Agency	114
Action to improve health in deprived neighbourhoods	115
A better place to live	116
Homelessness	116
Improving social housing	119
Home Improvement Agencies	120
Home Energy Efficiency Scheme	121
Tackling crime and deprivation in communities	121
Safer Communities Initiative	122
Communities Against Drugs	122
Tackling discrimination	124
A legal framework that promotes opportunity	124
Tackling racial discrimination	124
Tackling discrimination against people with disabilities	125
Tackling discrimination on grounds of age	125
Support through legal services	126
Community Legal Service	126

Chapter Six: Partnership with elected bodies	131
Introduction	131
Northern Ireland	131
Scotland	132
Wales	134
Working with the European Union	134
Annex: Indicators of progress	137
Introduction	137
Measuring child poverty	137
Indicator summary table	138
Indicators for children and young people	141
Indicators for people of working age	159
Indicators for older people	175
Indicators for communities	187
Useful links	193
References	195

Foreword



In the first *Opportunity for all* report we set out our commitment to achieve a fairer, more inclusive society where nobody is held back by disadvantage or lack of opportunity.

Five years on since coming to office, this commitment remains central to the Government's purpose. We are more determined than ever to tackle poverty that blights people's lives now and denies opportunity to their children in future.

Our strategy has always been to tackle the root causes of poverty, ensuring that families and pensioners have a decent income and that people of working age are always better off in work. We believe the opportunity to work, prosper and save is the key to sharing in rising national wealth and to a secure retirement.

However, we recognise that poverty is not just about income. We understand that people's expectations and opportunities are also affected by their education and skills, by access to quality health services, by decent housing and by the area where they live.

This is why we have introduced policies to improve our public services – above all, the services available to people living in the most disadvantaged communities. Raising the average quality of services is not enough if the range of quality remains as wide as ever. It is just as important to ensure excellent standards of public service everywhere. We want to bring about real lasting change to help individuals and communities take control of their lives.

We are making good progress. Employment is at record levels, with over 1.5 million more people in work compared with 1997. As a result of our measures, including Pension Credit, the average pensioner household will be £1,150 a year better off in real terms, compared with 1997.

We are also making good progress towards our target to reduce by a quarter, by 2004, the number of children in low-income households – we are a third of the way there after a third of the time.

But we realise that there is still a lot of work to do. This year we will step up our efforts and make sure we continue to deliver on our policies. For example:

- we shall re-double our efforts to help people make the transition into work by rolling out Jobcentre Plus nationwide. By 2006 an extra 2 million people will benefit from personal interviews and work-focused support;
- we will continue to tackle discrimination in all its forms and make sure that everyone has the opportunity to enjoy civil rights;
- we shall continue our efforts to tackle child poverty by introducing new tax credits, and reforming the current child support arrangements so that more children benefit from maintenance to which they are entitled;
- we will continue to invest in high quality public services; and
- we will consult on options for reforming private pensions to ensure that future pensioners share in our rising prosperity.

Our approach is based on building a strong, stable economy and cutting the costs of economic failure so that we can target resources at our priorities. This report shows that we have achieved a great deal and that our approach is working.

We know that we have a lot more to do. Tackling the root causes of poverty takes time as well as sustained commitment and investment. It also requires a partnership across all sectors of society. We will continue to deliver on this challenge over the years to come.



Rt Hon ANDREW SMITH MP
Secretary of State for Work and Pensions

September 2002

Introduction

Opportunity for all was first published in September 1999. In our first report we set out our evidence-based strategy for tackling poverty and social exclusion. We also established our indicators to chart progress in tackling the causes and the symptoms of poverty. We consciously set indicators that would be challenging: indicators that would show what we had achieved but that would not disguise poor progress. This reflected our commitment to be judged on results and to learn from what works.

By this, our fourth report, we are still learning and we still have a long way to go to achieve our aim of a society where there is genuine opportunity for all. But as the following chapters show, we have made good progress in many areas.

Furthermore, our pledge to deliver high quality public services for all has been backed-up by sustained investment and reform. We know that now we have to focus on the delivery of our programme of reform. This will take time, but we know that we will be rightly judged on the difference we make.

Through the previous three annual reports, the text has evolved just as our strategy continues to be refined in the light of evidence of what works. That evidence very clearly supports the proposition that life cycle events are crucial in determining the transmission of poverty through a lifetime, across generations, and by locality. We believe this is the right strategy.

However, the structure of the report itself has been modified. One of the reasons for this change is that other government reports now deal with issues that the first *Opportunity for all* report covered. For instance, the Neighbourhood Renewal Unit now reports annually on the progress of the Neighbourhood Renewal Strategy.¹ And the Social Exclusion Unit continues to publish its detailed topic-based reports on social exclusion, for example, its current study *Making the Connections: Transport and Social Exclusion*.²

So *Opportunity for all* no longer needs to cover all aspects of government business in tackling poverty and social exclusion. Accordingly, we have this year decided to take a fresh approach to the report. We have adopted an approach structured around the main elements of our strategy, rather than client groups. The following paragraphs briefly detail what to expect in each of the chapters.

Understanding our strategy

Chapter One opens the main report with an analytical focus on our evolving understanding of poverty, why it matters, and how it can lead to cycles of deprivation. It begins by explaining our current understanding of poverty and its effects. This of course pays particular attention to income, but goes wider to encompass dimensions of work, education, health, housing and environment.

Crucially we also focus in on the interaction and reinforcement of these causal factors. The chapter then moves on to an analysis of who the poor are and why they are poor. It finishes with an exposition of what we are doing to tackle poverty and an appraisal of what more we know we need to do.

Ensuring that work that pays is possible

Chapter Two explains why work is the best form of insurance against poverty and social exclusion. It begins with an appraisal of what we have done to make work possible for an increasing number of people. By reforming a passive benefit system into an active welfare state we are refusing to ignore millions of people who may have been written-off under the old approach. This is essentially about extending opportunities to the economically inactive in society, such as disabled people, and not just those traditionally seen as unemployed.

The next section then explains how we have backed-up this approach with reforms to make work pay – such as the National Minimum Wage and Working Families' Tax Credit.

Finally the chapter ends with an explanation of our strategy to make work skilled in order to equip our workforce for a dynamic knowledge-based economy.

Support for those unable to work

Chapter Three focuses on the financial support we have given to boost the incomes of those who cannot support themselves through work. As strongly as we feel about the personal, social and economic benefits of work, we recognise that it is not an option for some. Obviously children and pensioners predominantly fall into this category but there will also be those of working age for whom work is currently not a realistic option.

So this chapter centres on the tax and benefit reforms we have made to raise the incomes of pensioners, those with disabilities or caring responsibilities, and families with children. It also explains how this will be taken forward in the future through the Child Tax Credit system of seamless support for children, the Pension Credit and The Pension Service.

Investing in services for children to break cycles of deprivation

Chapter Four describes progress on services for children, young people and their families that can help to break cycles of deprivation. The chapter begins by focusing on the first opportunity to break cycles of deprivation – the early

years. We are ensuring that all children get the best possible start in life – for instance, through Sure Start, which promotes the development of young children in disadvantaged areas.

We then set out the services for children who are particularly at risk – including looked after children and those facing family breakdown. The text then goes on to describe our strategy for raising standards in education to enable all children to realise their full potential.

The chapter ends by focusing on the services that support young people through the transition from school to work – addressing the lack of basic skills, such as literacy, that may contribute to disadvantage in adult life.

Tackling inequalities by improving public services

Chapter Five returns to the theme of delivering high quality public services as a key part of our overall strategy to tackle poverty and social exclusion. Clearly, raising incomes, both through increasing opportunities to work and tax and benefit reform, is a central component of any anti-poverty strategy. That is why previous chapters have paid such attention to this aspect.

But it is not the whole solution. The quality of key public services has a vital effect on the well-being of many people. Raising income is not enough to address

deficiencies in service delivery – we must tackle these directly.

The chapter therefore describes our efforts in raising standards of delivery in healthcare, housing and legal services as well as our efforts to tackle discrimination in all of its forms. This highlights how *Opportunity for all* complements the focus on improving public services through the National Strategy for Neighbourhood Renewal.

Partnership with elected bodies

Chapter Six highlights how the partnerships formed between the United Kingdom Government and the Devolved Administrations in Northern Ireland, Scotland and Wales have been crucial to delivering on our shared social inclusion agenda. So this chapter describes the partnerships with, and briefly outlines the strategies of, the Devolved Administrations as well as our work with the European Community.

The Devolved Administrations produce their own reports, outlining work in relation to devolved matters.³ These reports should be read in conjunction with *Opportunity for all*, which concentrates only on those matters which continue to be reserved to the United Kingdom Parliament.

Similarly, the biennial National Action Plans on Social Inclusion set out the United Kingdom's anti-poverty strategy in a European context.

Annex: Indicators of progress

Although the layout of the report has changed this year, we retain the indicators of progress we established in 1999.

To maintain consistency with our reporting in previous years, the indicators are still organised into life cycle and area-based clusters. Feedback from readers tells us that the Annex is a widely used reference and so we have kept a similar layout to previous years. The Annex includes a summary table of overall progress on pages 138–140.

An evolving process

Poverty and social exclusion are deep-rooted problems that have built up over many years and will take time to resolve. That is why our approach is evolving all of the time, as we learn about what works in terms of intervention and support.

We deliberately set ourselves challenging indicators to monitor long-term progress. Some areas will take a while to show improvements because of the inherent longevity of our strategy and the deep-rooted nature of the problems.

But we are pleased to report on some areas that are already showing real progress. For instance, as work is the best insurance against poverty and social exclusion, it is encouraging to have seen labour market successes since 1997:

- the number of people in work is now at record levels. Employment has risen by over 1.5 million since 1997 to a level of over 27.7 million;
- unemployment has fallen by over half a million and to around its lowest level for 25 years. With the help of the New Deal programmes, long-term youth claimant unemployment has been virtually eradicated and long-term claimant unemployment has fallen by around three-quarters, to its lowest level for over 25 years; and
- disadvantaged groups have started to share this success. The lone parent employment rate has increased from 45.6 per cent to 53.6 per cent. However, we want to see further improvements, particularly amongst disabled people and people from ethnic minority backgrounds.

Undeniably there is more to do. That is why we are pushing ahead with the delivery of our programmes and service improvements. Our approach will always evolve in the light of further evidence.

Introduction

What is poverty?

1. Some people think that poverty is only about money. That is not our view. Low income is at the core of poverty, but is not the sole characteristic. People's quality of life is central to the problem. Access to good quality health services, educational and work opportunities, decent housing, a safe environment – as well as income – all affect the quality of an individual's opportunities. Poverty is described by poor people themselves as an overwhelming negative experience that impacts on their lives psychologically, physically, relationally and practically.¹

"Poverty strips you of your dignity."

"Poverty affects your self esteem, your confidence, things like that. You feel totally powerless."²

2. Our strategy to tackle poverty and social exclusion is designed to bring improvements to all these areas. Our aim is to improve opportunities to work, to learn, to live healthy and fulfilling lives for all people, and to ensure they live out their retirement years with security and independence.

Why poverty matters

3. Poverty is not a fact of life that we must accept. A civilised society has an obligation to address the standard of living and the quality of life of its poorest members.
4. The economic arguments for tackling poverty are compelling. People living in poverty are more likely to impose costs on society than those who don't. For instance people living in poverty are more likely to be out of work so they tend to be entitled to higher levels of financial support than those not in poverty. In addition they tend to contribute less in taxes. Children who grow up in poor households have lower chances of success and they are more likely to grow up to be poor themselves thus perpetuating disadvantage to the next generation.
5. Tackling poverty is therefore a concern for those who care about efficiency and how governments spend their money. Tackling poverty is a moral obligation but it also makes economic sense. We all pick up the bill for poverty.
6. Poverty is also important because we place a high value on social justice. Most people would agree that people should be able to get ahead not based on their family's income or where they live but on their own abilities and hard work. However, research shows that those who grow up in hardship are less likely to do well later in life.

- There is evidence of a strong relationship between parental income and early childhood educational attainment. A 50 per cent higher level of parental earning suggests a child would be around 3.5 percentage points higher in age 6–8 maths scores and 2.5 percentage points in reading. And there is evidence that these test scores are positively correlated with subsequent economic success.³
 - Lack of parental resources when boys were in primary school damages their educational outcomes. Growing up in low income reduces young men's chances of achieving A levels or higher qualifications. Other characteristics such as parents' education and family structure were more relevant factors for young women.⁴
 - Low income in childhood increases the likelihood of low income in adulthood.⁵ There is a strong association between children's subsequent earnings and those of their parents. Those who grow up in low-income families are more likely to be out of work in young adulthood.⁶
 - Children living in one parent families or those whose parents are in receipt of Income Support have lower expectations about their future.⁷ They are far more likely than other children to say that they will enter the labour market in jobs requiring lower educational qualifications and little or no training.
- They are also only half as likely to say that they will go on to further education.⁸
7. By tackling poverty we believe that we can make a real difference to the lives of people across the country. We can help secure them more opportunities, more resources and more choices. We do not believe that poverty is a given and a predestined characteristic of a modern economy. We do not underestimate the size of the task in tackling poverty but we do not accept that the challenge is insurmountable.
 8. There are things that governments can do, though it will take significant and prolonged action to turn things around. Our aim in tackling poverty is both to reduce the costs of economic failure and to promote a fairer and more prosperous society.
 9. This is not a guarantee that no one will ever experience even a temporary period of low income. In a dynamic economy people will move in and out of jobs. People will also elect to sacrifice income in the short term in order to enhance their skills so that they can boost their incomes and longer-term prospects.
 10. But it does mean that no young person, regardless of their background, should arrive at the threshold of their working life without a range of skills, competencies and disciplines that will enable them to thrive through work.

It does mean that people of working age who can work should always be better off in work than out of it and that they should have the support they need to adapt to changing economic conditions. It does mean providing adequate financial support for people unable to work. It does mean ensuring that all people as they enter retirement can look forward to a decent income built up over a sustained working life that enables them to play a full part in society. And for those already of retirement age it means ensuring that they have security, both in financial terms and beyond, to live lives that are active and fulfilling.

What do we mean by poverty?

11. There are many dimensions to poverty. What is particularly striking about these aspects of poverty is not only the way that they affect an individual's current living standards but how they affect them in the longer term. Poverty transmits itself through people's lives. Children in low-income households have a higher risk of suffering from worklessness, ill health and low income in adulthood.⁹ Low income in working age means lower income in retirement. We know that the best insurance for retirement is a full and prosperous working life.¹⁰
12. Poverty is also inherited through the generations. We have already seen that education outcomes for children are highly correlated with those of their parents and that education is a key driver to success in the labour market. Those people raised in a family experiencing unemployment are about twice as likely to have prolonged spells of unemployment themselves. Those from poorer backgrounds are significantly more likely to end up as unemployed than those with higher income families.¹¹

Experiences of poverty¹²

"The worst thing about poverty is doing without, not having the things that you want or need, like not having the money for food, not having the money to do things for your kids."

"You imagine what it's like for a child in a poor family to see others with wealth and wealthy children getting presents and the child come up to the parents of the poor family saying, 'Mum, Dad why can't I have this?'"

"It's not good for your health either emotionally or psychologically which can lead to physical problems just because of the pure stress of trying to get by and pay the bills."

"You're restricted to where you can go. Even to travel in the buses in and out of town, it's almost two pounds just to go in and out ... it's terrible for families."

13. Poverty is also transmitted through locality. Children at risk from disadvantage are likely to face even greater challenges in evading poverty if they are subject to poor services and poor environments.
14. Going through the many dimensions to poverty it is striking to see how these three effects are transmitted.

A lack of resources

15. Low income is central to poverty. Income helps provide people with the resources to live active, fulfilling lives. Short periods of time spent in low income will not be a problem for many people. They will be able to smooth consumption over time by borrowing, using savings or calling on their friends and family. They are more likely to have access to mainstream credit, which is usually cheaper than finance from other sources, and they may also change their budgeting decisions so that they do not have to make any major purchases. However, this is not possible to do in the longer term.
16. Longer periods in low income represent a real risk to long-term prospects. Almost all research in this area shows that long periods of low income have a greater effect on children's outcomes, such as education and their future employment prospects, than a short period of low income. Poverty exists when those on a low income do not have the opportunities to change their position.

For example, compare the opportunities of a student living on a low income studying for a degree with those of a long-term unemployed person without any skills or qualifications. It is their prospects that differ rather than their incomes.

17. For some groups of people the opportunities to change their circumstances through work or education are less. In particular, older people are over represented in low-income figures. Single pensioners, most of whom are women, are particularly likely to have long periods in low income.

A lack of opportunities to work

18. A lack of opportunities to work is central to the problems of poverty and social exclusion. For most people of working age and their families work is the key to ensuring a decent and prosperous life. Those people who are not in work have a much higher risk of being in low income. Around one in seven working-age adults live in a household where no one works. Yet adults in workless households account for almost half of those in low income.¹³
19. But income is not the sole benefit of working. Research shows the negative impact that unemployment has on health.¹⁴ Work can provide people with a social network that can combat and prevent exclusion.¹⁵

20. Work insures people against insecurity in the future. For most people a good work history is essential in providing security in retirement. People who have substantial periods outside the labour market run the risk of prolonged periods of low income in retirement.

A lack of opportunities to learn

21. A lack of education and training is arguably the single most important driver behind poverty and social exclusion. Over half of the adults with persistent low incomes have no educational qualifications.¹⁶ Those without basic skills are at a particular disadvantage. They are more likely to spend long periods out of work than those with good basic skills.¹⁷ If they do work they are more likely to be in low paid jobs than their better-educated counterparts.
22. The premium on skills and qualifications is increasing in today's labour market.¹⁸ Without skills or the opportunity to obtain them people find it increasingly difficult to compete for the jobs available in today's labour market.

Suffering health inequalities

23. Poor health can exclude people from being able to take advantage of the opportunities open to them to work, to learn and to participate in society. The Acheson report identified the compound

effects on health of poor living and working conditions that are the product of income, education, employment and housing.¹⁹ It concluded that people who experience deprivation, have lower educational attainment, and/or insecure employment are likely to experience worse health than the rest of the population.

24. These differences are apparent early on in life. Children brought up in disadvantaged families are likely to experience worse health in later life. Despite increasing prosperity and reductions in mortality over the last 20 years, inequalities in health outcomes persist. They exist, whether measured in terms of mortality, life expectancy or health status, whether categorised by socio-economic measures or by ethnic group or gender. Many of these gaps are large and in some cases gaps are wider now than 20 years ago.²⁰

A lack of decent housing

25. Living in substandard housing directly affects the quality of an individual's life. The latest figures show that 38 per cent of pensioners lived in a home that didn't meet the set standards of decency, with a specific problem being keeping the house warm.
26. Poor housing is linked to other problems, most notably poor health. There is a particular link between poor mental health and a lack of decent housing, which is at its most acute in homelessness.²¹

27. Low-income households are more likely than others to live in damp or difficult-to-heat accommodation. For example, 44 per cent of lone parent families experience at least one problem (damp, decay, etc) with their housing and 18 per cent cannot afford to keep their home warm in winter.²²

Disruption of family life

28. Poverty places great stresses on family life. The longer it lasts the greater these stresses become. The evidence shows that lone parents and their families are particularly likely to be in persistent low income and that these families have a very high incidence of worklessness. The absence of the second parent in the household places greater responsibility and pressure on the remaining parent and increases the family's susceptibility to poverty. Research shows that the break up of relationships is one of the crucial times when many families fall into low income.²³

Living in a disadvantaged neighbourhood

29. Whilst living standards are rising for most neighbourhoods there are still some areas that do not enjoy these improvements. In these areas the problems of crime, poor services, poor health and a lack of opportunities to work compound the difficulties for individuals.

30. The Neighbourhood Renewal National Strategy Action Plan stated that the gap in living standards between the poorest neighbourhoods and the rest of the country was wide, and grew through the 1980s and into the 1990s.²⁴ It noted that in the 10 per cent most deprived wards in 1998, 44 per cent of people received income-related benefits, compared with a national average of 22 per cent. The report concluded that the gap between poor neighbourhoods and the rest resulted from a complex combination of factors. These included social and economic changes, vicious cycles (for example, areas with high unemployment rates also often have a poor reputation, making it harder for people who live there to get jobs), and the failures, over several decades, of the policies and actions of central and local government.

Interaction and reinforcement

31. Whilst these aspects of poverty are problems in themselves and well worth tackling in their own right, it is the way that they reinforce one another and multiply the problems for individuals and communities that make poverty such a complex problem to tackle.
32. The examples of how these aspects interact with one another are numerous. We've already mentioned the problems of unemployment on poor health but the relationship works in the other direction – poor health can lead to unemployment.

Those with no qualifications are more likely to be in jobs where they receive least training and those with least training are most likely to become unemployed. Those with the lowest income are least able to afford improvements to housing. And as substandard housing is linked with poor health they are more likely to see their health suffer as a result.²⁵

33. And these same problems and reinforcements happen in geographical areas too. An area loses jobs, those people who have skills and can do so, move away, leading to even less resources in the area and poorer job networks – all of which lead to further decline.
34. When we tackle poverty we need to consider not only the immediate consequences but also how it transmits itself: throughout a person's own life, between generations and through communities. Only by understanding how it interacts and reinforces disadvantage will we understand the real gains to be made in tackling it.

Who are the poor and why are they poor?

35. There is no single, uncontested definition of poverty. It means different things to different people. If we wanted to know if

a child was suffering from poverty and social exclusion we would want to know not only what their family's income was, but also the standard of their housing, their health, how well they were doing at school, and whether anyone in the house worked. We would want to know about the neighbourhood in which they lived, whether they had somewhere safe to play and whether they felt safe from crime. We would be interested in the level of services they received from the school they attended, their local GP and the social services. We would also be interested in their aspirations and their self-esteem and what they hoped to do in the future.

36. Obviously we don't have this level of information. Therefore when we talk about people in poverty or social exclusion there is invariably an element of imprecision.
37. However, we know that some groups are more likely to suffer from some of the aspects of poverty we have highlighted. These groups are often at a particular disadvantage.
 - Women – Though the position of women has improved dramatically over the last few decades they are still over represented in low-income figures, have lower employment rates than men, and are less likely to be contributing to a second pension. These disadvantages partly stem from women accounting for the majority of both lone parents and single

pensioners. Both of these groups are more likely to be in low income for long periods of time. Recent research showed that household type and marital status were more important determinants of low income in later life for women than for men. Women aged 60 or over not living with a partner were at a substantially higher risk of low income than women of the same age who were living with a partner, even if they had worked for much of their life.²⁶

- Ethnic minority people – Britain is an ethnically diverse society, but people from ethnic minority backgrounds are at a particular disadvantage in certain areas. Twice as many Pakistani/Bangladeshi women have no educational qualifications compared to the national average for women. People from ethnic minorities experience considerable additional unemployment risks and earnings gaps and these inevitably lead to material disadvantage.²⁷ Over six out of ten working-age adults from Pakistani or Bangladeshi backgrounds are in low income.²⁸ This is roughly four times the average rate for all people of working age. All this would suggest that members of this group will have problems building up significant second pensions which are important for ensuring a decent income in retirement.
- People with disabilities – The employment rate for people with a disability is significantly below the level for the wider population. This labour

market disadvantage feeds through to the low-income figures where households containing someone who is disabled are over represented – the risk of being in low income for a working-age person living in a household that contains a disabled person is twice the overall risk. Limited economic opportunities are closely bound up with social exclusion.

- Those in large families – Children growing up in families where there are three or more children are more likely to be in low income than children from smaller families.²⁹ Ethnic minority families are more likely to have larger families.³⁰ Large families are twice as likely to have no one in work³¹ and if they are in work, as wages do not reflect family size, they are more likely to be in low income.³² They are also likely to face poorer incentives to work, both in terms of practical barriers such as childcare and poorer financial incentives. Large families are also more likely to be headed by someone with no qualifications and contain someone who is disabled.³³
- Pensioners – Around one in five pensioners are in low income. They are also more likely to live in substandard or difficult-to-heat accommodation. And of course ill health for this group is a particular problem. For most pensioners without the option of work they are dependent on either the pensions they have accumulated throughout their working lives – both private and state pensions – or on targeted support. The opportunities for

pensioners to increase their income are fairly limited. This means that they are also over represented in the persistent low-income figures.

38. Of course not everyone in these groups is in poverty or suffering from disadvantage. Likewise there will be those not included in any of these groups that suffer hardship. But understanding who is at greatest risk of poverty does help us to target policy effectively to manage those risks.

How are we tackling poverty?

39. Approached in this way – identifying those facing poverty and the degree to which the dimensions of poverty reinforce each other may paint a fairly bleak picture. However, it is not without hope. Much of the same research that highlights those at risk also shows us what makes the difference. The same work that illustrates the problems often shows us how best to tackle them.
40. An effective strategy to combat poverty should have a number of elements.³⁴ It will home in on the causes of poverty, not just its symptoms: on worklessness; on low incomes; on a lack of opportunities; and poor services. It will target those people most at risk of poverty. And it will seek to mitigate those factors that we know place people at greatest risk of falling into poverty whilst building on those factors that lift people out.

Ensuring that work that pays is possible

41. A good example of this is illustrated by the recent work of Jenkins and Rigg that looked at how people move in and out of low income.³⁵ This work highlights some of the events that were most related with movements in and out of low income.
42. For families with children and those of working age, losing a job is the most significant event related to moving into low income. Conversely a household moving from being workless to one where someone is in employment is the most significant in moving out of low income. Families also move out of low income when a second family member enters work or when earnings increase.
43. **Chapter Two** focuses on this role of work in tackling poverty. For most people of working age and their families this is the best route out of poverty. We have a role to play in providing people with a growing and stable economy to secure the widest opportunities to enter work. We are also offering targeted schemes for particular groups, such as lone parents and people with disabilities, who may have more difficulties in making work possible than the wider population.
44. Also included in **Chapter Two** are details of the Working Families' Tax Credit which, along with the National Minimum Wage, is helping to make work pay. And how we will, over the next year, be

building on its success by introducing the Working Tax Credit. Given the premium attached to skills and qualifications in today's labour market it is increasingly important that people are equipped with the skills and training that allow them to attract this premium. Details of what we are doing to encourage and provide such training are included.

Support for those unable to work

45. Whilst work is the best and, just as importantly, the most sustained route out of poverty for most people, for some it is not an option. We need to ensure that those who can not work do not suffer from the lack of resources that is so central to the problems of poverty.
46. Jenkins' and Rigg's work also looked at movements in and out of low income for pensioners. Here the emphasis was on

changes in non-labour income (primarily occupational pensions or savings and investment) rather than work status. For those pensioners who saw increases in benefit they had a big impact on reducing low income – around 90 per cent moved out of low income. However, very few actually experienced this event. The research predates the introduction of Minimum Income Guarantee, which should have helped progress.

47. Whilst we know children are over represented in low-income counts, this can be largely apportioned to the numbers in workless households. Whilst we need to provide support for families who are not in work this needs to be balanced with providing those that can with the incentives needed to work.
48. Table 1.1 breaks down the composition of children in low income.³⁶

Table 1.1: Composition of low-income groups of children in 2000/01 by various family and household characteristics, including the self-employed (Great Britain)

After housing costs measure	Below thresholds of median income			All children
	50%	60%	70%	
Economic status of family				
Lone parent:	42	44	40	24
<i>of which</i>				
In full-time work	2	2	2	5
In part-time work	4	5	6	5
Not working	37	36	32	14
Couple with children:	58	56	60	76
<i>of which</i>				
Self-employed	13	11	11	11
Both in full-time work	1	1	1	13
One in full-time work, one in part-time work	3	5	8	23
One in full-time work, one not working	13	14	17	18
One or more in part-time work	9	8	7	4
Both not in work	20	17	15	7
Economic status of household				
Households with one or more workers	49	51	57	81
Workless households	51	49	43	19
Number of children in family				
One	19	18	17	23
Two	35	35	36	43
Three	25	27	28	23
Four or more	20	20	19	11
Ethnic group				
White	79	81	82	89
Black Caribbean	2	2	2	2
Black non-Caribbean	3	3	3	2
Indian	3	3	3	2
Pakistani/Bangladeshi	9	8	7	3
Other	4	3	3	2
All children (millions)	2.5	3.9	5.0	12.8

Source: *Households Below Average Income 1994/5–2000/01*, Department for Work and Pensions.

Note: Figures may not sum due to rounding.

49. The table shows that there are a number of groups of children that are over represented in low income, including lone parent and workless families. Details of the strategy to help these families into work are included in **Chapter Two**. Other groups that are over represented are those in large families (where there are three or more children) and those from ethnic minority groups.
50. **Chapter Three** provides details of how we are helping these groups and providing security. For example, the new Child Tax Credit will build on the current system of support for families with children, providing a seamless stream of income for families both in and out of work. Also included are details of the changes to the tax and benefit system to provide greater security for pensioners through Minimum Income Guarantee and how we will build on that with the Pension Credit from October 2003.

Investing in services for children to break cycles of deprivation

51. One of the starkest aspects of poverty and social exclusion is the way people's current situation feeds through into later life. Or a parent's disadvantage feeds through into their children's lives, continuing the cycle across generations. Whilst work and money are central to our strategy they alone will not bridge the divides in our society. To work alongside these we need preventive policies that can break this generational link.
52. These policies are particularly relevant to children and young people. **Chapter Four** outlines the strategy that we have put in place to help children and young people break out of the cycle of disadvantage and reduce the risks of them reaching adulthood without the necessary skills to deal with adult life.
53. We know that poorer children tend to do less well at school, and that the differences between them and their more affluent counterparts emerge at an early age.³⁷ Early intervention is key. **Chapter Four** outlines the services that we have put into place to improve this early intervention. Included are details of Sure Start, Early Excellence Centres and our improvements to mainstream education. All of these should help to provide more equality in educational outcomes between more and less affluent children of all ages.
54. **Chapter Four** also looks forward to the publication later this year of the overarching strategy for children and young people and to the improved co-ordination of services at the local level for children and young people at risk, including the piloting of Children's Trusts.

Tackling inequalities by improving public services

55. It is recognised that those who live in poorer areas may place a higher or even a specialised demand for services designed to help them. We need to

ensure that there is adequate resource for mainstream services in those areas, making sure policy development and delivery mechanisms are geared to meeting the needs and interests of the local community. **Chapter Five** outlines the role of services in tackling the problems of poverty and social exclusion.

56. Poverty and disadvantage has a significant effect on health. Health outcomes for poorer people are much worse than for those of the general population. For example, the infant mortality rate among children in social class V is double that for social class I. Evidence suggests that existing socio-economic disadvantage not only impacts on the health of the current generation, but is passed on to future generations. The problem of health inequalities, its causes and risk factors is complex and has many factors. Our cross-cutting spending review on tackling health inequalities developed a strategy to tackle this problem. **Chapter Five** outlines the programmes, as well as the investment in and reform of health services, that will help address some of these problems.
57. Access to a warm, safe, comfortable home is something that most people take for granted. However, too many people suffer from living in housing which is inadequate and which is potentially damaging to health. In **Chapter Five** we outline the new investment we have made in housing as well those initiatives aimed at addressing particular problems such as homelessness and helping people heat their homes.
58. Deprived neighbourhoods often suffer from higher crime rates than more affluent areas. All people should be able to feel safe in their own neighbourhoods and in their homes. There are a number of initiatives that aim to prevent crime. There are also schemes that aim to safeguard the rights of individuals to legal representation regardless of their income and background. Details of these schemes are in **Chapter Five**.

Indicators of progress

59. In order to monitor our strategy to tackle poverty and social exclusion we have set ourselves indicators. These indicators were established in 1999, when we published our first annual *Opportunity for all* report. Throughout the report we will, where appropriate, report on our indicators to link them to the most relevant policies.
60. The **Annex** contains information on all the indicators of progress and the statistical information that underpins them.

What next?

61. Whilst there is much work already underway to tackle these problems, we rightly continue to learn lessons as we go. Poverty and its facets change over time as do those who are affected by it. One example of this was the change in the industrial base in this country throughout the 1980s. This led to hardship in areas that were previously affluent. The problems of poverty and

social exclusion build up over time and we want to ensure that we are constantly learning what works best.

62. There are a number of areas that we are currently looking at to help us develop policies that are well targeted and successful.
63. One concerns the way we measure child poverty. We have already discussed some of the problems we have in defining poverty. There is no single, uncontested definition of poverty. It means different things to different people. Should poverty be measured with reference to other people's incomes? Should it encompass elements of deprivation? Should it cover measures of education, health, housing and the like? Or should we attempt to conflate all of these aspects into one single amalgamated measure? It is widely recognised in the academic community that there is no simple answer to these questions. That is why we have actively engaged in this debate in 2002 through our consultation *Measuring Child Poverty*. We look forward to analysing the many positive responses received and publishing conclusions in due course.
64. Better measures in the long term will help to underpin better policy making: they will promote better accountability as we make progress towards our goal of eradicating child poverty by 2020; and help to promote better informed debate. We need to measure poverty in ways that will resonate with the public and enable them to judge progress.
65. In addition we now want to focus attention on issues that have emerged from our ongoing analysis.
- Large families – We estimate that by 2004 over half of those children in low income will be in large families. We want to discover more about why these families are disadvantaged and if there is anything more we can do to help them.
 - Progression of work – We know relatively little about whether we can help people progress in work or how best to do it. We want to consider if there is more that we need to know and if this provides lessons for policy.
 - Why income matters? – There have been a number of research projects around the world looking at why children who grow up in low income do less well than their counterparts. We want to understand better why income is important and how that relates to issues such as worklessness. This should help us direct policy and make it as effective, both in terms of cost and output, as possible.
 - Second earners for families – We know that one of the best insurances against a family being in low income is having two adults that work. Under the new tax credits the incentives for second earners to work improve. We will monitor the impact of these changes to see if anything further needs to be done.

- Take-up of Minimum Income Guarantee – We want to understand better why some older people, particularly those from ethnic minority groups, do not apply for the benefits that they are entitled to. We will be researching this area and working with relevant parties to this end.
- Barriers to saving – This is clearly a key area to ensuring future pensioners retire on a decent income. We will be looking at why some people, even those with good work histories, do not make sufficient private pension provision to meet their aspirations in retirement. We will be publishing a Green Paper in the autumn looking at regulatory and other changes we can make to boost pension provision by both employers and individuals in work.

Introduction

1. Ensuring that as many people of working age as possible are in employment is central to our strategy to tackle poverty and social exclusion. For those of working age, work not only provides them with a decent income to provide the resources they need but it also allows them to build up the contacts and networks that help alleviate social exclusion.
2. Work is crucial if we are to stop both the life-cycle effects of poverty and the way it is passed down the generations. Work is not only important for those of working age. Children who grow up in non-working families have an increased risk of being unemployed themselves in adulthood.¹ Getting people of working age into work should help to reduce the transmission of poverty to their children. Having a strong work history is the best way to ensure security in retirement, halting the passing of poverty through people's lives.
3. Communities also benefit from higher employment. Those in work have more money to spend, benefiting the local economy and attracting new investment. Without this transmission a spiral of decline can set in, creating an area where no one would choose to live, with no local supermarket or other amenities.
4. Work is a central plank of our strategy to tackle poverty. For those who want to work and are actively looking for a job we want to widen opportunities through a growing economy and through a

welfare system that helps them rather than puts barriers in their way. For those who feel more detached from the labour market we want to provide help and advice tailored to their circumstances. And for those for whom work currently is not an option we want to ensure that their skills are retained and to encourage the consideration of work options in the future.

An integrated approach

5. Our 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. This modern definition of full employment focuses on the achievement of both high and fair levels of employment. The aim is not only to reduce the total number of people without a job but also to ensure that everyone should share in that success. We are committed to increasing the overall number of people with a job and reducing the concentration of those without work. This means not only providing help for groups and areas with particular concentrations of unemployment, but also addressing the incidence of long spells without work and addressing the issues not only for the unemployed but also the economically inactive – those who are outside or excluded from the labour market. This is a key social as well as an economic goal.

6. Across government we have put in place a framework to promote work. At the macro level we have followed policies that have seen sustainable growth in the economy and jobs. Sound economic management has led to the stable and growing economy that we enjoy. At the micro level there are policies to promote competition, innovation and enterprise, investment in higher levels of education and skills, active labour market policies to match people to jobs and help disadvantaged groups move into work, and policies to tackle discrimination and make work pay.
 7. Our approach can be seen in three complementary strands.
 - Making work possible – through a strong and growing economy and providing help for people to overcome barriers to work.
 - Making work pay – ensuring that people are better off, and know they will be better off, in work than they are on benefits.
 - Making work skilled – in today's changing and dynamic labour market acquiring skills is key to ensuring a decent wage. We want to provide people with the widest possible opportunities to learn and train throughout their lives and ensure that the skills people have meet the needs of employers.
 8. This chapter will take these three strands in turn, describing our strategy, looking at how it has built up over the last few years, and how it will continue to develop into the future. We will highlight key policies in these areas explaining how we feel they are tackling the problems of poverty and social exclusion. Where possible this will be done by looking at evaluation results and by linking the outcomes of the policies to the indicators of progress by which we measure our success.
- ## Making work possible
9. There are three ways that public policy can help people into work.
 - Maintaining a strong and stable economy.
 - Providing an active welfare system.
 - Targeting help at particular groups.
 10. This section will look at these in turn to show how our approach is enabling more people to work in this country than ever before.
- ## Maintaining a strong and stable economy
11. Economic growth and social justice go hand in hand. It is not possible for an economy to reach its full potential if a significant minority of its people are out

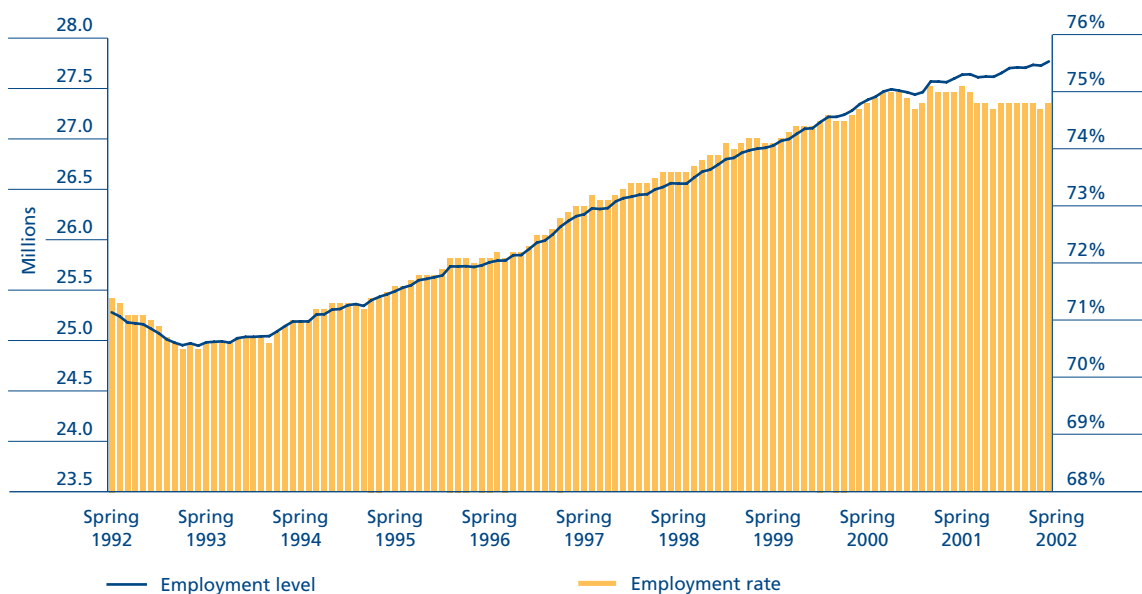
of work and, therefore, not able to contribute. Improvements in the labour market and the labour force are important drivers of productivity and growth. Getting people into employment is not only important for the individuals involved; it's important for all of us.

- 12. Stable sustainable growth is key in tackling poverty and social exclusion. Over the 1980s and early 1990s macroeconomic instability – a cycle of boom and bust – was deeply damaging to the labour market. There were sharp falls in employment during the recessions and peaks in the numbers unemployed. Worklessness became increasingly concentrated on disadvantaged groups

and on the low skilled. Long periods spent out of work caused people to drift further away from the labour market, losing the skills, motivation and confidence to get on.

- 13. Chart 2.1 shows the continuous and steady progress that has been made over the last few years. The number of people in work in Great Britain stands at record high levels of over 27.7 million, an increase of over 1.5 million since 1997. Our **indicator of progress** showed that 74.6 per cent of people of working age were in employment in spring 2002, up 1.9 percentage points since spring 1997 and close to the highest ever rate of 75.0 per cent.

Chart 2.1: Employment rates and levels for working-age people (Great Britain)



Source: Labour Force Survey.

Providing an active welfare system

14. Whilst a successful and growing economy is the bedrock upon which we make progress, in order to move towards our goals we require a welfare system that is proactive.
15. The provision of benefits for workless people helps to achieve our social goals by increasing incomes and providing security for some of the most disadvantaged people in the country. But it may also reduce the incentive for some people to go out and look for work. The benefits system in the past has been passive in its administration of benefits. It has been content to hand out money without offering people opportunities to get ahead under their own steam. But people in work stand a much better chance of sharing in rising prosperity than those dependent on benefit.
16. We want a welfare system that provides that all-important safety net for those who cannot work. But we want to ensure that in doing so it also provides people with the opportunities they need to fulfil their potential. This is consistent with the generally held view that it is the responsibility of those who are receiving unemployment benefit to be actively seeking work.²

Jobcentre Plus

17. In October 2001 we launched Jobcentre Plus, a new service to deliver work-focused support for all those of working age on out-of-work benefits. This includes not only those actively seeking work – the unemployed, but also those who viewed themselves outside of the labour market – the inactive.
18. Jobcentre Plus brings together the Employment Service and the working age parts of the Benefits Agency to deliver work for those who can and security for those who can't. Building on the success of the New Deal and other policies to tackle unemployment and inactivity, Jobcentre Plus will provide a work-focused service based on the principle of employment first with rights and responsibilities balanced at every stage.
19. Starting in 56 pathfinder offices across the country, Jobcentre Plus is at the centre of our strategy for a work-first service for people of working age. It marks a dramatic change in the way we help working-age citizens and their families, delivering an active service to help people become independent and move from welfare into work.
20. On making a claim for benefit all people have a work-focused interview to discuss opportunities available for taking up work. The work-focused interview allows us to discuss an individual's circumstances and explain the opportunities open to them. We recognise that not all people will be ready to contemplate work at this stage,

but we can prepare them for it at some point in the future. We can explain the financial benefits of moving into employment; the help available through Jobcentre Plus to undertake training to improve skills; and the assistance we can give with finding work and arranging suitable childcare for those with children.

21. By working closely with employers, Jobcentre Plus aims to help unemployed people and inactive welfare recipients by providing job vacancies, information, advice, training and support and by encouraging employers to open up more opportunities to them. The employment first focus of Jobcentre Plus ensures that it offers high quality and demand-led services appropriate to the needs of employers. Employers in turn are helped to fill job vacancies quickly and effectively with well-prepared and motivated employees.
22. Of course Jobcentre Plus also has the responsibility to provide help and security for those of working age for whom work is not an option. Details of our strategy to provide this financial security are provided in **Chapter Three**.

Tackling unemployment

23. Drawing a distinction between the unemployed – who in labour market terms are active – and the inactive is useful at this point. The former are available for and actively seeking work and include those claiming Jobseeker's Allowance. Those on other benefits, such as a lone parent on Income Support or a

person with a disability on Incapacity Benefit, do not as a condition of their entitlement have to be available for or actively seeking work. The inactive outnumber the unemployed by a ratio of four to one. Therefore we need to tackle the issues facing both groups if we are to achieve our goals of high and fair employment.

24. However, the policies that are likely to be effective in moving these groups into work may differ. The unemployed, by definition, are closer to the labour market and are more likely to be thinking about work and ready to start work. Around 75 per cent of people who become unemployed find a new job in the first six months. Many may require information, encouragement and help in finding work. Some will require more intensive help before they are ready to work. Individuals in the inactive group are, by definition, further away from the labour market. Those able to move into work in the future will require help and encouragement to look for work, information on the benefits of work, and support to find skills, confidence and motivation.
25. Jobcentre Plus has in place arrangements that allow active help to be increased the longer people claim benefit. For the minority of people who become long-term unemployed, more intensive help is provided through our New Deal programmes. There is early voluntary access onto the New Deals for groups at a particular disadvantage in the labour market, for example those with

disabilities, literacy and numeracy difficulties, and ex-offenders and former members of the armed forces.

26. New Deals are based on the personal adviser approach. A personal adviser is able to identify specific barriers individuals face in trying to move from welfare to work and advise on how these can be overcome. The majority of the New Deal programmes are voluntary. However, the New Deal for Young People (NDYP) and the New Deal 25 plus (ND25+) are compulsory and backed up by benefit sanctions for those people who do not take seriously their responsibility to actively search for work.
27. The NDYP helps young people who have been unemployed and claiming Jobseeker's Allowance for six months to find and stay in work. This provides intensive and tailored help and options including work experience and education and training.
28. Independent research has demonstrated the success of the NDYP programme. Our pledge to help 250,000 young people into work in the last Parliament was achieved by September 2000 – well ahead of schedule. The programme is continuing to help young people make that all-important first step into the labour market. To the end of March 2002, NDYP had helped over 360,000 young people into jobs.

Case study – New Deal for Young People

Tracey Schmid was unemployed for two years before starting her own business, Mean Scream, in September 1999 via the New Deal and with a Prince's Trust loan of £4,000. Tracey designs, manufactures and sells snow-wear and outdoor clothing.

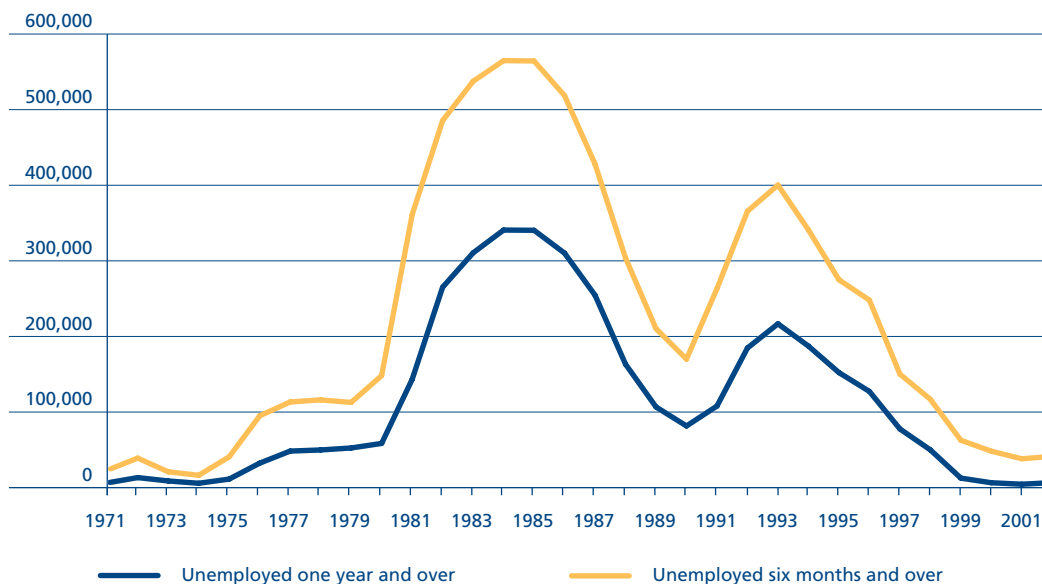
"It was good timing – New Deal kicked in and it was brilliant. My business adviser, Roger, was really enthusiastic and even told me to fax my business plan to him at home over the weekend."

Despite a challenging year, Tracey enjoyed much success, including producing the British Men's and Women's Kayaking Team kit, worn at the World Championships, and winning the 2001 New Deal Entrepreneur of the Year award.

Tracey looks back with amazement at her accomplishments over the past three years and acknowledges that without the help that she received she could never have come this far. Her business is now creating a profit and she is in the process of setting up a website to complement the mail order business.

29. The success of the programme can best be seen in the dramatic fall in unemployment for this age group and the near eradication of long-term (12 months or more) youth unemployment. Evaluation showed that in the programme's first two years 60,000 more young people have moved directly into work than would have been the case without the New Deal, and that by March 2000 over 200,000 young people had left unemployment sooner than they would have done without the New Deal. The evaluation also shows that NDYP has improved the work skills, experience, qualifications and self esteem of many thousands more.³
30. And as we said earlier tackling disadvantage benefits us all. The research estimated that the economy was £500 million a year better off as a result of NDYP.
31. Chart 2.2 shows the trend in long-term youth unemployment over the past 30 years. It shows that the level started off relatively low in the early 1970s, rising significantly in the early 1980s before falling with the boom later in the decade. With the recession of the early 1990s the numbers again rose before continued falls through the later part of the decade.

Chart 2.2: Long-term youth unemployment (Great Britain)



Source: Labour Force Survey.

Note: Youth is defined as aged 18–24.

32. People who are out of work for long periods of time are particularly prone to social exclusion. It is likely to lead to a period of persistent low income. And long spells of unemployment are related to decreases in applicable skills as well as motivation. For people aged 25 and over help is available through ND25+ which provides intensive help with looking for work (sometimes known as jobsearch). For people who have been unemployed for 18 out of the last 21 months a personal adviser will provide individual support.
33. The ND25+ programme was introduced in 1998 but was enhanced, in light of the pilot schemes and early evaluation, in April 2001 to provide more intensive help and more flexible, tailored support. To the end of March 2002, ND25+ had helped over 100,000 people into work.
34. In addition to the New Deal programme we also offer support through Work Based Learning for Adults (WBLA). WBLA is a voluntary training programme for jobless people on Jobseeker's Allowance and other benefits, mainly aged 25 and over. Most people have access when they have been jobless for six months, but a number of groups at serious disadvantage in the labour market can access help from day one. WBLA offers a range of support, from help with basic skills to work-based occupational training and support for taking up self-employment. In the year ending March 2002, around 63,300 people were helped through this programme.
35. Since 1997 there has been a substantial fall in adult long-term unemployment. The number of adults who have been out of work for over a year has been reduced by over 250,000, whilst the number of adults unemployed for over two years has fallen by almost 200,000. The healthy economic climate as well as the programmes we have put in place, in particular ND25+ and Jobcentre Plus, should see this trend continue.

Case study – New Deal 25 plus

Samantha is just one of the New Deal candidates who have been given full-time employment by Manweb, the training arm of Scottish Power Learning, after undergoing a 25-week work placement there.

She acquired work as part of a customer service team at Scottish Power's Energy Supply Division call centre in Wrexham.

"New Deal helped me get this job in the first place," she said. "It enabled me to gain experience with a big company and helped me build my confidence. When the New Deal six-month placement ended, Manweb extended my contract for a further six months. And now, more than a year later, I'm still here!"

Targeting help at particular groups

36. Achieving full employment will take us some way to achieving not only a successful economy but also a fairer society. It is incompatible with our drive towards fairness and increased opportunity to accept a position that has written off a significant proportion of the population as unemployable. Also it is an inefficient use of valuable resources.

Tackling inactivity and reducing barriers to work

37. Whilst all people of working age benefit from a growing and stable economy, some groups face higher barriers to entering work than most. Examples are lone parents who do not have a partner to help with childcare arrangements or disabled people who may require help and advice to address a lack of confidence and skills and to deal with the adjustments they and their employer may have to make because of their disability. It is part of our strategy to direct help at these particular groups to help to overcome these barriers.
38. Although overall employment rates and levels are historically high, those for certain disadvantaged groups are still considerably lower than the overall rate. These groups include people with disabilities, lone parents, ethnic minority groups, older workers and those living in disadvantaged areas.

39. Despite significant improvement over recent years we need to see further increases in employment amongst these groups. We have set ourselves Public Service Agreement (PSA) targets to ensure that progress is made on increasing the employment rates for these groups and significantly reducing the difference between their employment rates and the employment rate of the population as a whole.
40. Jobcentre Plus, the roll out of work-focused interviews to all benefit claimants and the New Deal programmes are at the centre of our strategy for helping people in these groups. The simple idea underpinning the New Deal is that the vast majority of workless people have the potential to earn their own living. However, to make that initial move into employment and in the early days of work they may require particular help.

Improving employment opportunities for lone parents

41. One in five children live in lone parent families. This accounts for around 2½ million children. The number of lone parents started to increase dramatically during the 1980s. Since then their numbers have continued to increase, and are expected to increase for the foreseeable future, though the rate of increase has slowed.

42. Children growing up in lone parent families are at a much greater risk of experiencing low-income than those in couple families. This is due in the main to the higher worklessness rates for lone parent families. Children in lone parent families account for around two-thirds of children living in a household where no one works.
43. There are a number of factors behind this statistic. Nine out of ten lone parents are women; they are less likely to have qualifications than partnered women, more likely to report a long-standing illness or disability and more likely to have a child below school age.⁴ All these heighten the barriers to entering work.
44. Whilst lone parents will benefit from our general labour market policies, we recognise that they may require additional help into the labour market. The New Deal for Lone Parents (NDLP) plays a vital role in improving their chances of taking up and increasing hours of paid employment to enable them to move off benefits and raise their living standards.
45. The NDLP programme is voluntary, but the scheme demonstrates our commitment to helping people help themselves. Nine out of ten lone parents are either in work, looking for work or want to work in the future.⁵ Out of every ten lone parents, four work at least 16 hours a week, two expect to work quite soon or already work part-time, three want to work but not yet and only one felt sure that they would not return to the labour market.⁶ Through help from a personal adviser, a package of advice and support is tailored to the lone parent's individual needs. This includes help with jobsearch, in-work benefit calculations, childcare arrangements, training and support in overcoming barriers to work.
46. Since it started NDLP has provided advice to around 380,000 lone parents and over 150,000 have found work. Approximately 55 per cent of participants leave the programme for employment. A full evaluation of the effects of the programme is expected to be published in 2003.⁷

Case study – New Deal for Lone Parents

Rachel, 29, had worked previously in a factory but had given up that work to be a full-time mother. Once her daughter had reached school age and settled in, Rachel decided to return to work. Rachel read about the New Deal for Lone Parents in the press and made an appointment to see an adviser.

Rachel was looking for "something completely different". She says that the New Deal gave her the confidence to consider a wide range of jobs and accept a post as a site labourer with a construction company. Rachel also received funding that helped to buy the specialist clothing and boots she needed.

47. The healthy economic climate along with our targeted policies have helped to increase the employment rate of lone parents, one of our **indicators of progress**, from 45.6 per cent in 1997 to 53.6 per cent in 2002. Over the same period the gap between the lone parent employment rate and the overall employment rate has narrowed from 27.2 percentage points to 21.0 percentage points. However, the employment rate for lone parents is still significantly less than the employment rate for partnered women, which is just over 70 per cent.
48. We are committed to improving this further and have set a PSA target to increase the employment rate of lone parents as well as reducing the gap between their employment rate and the overall rate in the economy. In addition we have pledged in the longer term to increase the employment rate of lone parents to 70 per cent.
49. In order to help meet these longer-term targets, in April 2001 we extended NDLP to further increase its effectiveness.
- Lone parents beginning part-time work (less than 16 hours) are offered help towards the cost of childcare.
 - A training premium of £15 a week became payable to those taking up work-focused training through NDLP.
 - The earnings disregard in Income Support for lone parents increased from £15 to £20 a week to encourage more to take up part-time work.
50. In addition, after consultation with voluntary organisations representing lone parents as well as lone parents themselves, we have also introduced compulsory personal adviser meetings. The purpose of these meetings is to make lone parents aware of the range of help that is available to them and encourages them to think seriously about their options for work, either now or in the future.
- ### The role of childcare
51. Childcare is one of the most commonly reported barriers to work among non-working parents and, in particular, lone parents. Lone parents' childcare problems are often amplified due to the fact that work and childcare are not split between two parents.⁸
52. When asked their reasons for not working, 30 per cent of non-working lone parents mention lack of affordable childcare as a reason and almost eight in ten (78 per cent) agree that they would prefer to go out to work or study if they had access to suitable childcare.⁹
53. The availability of suitable, affordable childcare is also a key element in enabling low-income working families to increase their income. If they are to engage in education or training to improve their prospects, or increase their hours or take on more responsibility, then many will need access to reliable childcare.

54. In addition, high quality childcare is an essential service to help sustain strong communities. Details of our policies to help children in their early years are available in **Chapter Four**.
55. In ensuring that childcare does not prove to be an on-going barrier, we continue to develop our National Childcare Strategy in England. There has been a substantial expansion in childcare provision nationwide. Since 1997, 497,000 new childcare places have been created, benefiting over 906,000 children and we are well on track to meet our target of creating new places for 1.6 million children by 2004.
56. Annual childcare funding will more than treble between 2000/01 and 2003/04 and much of this increased funding will be targeted on the 20 per cent most disadvantaged areas. At £300 million over three years to 2004, our Neighbourhood Nursery programme is the biggest ever single investment to increase childcare provision.
57. The cost of childcare can be a significant factor in parents' employment decisions. The childcare tax credit component of the Working Families' Tax Credit provides financial assistance to low- and middle-income working parents to pay for childcare. Parents can receive help with up to 70 per cent of their eligible childcare costs. The most recent figures show that 160,000 families are receiving the childcare tax credit component – a dramatic increase from the 47,000 who had help with childcare costs under Family Credit.
58. In addition, through the NDLP, Jobcentre Plus can now provide considerable help with both finding and paying for childcare. Personal advisers can talk through childcare issues, subsidies for those on the programme who attend training, and help with up-front childcare costs for those entering work. From April 2003 there will be a dedicated childcare co-ordinator in every Jobcentre Plus district to ensure that job seekers with children and their personal advisers have access to information on childcare provision in their area.
59. The 2002 Spending Review confirmed our intention to continue to expand and improve childcare provision. As part of our strategy, we will:
- develop a thriving supply of childcare;
 - provide financial help to lower- and middle-income parents for whom the cost of childcare is a barrier to work; and
 - transform the way services are delivered to ensure that we better meet the needs of children and their parents, particularly for the most vulnerable, reflecting the early lessons of the Sure Start programme.
60. The Spending Review also saw a doubling of spending on childcare. The extra funding will support the expansion of childcare places across the country and, in particular, the provision of integrated early education childcare and family services in a network of children's centres in disadvantaged areas.

61. In addition we are ensuring that all our policies are effective in rural communities. At the heart of this is the development of multi-functional childcare centres that provide a range of services. Where possible these make use of existing premises in order to be cost-effective, to make it possible to recruit and retain staff, and to minimise travel requirements for parents.

Improving employment opportunities for people with disabilities

62. People with disabilities are nearly eight times as likely as those without to be out of work and claiming benefits. There are over 2.6 million disabled people out of work and on benefits: over a million of them want to work.¹⁰

63. Active labour market policies are vital to our welfare reform strategy. As the emphasis shifts from unemployment to tackling economic inactivity, enabling people with disabilities to find and retain work becomes a critical factor in the success of the strategy.

64. Changes are being implemented on a number of fronts to reflect the multiple barriers that disabled people face in getting and keeping work. Benefits rules are being made more flexible to allow work where possible, incentives to move into work are being improved and the civil rights of disabled people are being strengthened through legislation and awareness raising. We also need to provide the encouragement and support to people with disabilities to improve their expectations and provide them with the confidence to succeed.

65. New Deal for Disabled People (NDDP) is voluntary, and gives people on incapacity benefits access to a network of innovative Job Brokers. These Job Brokers work with the individuals, to help them understand and compete in the labour market and support them in finding and keeping employment. They agree with each customer what is the most appropriate route into work for them. Job Brokers work closely with providers of training, disability-specific support services, welfare rights organisations and the Citizens Advice Bureau to ensure individual customer needs are met.

Case study – New Deal for Disabled People

Judith Dunn is 50 and loves the job that she started in March 2002 and is clearly good at it.

When Judith followed up a library advertisement for the New Deal and contacted the Workbridge Centre in Northampton in January 2002, she had been out of work for three years. She suffered clinical depression and fibromyalgia.

Fortunately, the fibromyalgia went into remission during autumn 2001 so Judith started to think about the possibility of working again. She tried various recruitment agencies, but none were helpful. Contacting the Workbridge Centre was a turning point. Judith agreed to come to the centre after talking on the telephone to her personal adviser. "I was in such a state that I was put on a six-month programme. On the first day, I joined a group doing ceramics but I didn't speak to anyone. I was totally withdrawn."

With encouragement, Judith emerged from her shell and by the fourth week she had arranged an interview for her present job as office administrator with Liftability Limited in Brackley.

"After only two weeks, I was able to work another five hours a week, then another ten and so on, until I became full-time. Since I started work I've been astonished by the transformation in myself, and so has my husband. What I needed most was renewed confidence in my own abilities to work. That, I believe, is the most important thing for anyone in a similar situation."

66. NDDP is also working to raise awareness among employers, promoting individuals by emphasising their capabilities. Employers are experiencing for themselves the benefits of employing disabled people and this is changing attitudes and opening up opportunities.

Case study – New Deal for Disabled People

Jimmy Rimmer owns and runs ACE Motorcycle Training Ltd in the North East. The business employs 11 full-time and 7 part-time staff dedicated to instructing motorcyclists in the art of riding.

In February this year, Jimmy employed Michael Farwell via the NDDP programme in Tyneside. Michael, in his late 30s, had worked previously as a technical instructor in forestry but had had a long period off work as a result of stress.

“Initially I had a chat with him and we decided that he should do a trial period. This is a hard job; you have to be fully responsible and keep the whole time you are on the road with a trainee. But motorcycling was close to Michael’s heart and we decided to give it a try. It is no easy ride though. The training programme to become a qualified instructor lasts three months and involves a final assessment down at Cardington. You have to be committed.”

Michael came through just fine and is now fully qualified and enjoying his work. He has told Jimmy that this job is “the best job I’ve ever had”.

Would Jimmy Rimmer consider employing another NDDP candidate?
 “As a matter of fact, since Michael, I’ve taken on another employee through the programme – an ex-nurse, called Harold Nelson – who has just qualified too,” he replies.

“They’re good at instructing and are highly motivated. I’m very choosy about employing people of the right standard. I need top instructors to get the best out of learner riders,” he says.

67. We aim through this scheme and the others that complement it to tackle the causes of social exclusion by addressing the barriers that disabled people on incapacity benefits face in getting and

keeping work. With the right level of support, work is an option for many disabled people and will enable them to fully realise their potential, play a more active part in society and become increasingly independent.

Other labour market policies to help disabled people

These policies aim to tackle the causes of social exclusion by addressing the barriers that people face in getting and keeping work.

- WORKPREP is a programme of employment rehabilitation tailored to the needs of the individual. It can cover a wide area of competencies such as interpersonal skills, confidence building, relearning basic skills and coping with the demands of work. During 2001/02 some 8,000 people with disabilities have been helped.
- The Job Introduction Scheme provides a wage subsidy of £75 a week, paid to the employer, for the first six weeks of employment. The scheme is designed to provide the employer with an incentive to employ an individual when they have doubts about whether the job is within the applicant’s capabilities. Nearly 2,000 people were helped through the scheme in 2001/02.

- WORKSTEP enables people with disabilities who face more complex barriers to work to take up employment, and work in supported factories and businesses operating within the programme. There are currently around 22,500 supported employees on the programme.
 - The Access to Work programme can provide the support that is required to overcome barriers that can affect people in, or about to enter, paid work. Support can take the form of help with the costs of getting to work, help with the cost of adaptations to equipment, computers or the workplace, and with the cost of communicator support for those with hearing or visual impairment. The programme helped almost 33,000 people last year.
 - The Job Retention and Rehabilitation Pilot will offer help to employed and self-employed people at risk of losing their job early due to ill health or disability. The pilot should provide evidence about what is most effective in helping people retain their employment.
68. For many people with disabilities work is not only the best route to financial independence and a greater sense of fulfilment, but also to better health. Indeed, there is evidence that not working contributes to ill health.¹¹
69. Enabling disabled people to get a job has an impact that reaches beyond that individual to those around them: partners, children, other family members and the community as a whole will also benefit.
70. We monitor the employment rate of people with disabilities as one of our **indicators of progress**. Since 1998, our baseline, the employment rate for this group has increased from 43.5 per cent to 48.0 per cent in 2002. And the gap between the employment rate for this group and the overall employment rate has decreased over the same period from 29.8 per cent to 26.6 per cent.
71. Improving the employment rate for people with disabilities would unleash a large potential resource and, while we have started the process of establishing a coherent range of provision to encourage re-entry into the labour market for those who can, there is a great deal more that we can do. We will build on the initiatives taken so far and continue to develop ideas for helping disabled people to fulfil their potential.
- Improving employment opportunities for older workers**
72. People approaching retirement age, in particular men, have increasingly been dropping out of the labour market. In 1979 around one in five men aged 55–64 was not working. By 1997 this proportion had more than doubled. In some cases this reflects increasing

numbers taking voluntary early retirement, with access to a good income stream from an occupational pension. But for many this early retirement is not voluntary and leads to low income in the final years of working age which may continue into retirement.

73. We launched the New Deal 50 plus (ND50+) in April 2000. It is a voluntary scheme for people and their dependent partners who are aged 50 or over. It offers the following back to work help for employees and the self-employed.

- A personal adviser for jobsearch support.
- An Employment Credit of £60 a week paid for up to a year for those entering full-time work (£40 a week for part-time work) for those with a personal gross annual income of £15,000 or less.
- An in-work Training Grant.

74. In the 27 months since the programme was launched nationally just over 75,000 people, over 24,000 of whom have a disability, have received an Employment Credit, adding to their income from work. Evaluation showed that participants had positive views about the programme, with the Employment Credit being seen as the main element.¹²

75. From April 2003 the ND50+ Employment Credit will be carried forward through a 50 plus return to work payment within the Working Tax Credit.

76. However, evaluation also showed that take up of the programme's in-work Training Grant was low, in both numbers and the amounts taken up. There were several reasons for this – client's lack of experience in buying training, lack of information about the Grant and people taking up jobs that did not require new skills. We think that increased flexibility of the Training Grant, both higher amounts and availability over a longer period, together with improved Jobcentre Plus advice on training should lead to improved take up. Therefore we have decided to increase the grant to £1,500 (from £750) and extend the period of availability from one year to two years.

The New Deal 50 plus Training Grant

A pilot is underway in Redcar and Cleveland Local Authority to help people eligible for ND50 plus to be recruited as IT Support Assistants in primary schools. Schools in the local area grouped together to advertise a number of vacancies for IT posts. Successful individuals then received intensive training at the local Adult Training Centre, funded by the ND50+ Training Grant, before going to work in the schools. This pilot demonstrates how employers and individuals can make use of the ND50+ Training Grant, and we will be building on this pilot by working with secondary schools in the same area.

Case study – New Deal 50 plus

Peter Worthington, 54, started out as a painter and decorator when he was 14 and had been in the trade off and on since. But a car accident three years ago halted his career when a doctor advised him not to climb ladders because of a back injury. He found work as a computer engineer while his back recovered, but he was made redundant in April 2001.

After being unemployed for six months, Peter had an interview with his personal adviser, Damian, at Accrington Jobcentre. He wanted to return to his original trade, but his confidence was low. Through regular meetings, Damian helped to build Peter's confidence and encouraged him to get his injury checked with his doctor, who gave him the go ahead.

When Peter was offered a painting and decorating job, Damian arranged for him to get new tools and overalls using the Adviser Discretion Fund, and helped him to apply for the ND50+ Employment Credit. Without these two sources of funding, Peter says that he would not have been able to take the job.

77. These programmes, together with the positive economic conditions, have helped to increase the employment rate of older workers (aged 50 and over) from 64.7 per cent in 1997 to 68.1 per cent in 2002. The gap between this rate and the overall employment rate has narrowed from 8.0 per cent in 1997 to 6.5 per cent in 2002. However, we want to see further improvements to this **indicator of progress**. To monitor this, we have set ourselves a PSA target to increase employment amongst this group and to reduce the gap between the employment rate of older people and the overall employment rate.

Improving employment opportunities for people from ethnic minority backgrounds

78. There is a wide variety of experience of the labour market within ethnic minority groups. For example, Pakistani and Bangladeshi women have an average employment rate of around 25 per cent, compared to a rate of over 70 per cent for white women. Whilst at the other extreme Indian men between 25 and 44 years of age have an employment rate of around 90 per cent, as high as their white counterparts.
79. The ethnic minority employment rate has been increasing since 1993 and the difference between it and the overall rate has been steadily declining. But the increase has not been as quick as we would hope. Black men and women seem to have fared particularly badly over the last ten years, especially older black men.

80. The reasons why ethnic minority people have, and continue to have, lower employment rates are complex. In February 2002 the Performance and Innovation Unit published an interim report looking at some of the factors involved: class; occupation; industrial sector; language; cultural norms; first or second generational status; prejudice.¹³
81. Our mainstream projects will help people from ethnic minority backgrounds. However, we recognise that extra help may be needed to overcome some of these barriers.
82. A number of measures have been put in place since 1997 to help improve the chances of people from ethnic minority groups in the labour market. For instance, the NDYP was the first employment programme proactively to promote equality of opportunity and outcome and adopt a strategy to help overcome the barriers faced by ethnic minority young people. Employment Zones have a special remit to help address local barriers to work including those faced by ethnic minority participants. Action Teams for Jobs have people from ethnic minority groups as one of their target groups to help.
83. In addition to these initiatives, in April 2002 we launched a new outreach service. Its aim is to engage more effectively with people from ethnic minority groups and strengthen the support available to those who may need help with their transition into employment. The service will work with ethnic minority groups to produce new, innovative community-based ways of helping people overcome the barriers to work and encourage more of them to make use of our mainstream services. It will be delivered by organisations that have demonstrated their knowledge of and ability to work effectively with ethnic minority communities and help people move into work.
84. Jobcentre Plus is also developing a strategy that will dovetail with outreach and the New Deals. This includes the recruitment of more staff from the ethnic minority communities to reflect better the diversity of the communities they serve, better training for staff to enable them to recognise the needs of people from different ethnic minority groups, and closer working with the Race Relations Employment Advisory Service to address employer discrimination.
85. One of our **indicators of progress** is the employment rate of ethnic minority people and the gap between this rate and the overall employment rate. Since 1998, our baseline year, the employment rate for ethnic minority people has risen from 57.3 per cent to 58.3 per cent. The gap between this rate and the overall employment rate has been fairly stable over this period and now stands at 16.3 per cent. Again we have set ourselves a PSA target to ensure progress.

Improving employment opportunities for people from disadvantaged areas

86. There are significant variations in employment rates at the local level, within the regions and across Great Britain. Sometimes areas of high and low employment rates are very close to each other, but the areas with low employment rates tend to be where the numbers on welfare – both unemployment related and other benefits – are highest. Often these areas face multiple disadvantage.
87. General programmes, such as Jobcentre Plus, Working Families' Tax Credit and the New Deals, which aim to cover all areas, will inevitably reach those in disadvantaged areas. However, there is clearly a role for specific help for those who live in areas where people need it most. Therefore we have supplemented national policies with more geographically specific and targeted policies.
88. Action Teams for Jobs offer opportunities for all jobless people living in areas where employment rates are low and where people find it difficult to get work because of their ethnic background, their work histories, or because of where they live. Participation in the scheme is voluntary.
89. There are currently 63 Action Teams, including one in each of the 30 local authority districts that we have targeted in our PSA to increase employment in disadvantaged areas. Of the 63 Teams, 38 are run by Jobcentre Plus, and the remainder are contracted out across 7 different contractors.
90. The Teams operate mainly at the smaller ward level, with employment rates well below the national average. Reaching out to participants – by working in community centres, supermarkets or from a mobile unit, and using funding flexibly they help people to address the problems that are preventing them getting into work.
91. Action Teams are specifically targeted towards people with complex and multiple barriers to employment including those with long-term drug problems, ex-offenders, homeless and hostel dwellers, people with a disability, people lacking basic skills and workers aged over 50.
92. The Action Team model was designed so advisers had more time to establish relationships with their clients. The initiative is built around the needs of the client, which allows them an opportunity to build up the confidence and motivation of their clients, as well as a chance to understand the particular barriers faced by an individual. This leads to individually focused solutions to finding a job.
93. The Teams work closely with local employers and other local organisations in informal partnerships to benefit the local community. Action Teams are able to support wider employment-raising projects or address local transport problems with additional money from dedicated central project funds.

94. Since the first three Action Teams started in June 2000, they have worked with over 100,000 jobless clients, of which over a third have moved into work.

Case study – Action Teams for Jobs

Wansbeck Action Team in the North East were key players in the introduction of a bus link for local jobless people to nearby industrial areas. They have worked very closely with the local authority and transport providers to map a route that went from local villages and areas of low employment to where the employment opportunities are.

Although this distance was only about 12 miles, there was no transport service available. The Team involved the employers in the process to ensure the routes and times of the bus fitted with the shift patterns. The Action Team have funded the bus and expect it to become self sufficient as it becomes established. This service is not only for the use of Action Team's clients but a benefit to the whole community.

95. Employment Zones are situated in 15 areas of the country with some of the highest levels of long-term unemployment.¹⁴ They cover larger areas than those covered by Action Teams. People eligible for Employment Zone help are aged 25 and over, claiming income-based Jobseeker's Allowance and who have been unemployed for at least 12 or 18 months depending on the area. Through the Employment Zones, contractors from the public and private sector are trying an alternative approach to help the long-term unemployed into sustainable work.
96. Participation on the programme is mandatory, and includes individual attention for each participant by personal advisers. Employment Zones pool existing funds for jobsearch, training and benefit payments and gives contractors the flexibility to provide innovative, personalised solutions to help people back to work.
97. Employment Zone provision has three steps. In the first step participants work with their personal advisers to identify barriers to work and draw up an action plan to overcome them. On the second step participants then undertake an intensive job search, finally on the third step, when a participant moves into employment the contractor provides support to help the participant stay in work.

Case study – Employment Zones

After almost eight years of unemployment two brothers, Steve and Wayne Hill, from Birmingham were referred to their local Employment Zone. Made redundant from their civil engineering jobs the men preferred to pursue their dream of beginning their own business, rather than being employees, and hoped to continue working together.

The brothers had thought about running a car valet service, but could never afford the start-up costs. However, the Employment Zone was able to provide advice, support and financial help enabling them to begin their own business. The brothers had not even been able to open a bank account, again something that the Employment Zone were able to help them with.

Launching their valet service last March, the brothers have never looked back. Initially serving businesses throughout the Birmingham area, their clientele has now extended to Warwickshire.

Steve says, "After nine years of being unemployed, we can't believe the support that the Zone offered us to establish our business. From an idea for the business, we received the precise assistance that hadn't previously been offered to us, like the development of a business plan and access to funding."

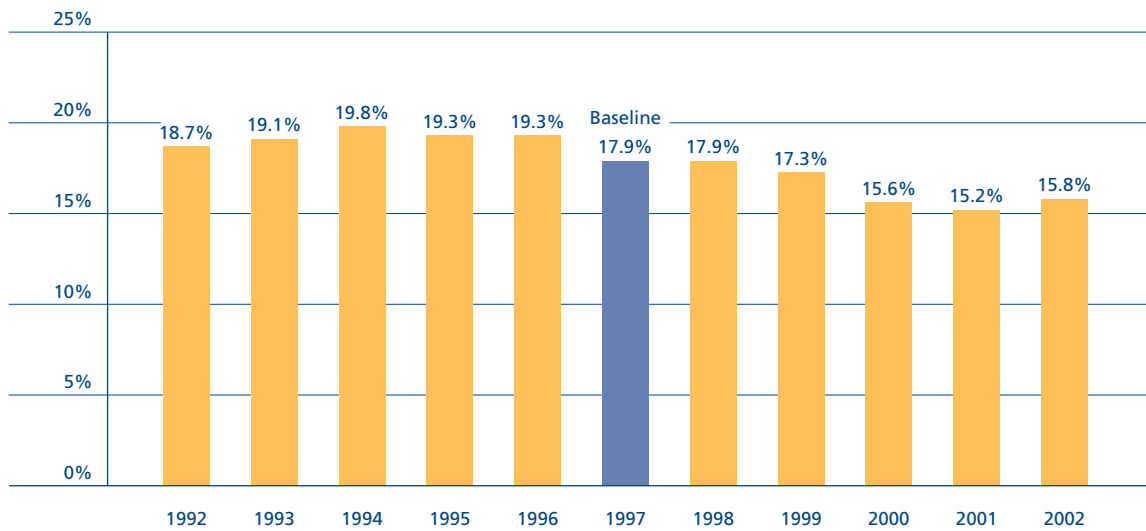
98. By the end of April 2002 over 23,600 people had been helped into work by the 15 Employment Zones. Early evaluation results indicate that:¹⁵
- over 40 per cent of participants in the Employment Zones find work, of these around 80 per cent remain in work for 13 weeks or more;
 - Employment Zones are successful in working with people from ethnic minority groups, and are currently achieving similar outcomes for white and ethnic minorities; and
 - the quality of the relationship between adviser and participant is central to the success of Employment Zones.
99. Our wider strategy to tackle disadvantaged areas will also improve the work prospects of people living in those areas. For example, Local Strategic Partnerships are working with Jobcentre Plus, local colleges and businesses and other partners to develop and deliver strategies for tackling unemployment in the most deprived wards. For more details on how we are improving services in deprived areas see **Chapter Five** or for a fuller picture of how we are tackling disadvantaged areas see the Neighbour Renewal Unit's annual report.
100. The general economic conditions, combined with our mainstream schemes such as the New Deals and Working Families' Tax Credit, and area-targeted approach have helped to increase the employment rate in the 30 local

authorities with the poorest initial labour market position. The rate was 62.2 per cent in 2000 and increased to 63.7 per cent in 2002. This is one of our **indicators of progress**. The gap between the overall employment rate and the employment rate in these areas has narrowed from 12.4 per cent to 11.2 per cent over the same period – an important, if modest improvement.

Improving employment opportunities for workless households

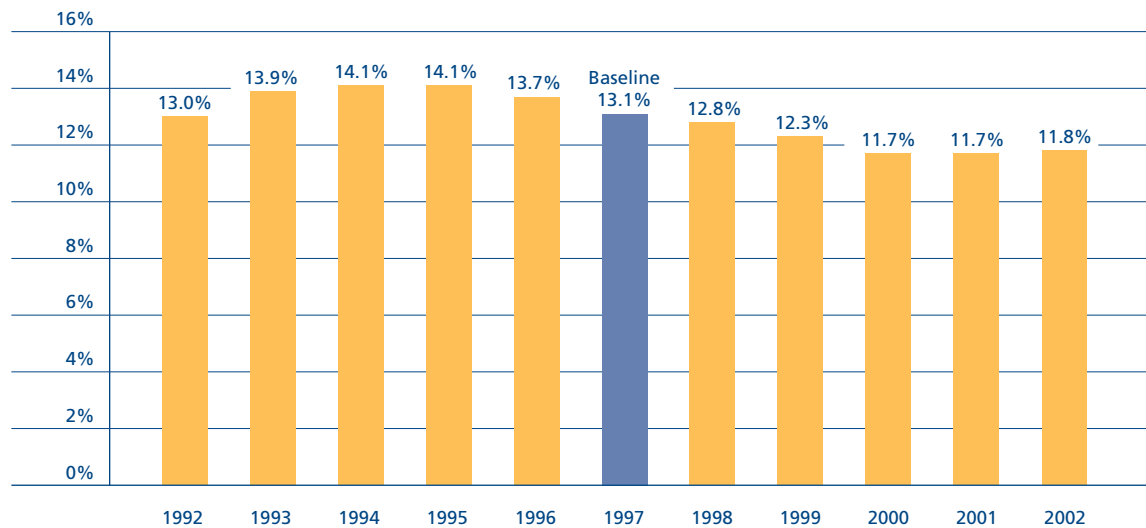
101. Unemployment is a particular problem when no one in a household is in work. This has important implications for adults, who find themselves isolated from the labour market. It also has negative impacts on their children. Children in workless households have lower aspirations, lower attainment levels and are much more likely not to work in later life.¹⁶ Children of lone parents are much more likely to live in workless households – around 6 per cent of all children in couple households live in workless households compared to 50 per cent of children in lone parent households.¹⁷
102. We are committed to helping workless families, and have set clear targets in order to ensure that the problem is tackled and progress is monitored effectively, although we are aware we still have a way to go.
103. We have two **indicators of progress** in this area – the percentage of children in workless households and the percentage of working-age people in workless households. General economic conditions and the policies to tackle unemployment and inactivity should have an impact on these indicators. Both of these indicators have shown improvement since the baseline in 1997, though they have both remained fairly constant since 2000 (see Chart 2.3 and Chart 2.4).
104. There are a number of initiatives currently in place, some of which, although aimed at reducing unemployment and inactivity more generally, will also help reduce numbers of workless households, such as the New Deals. There is also tailored support to help alleviate worklessness.
105. For lone parents, there is extra support through Jobcentre Plus advisers and work-focused interviews, which are compulsory. There are also specific interventions such as the New Deal for Lone Parents.
106. Research has shown that when one member of a workless couple finds work (even part-time work), this can lead to enhanced chances of their partners also finding work.¹⁸ Initiatives such as the introduction of Joint Claims for Jobseeker's Allowance and the New Deal for Partners (NDP) help those in couples break out of worklessness. NDP is a voluntary programme available to partners of people claiming Jobseeker's Allowance, Income Support, Incapacity Benefit or Severe Disablement Allowance.

Chart 2.3: Percentage of children living in workless households (Great Britain)



Source: Labour Force Survey, spring quarters.

Chart 2.4: Percentage of working-age people living in workless households (Great Britain)



Source: Labour Force Survey, spring quarters.

Reaching hard to help groups

107. Some people appear so far away from the labour market that they have in the past been written off. This needs to change. Two groups that we are trying to target are ex-offenders and drug misusers. Both these groups have particular barriers that they need to overcome in order to take up paid employment and avoid recidivism.
108. Spending time in prison reduces an individual's attractiveness to potential employers and dissociates them from the labour market. However, evidence suggests that employment is a key factor in reducing the likelihood of re-offending. Early access to jobs, training, education and benefits advice can make the difference between the successful reintegration of the offender or early recidivism.
109. Jobcentre Plus and the Prison Service are working together, acting upon these findings. Launched in autumn 2001 Freshstart is a partnership between Jobcentre Plus and the Prison Service that guarantees interviews for offenders on release from a custodial sentence. By July 2002 over 10,000 interviews for offenders had been booked.
110. In a joint initiative the Prison Service and Jobcentre Plus have, since September 2001, been developing a pilot that will allow access to publicly available employment and training information in prisons. The pilots will give prisoners access to vacancy information whilst still in custody, giving them the potential to secure employment upon release and allowing them to gauge the job market. Prison staff will oversee all aspects of activities undertaken including the use of the job points and any telephone call made to prospective employers or Jobcentre Plus offices. These activities will generally take place within a job club environment as part of the usual resettlement activities.
111. Drug misuse can cause people to lose contact with the labour market and lead to criminal prosecution. Where use is out of control it is unrealistic to expect individuals to have any contact. However, those recovering can have problems re-entering the job market.
112. Our progress2work initiative aims to help people recovering from drug misuse into work. It encourages those disadvantaged by drug misuse to make better use of mainstream employment programmes and services. It has established joined up drug and employment interventions by putting in place a Jobcentre Plus progress2work co-ordinator in each area. It is working to improve the capacity of Jobcentre Plus frontline staff to identify and refer those clients whose history of drug misuse has put them at a disadvantage in the labour market.
113. Clients have an employment worker to build their commitment and motivation to return to work or training. The employment worker will help them tackle any problems that are likely to get in the way, such as housing and debt.

114. Supporting people through treatment and into employment should have a positive impact on the community. It will help former users to lead more stable lives, reducing the risk of relapse and its associated health costs. Since drug misuse is strongly associated with crime such as theft and burglary, helping former drug misusers into work may also reduce crime levels.

Making work pay

115. A central part of our strategy is ensuring that people are better off in work and Jobcentre Plus provides the crux for this strategy. The role of the personal adviser includes explaining the benefits available in work, and the benefits of work itself. This service is underpinned by the strategies that follow.

National Minimum Wage

116. The National Minimum Wage (NMW) was introduced in April 1999 to help make work pay. From October 2002 the current main rate will be £4.20 an hour, whilst the development rate will be £3.60 an hour. Around 1.5 million workers will be entitled to higher pay as a result of the NMW.

117. Around 70 per cent of the beneficiaries are women. The NMW has contributed to narrowing the gender pay gap. Between 1998 and 2001 the gender pay gap closed from 20 per cent to 18.4 per cent, the lowest on record. In their third report the independent Low Pay Commission

concluded that the NMW has had the greatest effect on the gender pay gap since the Equal Pay Act in 1974.¹⁹

118. We are committed to enforcing the NMW. Overall awareness of the NMW is high and the enforcement scheme is working well. Since April 1999, enforcement teams have completed more than 19,000 case investigations and have identified almost £10 million worth of NMW arrears.

119. In setting the NMW the prevailing economic climate must be taken into account. Some economists argue that a minimum wage causes a loss of jobs in low-paying sectors. The findings of the Low Pay Commission do not support this. The third report of the Low Pay Commission stated the employment effects of the NMW had been broadly neutral whilst employment among vulnerable groups had grown. Whilst this is an area that will continue to be looked at, the evidence suggests that the NMW has helped low-paid workers, that businesses have coped and that there has been no discernible adverse effect on employment.²⁰

120. However, the NMW has to be seen as one part of our wider strategy. From October 2002 the NMW in conjunction with the Working Families' Tax Credit and other benefits will provide a guaranteed minimum income of at least £231 a week (over £12,000 a year) for families with children with someone working 35 hours a week.

Working Families' Tax Credit

121. The Working Families' Tax Credit (WFTC) and the Disabled Person's Tax Credit (DPTC) were introduced in October 1999 with the aim to help make work pay and reduce in-work, and especially child, poverty.
122. WFTC helps make work pay for families on low and moderate incomes, ensuring they are better off in work than out of work and on benefit. Over 1.3 million families, containing over 2.5 million children, were in receipt of WFTC at the end of February 2002. Since the introduction of WFTC, the number in receipt of in-work support increased by almost half a million and families are around £40 a week better off than under Family Credit, the predecessor of WFTC.
123. At the end of February 2002, DPTC was helping make work pay for almost 15,000 families with children and 17,500 recipients without children where the worker had a disability. The numbers in receipt have increased by around 75 per cent since it replaced Disability Working Allowance, the benefit that preceded it. Around £120 million was spent providing this support in 2001/02.
124. Initial results from the WFTC and DPTC evaluation programme are encouraging. 22 per cent of WFTC recipients said that without WFTC they would have to stop working for a while. This was reported by 27 per cent of lone parents and 12 per cent of couples.²¹ Measures of hardship

show that WFTC families in 2000 were better off than Family Credit recipients in 1999. This was true even when controlling for the fact that families brought into WFTC were already on higher incomes; suggesting that WFTC itself had a positive effect on reducing hardship rates amongst recipients. Amongst families who moved from Income Support into work of 16 hours or more and received WFTC, the proportion in severe hardship halved.²²

New tax credits

125. WFTC has been a decisive step in making work pay, supporting families and tackling low income by increasing support for low-income families and increasing gains to work. However, in April 2003 the system will be further improved by the extension of in-work tax credits to people without children, through the introduction of Working Tax Credit. This will be complemented by a new Child Tax Credit for families with children both in and out of work.
126. Building on the success of WFTC and DPTC, Working Tax Credit helps tackle poor work incentives and persistent poverty amongst working people. It will carry over the adult elements of WFTC and DPTC and extend in-work support for the first time to workers without children or disabilities. It will also replace the ND50+ Employment Credit by including a return-to-work element for people aged 50 and over and who have been receiving certain out-of-work benefits for at least six months.

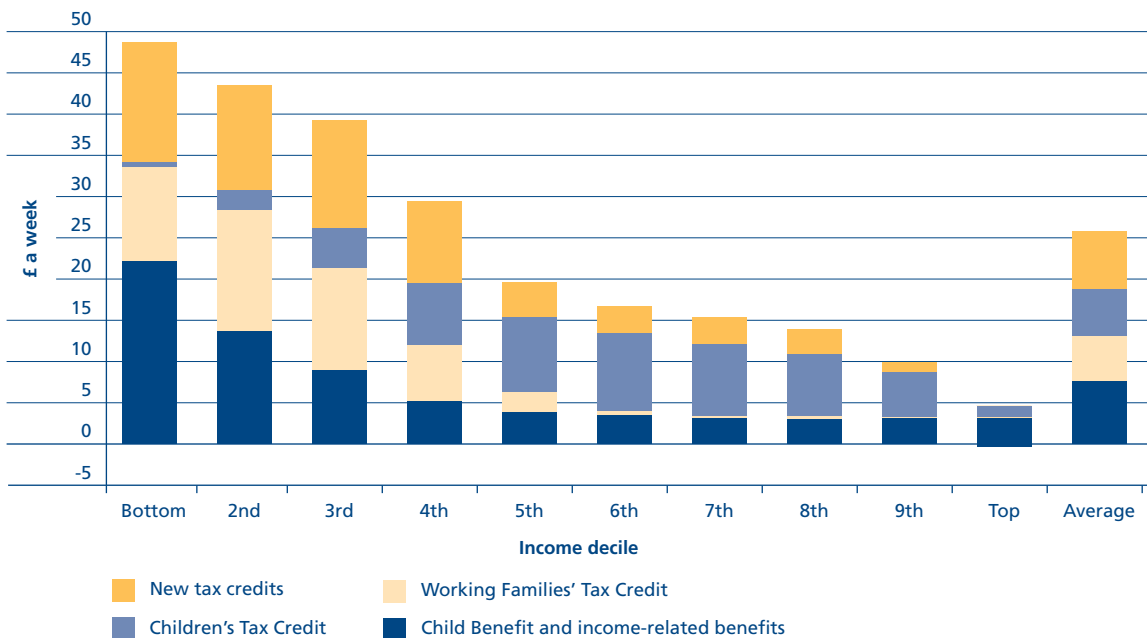
127. Child Tax Credit will provide a single, seamless system of income-related support for families with children. Building on the foundation of the universal element of Child Benefit it will bring together the assistance for children currently provided through the child elements of WFTC, DPTC and Income Support or Jobseeker’s Allowance, as well as the existing Children’s Tax Credit.

children’s measures introduced since 1997, up to and including the expected effects of the new tax credits to be introduced in April 2003.

128. Chart 2.5 shows the effects on different parts of the income distribution of the

129. As a result of the tax and benefit reforms since 1997, including WFTC, lone parents moving into full-time work at typical entry wages are up to £60 a week better off in work than on benefit. A couple with one person moving into full-time work are over £40 a week better off.²³

Chart 2.5: Gains for families as a result of children’s measures by 2003



Source: HM Treasury, 2002.

Working Tax Credit and Child Tax Credit

Illustrative examples

Simon and Jo have one newborn child, Robert. Simon works full time earning £250 per week. Under the WFTC system (indexed to 2003/04 rates) they would receive £33.20 a week (plus £20.40 in Children's Tax Credit), leaving them with a weekly income of £270.90. With the introduction of the new tax credits they will now have a weekly income of £278.80, including £13.10 of Working Tax Credit and £48.50 of Child Tax Credit. What's more, they can plan for the long term in the knowledge that the award will last for a year and that should they face a sudden drop in income, for example Simon choosing to go part time, their award can be reassessed.

Steve is currently working a 35-hour week earning the National Minimum Wage. At the moment there is no in-work support provided for people like Steve – single, without children and with no disability. If the new tax credits had not been introduced he would bring home £132.10 a week in 2003/04. Instead, due to the £22.50 a week of Working Tax Credit he will now be entitled to, he will bring home £154.60 – a rise of 17 per cent.

Financial help moving into work

130. Moving into work is a difficult transition. Out of work and on benefit an individual knows exactly how much money they will receive each week and budget accordingly. Once in work they will probably receive a monthly wage subject to tax, and then need to pay for housing and council tax costs and, in a household with children, childcare. All these uncertainties provide a barrier to work.
131. We have in place a number of programmes aimed at tackling these problems. Job Grant and Lone Parent Benefit Run-on both provide help to bridge the gap between benefits and receipt of the first wage packet. The one-off £100 Job Grant can also be used to help with start up costs for items such as work clothes, travel and childcare.
132. Evidence shows that although awareness of the Job Grant, and knowledge of the qualification criteria was patchy, the money played an important role for those who were under a financial strain during the transition. As well as giving peace of mind and increasing feelings of security, the Job Grant could help avoid borrowing, stop people falling behind with bills, reduce the need to cut back on spending and provide money for new work clothes.²⁴

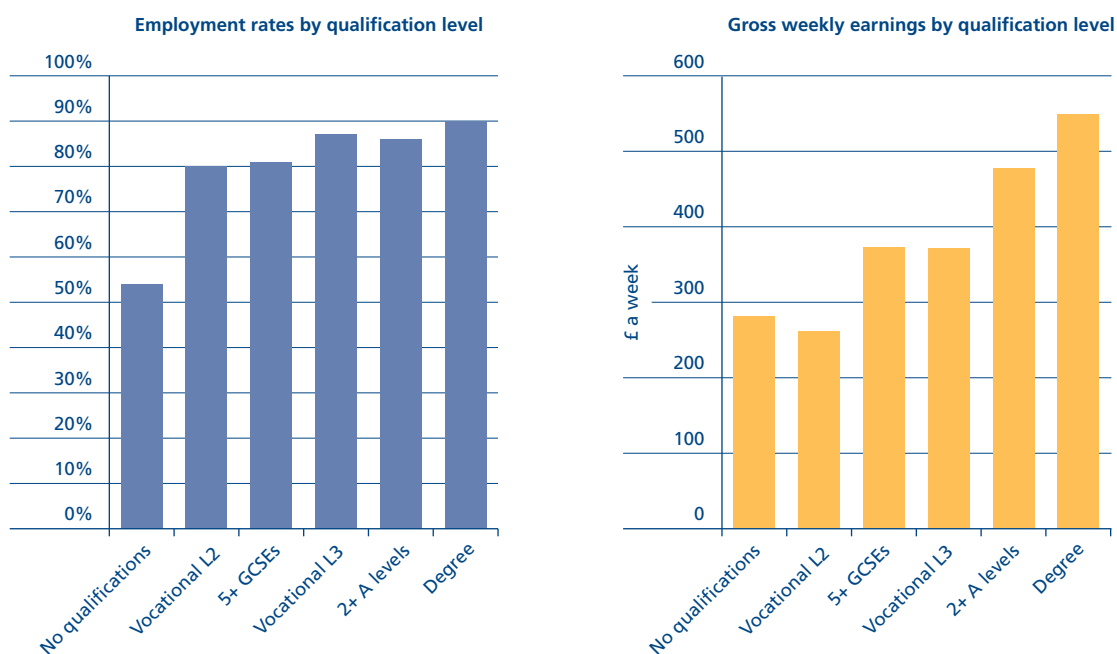
133. Extended help with housing costs is also available. Housing Benefit and Council Tax Benefit will continue to be paid for the first four weeks when an individual moves into work. Research shows that the run-on is helping to remove the uncertainty faced by many about whether they will be able to pay their rent and council tax between the last payment of benefit and receipt of their first wages.²⁵

134. Other help with housing costs comes in the form of the Mortgage Interest Run-on, which provides help with mortgage and housing costs to homeowners returning to work, having been previously receiving Income Support or Jobseeker's

Allowance. Linking rules also mean that homeowners can start work knowing that if it does not last and they need to reclaim within 52 weeks, they will not need to re-serve the qualifying period for help towards their mortgage interest.

135. New Deal personal advisers will tell their clients about the measures available to help them make the transition into work, and will calculate how much better off financially they would be. On the NDLP for example, personal advisers will also help clients claim benefits they may be entitled to whilst working, and be on hand for the first few weeks to help sort out problems as they arise.

Chart 2.6: Employment rates and earnings by qualification level



Source: Labour Force Survey, Spring 2001. All working-age people not in full-time education.

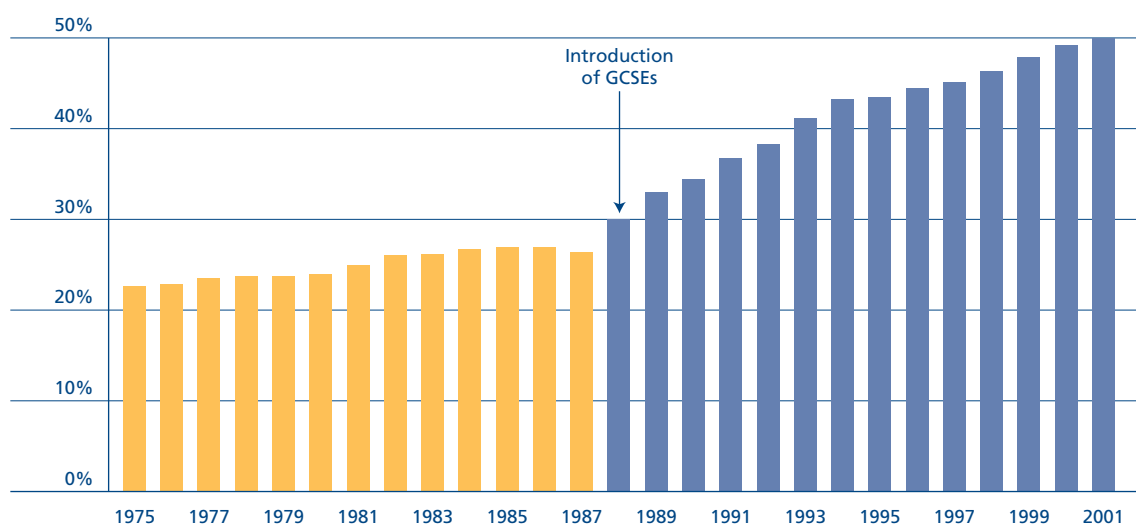
Making work skilled

136. Making work possible, and making it pay will be wasted unless those available to work have the necessary skills and training to undertake the jobs that are available.
137. The more skills you have, the more likely you are to be employed (see Chart 2.6). Moreover, once in work prior educational achievement and further training are key in influencing progression, including that of income.
138. Those with low basic skills are more likely to experience long-term unemployment, to exhibit a lower level of public involvement, and to suffer poor health. Those who are unemployed are more likely to find themselves in low skilled jobs with no training or promotion prospects and low wages.²⁶ The 1996 International Adult Literacy Survey found that nearly 40 per cent of people in the UK with poor literacy skills receive social security benefits compared to 10 per cent with high skills.²⁷
139. Moreover, further research reports that 16–18-year-olds who were not in employment, education or training were significantly less likely to report that they were in good or excellent health. It also suggested that of men aged 17–30 those with no qualifications were more than twice as likely to commit a serious offence.²⁸
140. An important challenge is highlighted by the National Adult Learning Survey finding that those with fewer skills, and therefore those least likely to be employed, are the least likely to participate in lifelong learning.²⁹

Encouraging learning

141. Education is for everyone, not just those of school age. It is there to help those who did not achieve qualifications when they were first at school, and to build upon the skills of those who want to go further. A key part of our strategy to prevent poverty and social exclusion is to encourage lifelong learning, so that people can acquire the skills to help them find a job or broaden their career opportunities.
142. We also believe that individuals need the opportunity to acquire new skills for occasions when the job they have trained for no longer exists. Jobs for life are not guaranteed. Easy access to training, particularly in areas where there are shortages of skilled workers, enables the economy to respond more readily to change and shocks.
143. The Government has an important role to play: helping people to achieve basic skills in literacy and numeracy, directing people towards courses that will make a real difference to their employability and encouraging firms to undertake training.

Chart 2.7: Percentage of students achieving five or more GCSEs (A*–C) or O level equivalent (England)



Source: Department for Education and Skills.
 Note: Students aged 15 at start of the academic year.

144. We already have many initiatives in place to help individuals acquire the skills they need and want. Schools are playing their part to increase attainment and improve future prospects for pupils, through National Literacy and Numeracy Strategies, mainstream education improvements and Excellence in Cities.

145. Policies for young people are geared towards helping them remain engaged with education and learning, providing them with soundly based and effective advice and guidance. Some policies, such as Education Maintenance Allowances, are particularly aimed at encouraging those at risk of dropping out to remain in education post 16. Access to higher education is being promoted with the

Excellence Challenge. Further details of our policies to improve the educational attainment of young people are available in **Chapter Four**.

146. Equally important are the policies to improve the skills of adults, both in and out of work, enabling people to become more productive and improve their employability. More generally, they will also help to improve the opportunities available to individuals and improve their quality of life.

Improving basic skills

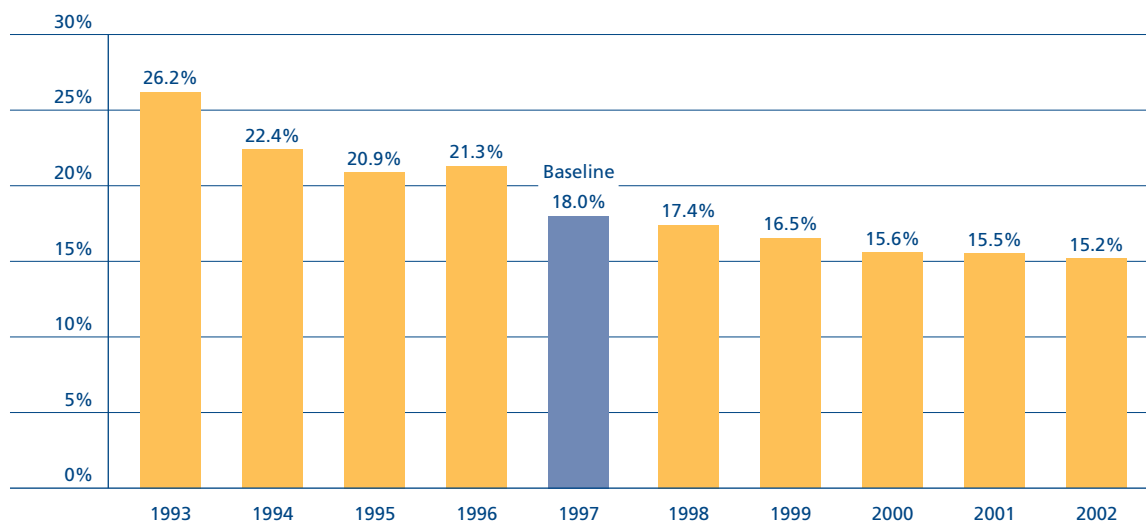
147. Around 7 million adults cannot read and write at the level we would expect of an 11-year-old. Even more have a problem with numeracy. Those with low levels of

basic skills are likely to fare worst in the labour market as 49 out of 50 jobs are closed to people with very poor literacy and numeracy skills. Adults with poor literacy and numeracy skills also tend to be on lower incomes and are more prone to ill health and social exclusion than those with better skills.

148. Skills for Life, the national strategy for improving adult literacy and numeracy skills, was launched in March 2001 to help create a society where adults have the basic skills they need to find and keep work and participate fully in society, thereby increasing the economic performance of the country.

149. The strategy aims to improve the basic skills of 750,000 adults by 2004. We have made significant progress during the first year of Skills for Life. We are on track to achieve the target with over 125,000 learners helped to improve their skills between April 2001 and January 2002. Providers are embedding a new national learning and teaching infrastructure to drive up the standard of basic skills provision. Participation is increasing, driven by a sustained national promotion campaign to raise awareness and galvanise reluctant learners into taking action.

Chart 2.8: Percentage of working-age people without a qualification (England)



Source: Labour Force Survey, spring quarters.

150. One of our **indicators of progress** is the proportion of working-age people without a qualification. There has been steady progress in this indicator. The proportion of working-age people without a qualification has been falling from 26.2 per cent in 1993 to 18.0 per cent in the baseline year (1997) and to 15.2 per cent in 2002 (see Chart 2.8).
151. In any one year 130,000 people are or have been in prison with a further 200,000 supervised by the Probation Service. Of this group half have poor reading skills. Such a skills deficit is a huge barrier to gaining employment once an ex-offender has left prison. The value of ensuring prisoners have not only basic skills but also vocational and job-ready skills is two-fold. Firstly it ensures that ex-prisoners can see employment as the best way out of poverty and disadvantage. Secondly it gives the opportunity to release a potential workforce with the skills that match the needs of the economy.
152. Improving the basic skills of prisoners is an intrinsic part of our adult basic skills strategy. All prisoners are offered a basic skills screening test at induction. Basic skills are also being integrated in areas such as physical education, kitchens, vocational training workshops, and arts and crafts classes.
- Updating skills**
153. With 48 per cent of all employees now claiming that computer use is essential to their jobs, and around 90 per cent of all new jobs requiring some degree of computing ability, it is becoming ever more important to ensure that the workforce possesses basic information and communication technology (ICT) skills.
154. The UK Online centres aim to provide people from disadvantaged communities with access to ICT in order to encourage them into learning and to give them the skills necessary for the evolving knowledge-based economy. Thus providing them with opportunities they may not have had otherwise.
155. At present the results from pilot areas have been encouraging. Around half of all respondents to a recent survey claim that their experience at UK Online centres helped them to secure a job, secure a better job or move into further education.³⁰ If this continues, the UK Online centres have an important role in ensuring that the present widening of the digital divide is reversed and so reducing the danger of increased social exclusion and an under-skilled workforce.

Case study – UK Online

After eight years of drug misuse, crime and intermittent spells in prison, Richard Smith has turned his life around to become a budding publishing entrepreneur – thanks to a computer facility in a rehabilitation centre.

In 1999 Richard was serving time in prison following a spate of petty crime. He decided to quit the drugs that were ruining his life and put his name down for Phoenix House, Newcastle, a residential rehabilitation centre:

“It was more than time to take myself in hand. I’d only ever had a job when I left school at 16 – I gave that up after two years and spent all of the next eight years using hard drugs and living the criminal lifestyle that goes hand-in-hand with addiction.”

Basic computer training was included in the Phoenix House programme. Richard had never been near a computer in his life and he couldn’t see what use computer skills could be to him:

“I didn’t even want to go near a computer at first – there didn’t seem to be any point.”

But, to his surprise, Richard found he had an interest in technology and started putting together an internal newsletter for the other residents on the project. Very quickly, this developed into a professional venture. Richard founded a publishing group and secured funding from the European Social Fund to produce a newsletter on youth issues for youth centres and projects throughout the north east:

“I’m over the moon that I got this opportunity to get into computers – it’s turned my life around. I could never have dreamt that this could have happened in the 14 months since I got out of prison. I’ve got confidence in my abilities that I’ve never had before.”

Acquiring new skills

156. Working as a public-private partnership, the University for Industry (Ufi) aims to put individuals in a better position to get jobs, improve their career prospects and boost business competitiveness. Under the brand name learndirect, Ufi exploits new technology to provide high quality on-line products and services at home, in the workplace or at nation-wide learndirect centres.
157. Ufi/learndirect aims to boost people’s employability and improve organisations’ productivity and effectiveness by inspiring existing learners to develop their skills further, attract new and excluded learners and transform the accessibility of learning in everyday life and work.
158. Ufi/learndirect has a key role to play in widening participation in learning. learndirect offers a coherent package of learning and support to learners. It allows learners to study at a pace, time and place to suit their own needs. There are nearly 700 learndirect courses to choose from ranging from ICT to Business Skills. The flexibility of learndirect also allows learning to take place wherever access to

a computer and the internet is available – at work, at home, or at one of over 1,700 learndirect centres across the UK.

159. During 2001/02 Ufi/learndirect reached over 246,000 learners, who between them took up more than 570,000 courses. This includes over 68,000 learners from Small and Medium Enterprises (SMEs).
160. Ufi launched their 2002–05 Strategic Plan in April 2002. The plan sets out a range of objectives for 2004/05, including a target of 1 million learners and 2 million course take-ups. Ufi have also set themselves a target of engaging 70,000 SMEs and 125,000 basic skills learners by 2004/05.

Case study – learndirect

The Mercia Partnership, a private training company in Knowsley, Merseyside, was set up three years ago. Their aim was to provide high quality work-related training to help unemployed adults improve their job prospects. Today they have 20 staff working across learning centres in Huyton, Kirkby and Prescot. The centres are well used by the community with more than 1,000 people signing up for a wide range of courses from basic computer skills to business management. A significant number of their learners are working on improving numeracy and literacy skills using learndirect Skills for Life courses.

Director Sally Taylor says: “Knowsley is a deprived area with high rates of long-term unemployment and lone parent households. Most of our adult learners are new to learning and many have not reached the accepted targets for literacy and numeracy. Our job is to find inventive ways of motivating and encouraging them to learn.”

The Mercia Partnership has secured official recognition for its certificates from local employers, as Sally explains: “Our ultimate aim is to get as many people as we can back into the job market. We do this by helping adult learners to improve their skills, increase their confidence and by getting local firms to recognise their achievements. A Mercia certificate shows that a learner has reached a specific level of attainment, and the employer has the certainty that they are interviewing someone with the literacy and numeracy skills necessary for the job – everyone benefits.”

Introduction

1. There are many people who cannot be expected to support themselves through the labour market. Children and pensioners obviously fall into this category. And amongst people of working age there are those, for reasons including severe disability and caring responsibilities, needing additional help.

The inheritance of poverty

2. The analysis in **Chapter One** highlights the inheritance of poverty through generations – that not all children are born with an equal risk of suffering from poverty. And it also described the transmission of low income, ill health, and worklessness through a lifecycle – from childhood, through adulthood and on to retirement.
3. For example, children who grow up in families where nobody works have an increased risk of being unemployed themselves in adulthood. And we know that having a broken or inadequate work history places people at a much higher risk of suffering poverty and social exclusion in later life.
4. This is why **Chapter Two** emphasises work as the best route out of poverty. It is a mistake to characterise all work as an enclave of only the fit and able-bodied. Work takes many forms and so does disability. We are committed to transforming a passive welfare system into an active welfare state by raising the engagement of inactive people in the labour market.

5. But we do recognise that, despite the flexibility and incentives that we are introducing into the system, there will be some people for whom work is genuinely not an option. This chapter highlights our strategy to support those who are unable to work, the policies we have in place or planned, and the progress we have made.

Children

6. In March 1999, the Prime Minister announced our commitment to eradicate child poverty within a generation. This is a significant and demanding undertaking. We are already making progress year on year and there is still more to do. We need to ensure the right policies are in place to tackle not just the symptoms of poverty but also its root causes. And we need to deliver visible results each year.
7. To help children out of poverty, we must help their parents or guardians. Despite our policies to make work pay and to make work possible, outlined in **Chapter Two**, work is genuinely not an option for some parents. We acknowledge the right of parents to choose to spend time with their children, particularly in the early years. Yet we know from research that low income can increase the risks of adverse outcomes for children in later life. Therefore, we have designed a package of appropriate support that is targeted at children both in working and workless families.

People of working age

8. The benefits system has long been passive, overlooking people with a disability or long-term illness and ignoring their needs for work and social inclusion. Between 1979 and 1995, the number of people claiming sickness and disability benefits trebled so that spending on such benefits accounted for around a quarter of all social security spending.¹
9. It is a mistake to think that all people with a disability or long-term illness are unable to work. Indeed, over 3.3 million people with a disability are in employment. What is more, over a million people with a long-term disability and not in work say they would like to work.²
10. The welcome received by the abolition of the earnings rules of the Independent Living Funds and the revised guidance to local authority social services departments show that quite severely disabled people, including those who are paraplegic, can have successful working lives and want that opportunity. It is not the case that the degree of disability determines the degree of employability.
11. Our programme to reform this passive benefits system into an active welfare state has deliberately included all inactive people and not just the unemployed. Our programmes to make work possible and to make work pay included policies aimed at offering new incentives for people with a disability or long-term illness to try work.

12. Nonetheless, we recognise that there will be some adults of working age who need additional support as they cannot support themselves entirely through work. Our policies aim to ensure that those who cannot earn a living for themselves are supported through a modern welfare state. This also includes recognition of the vital role that carers play in maintaining our social fabric.

Pensioners

13. Those who have reached the end of their working lives should rightly be able to look forward to a secure and fulfilling time in retirement. Our policies are transforming support for both today's and future pensioners to promote a rewarding future for us all.
14. Old age should be a time of security – a life to look forward to. But for many older people, disadvantages earlier in life mean that there is not enough pension income and savings to ensure financial security. We are determined to address these disadvantages and make investing for the future possible even for those who have to count every penny.

Support for children

Introduction

15. Long periods in a low-income household can affect the health of a child, their educational attainment, and future

employment and earning potential.³

Children growing up in this situation can do little to improve it. Their well-being from the cradle through to the age when they leave the parental home relies on the income of their parents. It is here that government can help. We must intervene, as we know that such experience can be transmitted to poorer outcomes in adult life and bequeathed to offspring.

16. As **Chapter Two** shows, we believe that work is the best route out of low income. And we have shown how our strategy is helping parents into work. Children in workless households are more likely to be in a low-income household. In households where no one works, 80 per cent of children are likely to be in low income, compared to 19 per cent of children in households where one or more person works.⁴
 17. Whilst aiming to decrease the number of workless households and consequently the number of children in them, we recognise that work is not an option for everyone.
 18. For these groups, we need to ensure they do not lack the resources that are central to the problems of poverty. Children should not have to suffer deprivation and inequality of opportunity just because they live in a low-income household. We want to ensure that children have a basic level of support, whatever the employment status of their parents. And to help these children we must help their parents.
- ## Tax and benefit reform
19. We have introduced a range of tax and benefit reforms to give help at the time when families need it most, whether they are in work or not. As a result of these changes, by April 2003, on average, households with children in the poorest fifth of the population will be £2,400 better off a year in real terms, compared with 1997.
 20. We have taken action to raise the incomes of families, particularly those on low incomes. For those out of work, we have increased the amount paid in the income-related benefits in respect of a child aged under 11. In 1997, the rate was £16.90 a week, and now it is £33.50 a week. From October 2002, the rate will increase still further to £37.00 a week, almost double the rate in 1997, in real terms.
 21. We have increased Child Benefit substantially. And the Children's Tax Credit provides up to £520 a year for around 5 million tax-paying families.
 22. Moreover, there are certain groups that need more help than others. The arrival of a child is costly. We want to ensure that every child has the best start in life. Sure Start Maternity Grants ensure that families on low incomes receive help to cover the costs associated with a new baby. These grants replaced Social Fund Maternity Payments from March 2000 and the amount received increased to £500 from June 2002 – five times as much as the Maternity Payments.

23. For households with income greater than the Income Support rates, the baby element of the Children's Tax Credit provides a £10 a week allowance in the year of a child's birth. In total, the Children's Tax Credit is worth up to £1,049 in that first year.
24. For children with disabilities, the higher rate mobility component of Disability Living Allowance has been extended to 3- and 4-year-olds, providing extra help to families with severely disabled children, worth £38.65 more a week and access to the Motability scheme. And, since 1997, we have increased the disabled child premium in the income-related benefits. In 1997, the rate was £20.95 a week, and now it is £35.50 a week, an increase of around 54 per cent in real terms.
25. We have also implemented a substantial increase in payments under the Vaccine Damage Payments scheme. Since 1997, the payment has increased from £30,000 to £100,000. This has been coupled with a relaxation of the eligibility criteria. Previously, claims had to be made within six years of the instance of disability, but now can be made up to the age of 21, if that is later. And the degree of disability necessary to qualify for a payment has been reduced from 80 per cent to 60 per cent. For both payments and eligibility criteria, past claimants have been able to benefit from the new provisions, not just future claimants.
26. Changes to Guardian's Allowance, extending the qualifying conditions from

April 2002, are designed to help further those families who find themselves looking after children – often in tragic circumstances – where the child might otherwise go into local authority care.

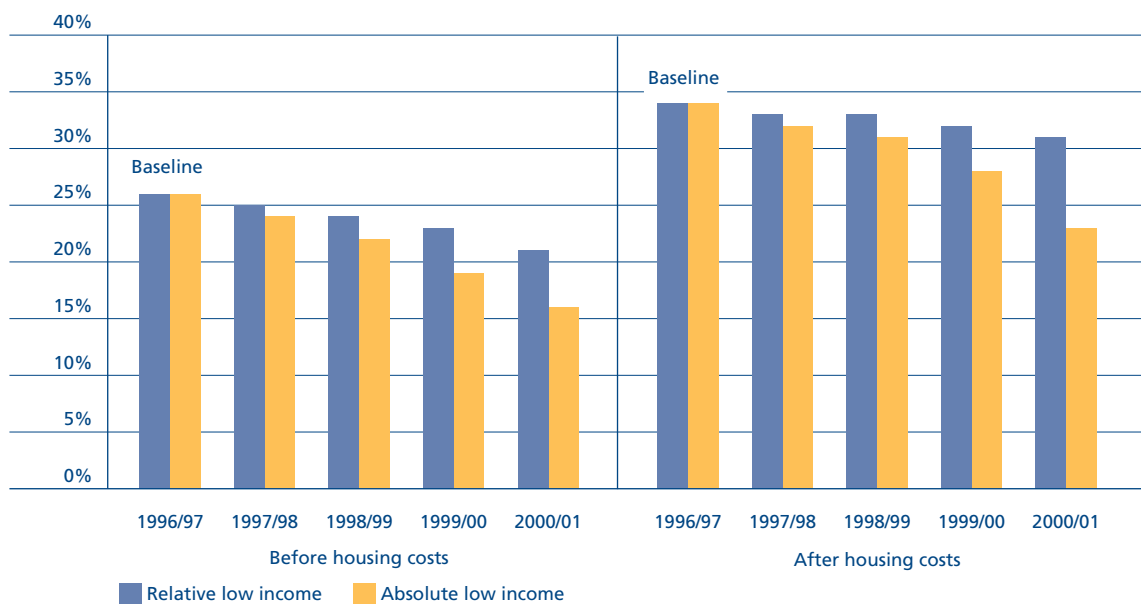
Progress so far

27. Our policies to raise the incomes of families with children together with our strategy to make work that pays possible are helping us to make headway in reducing the proportion of children in low-income households. Between 1996/97 and 2000/01, there has been strong income growth at the bottom of the income distribution. This is reflected in our **indicators of progress**.
- The proportion of children living in households with relative low income monitors progress against current average incomes. On this measure, in 2000/01 there were around half a million fewer children living in low-income households compared to 1996/97 (see Chart 3.1).
 - The proportion of children living in households with absolute low income benchmarks progress against 1996/97 average incomes in real terms. There has been a large fall for this indicator, from 34 per cent to 23 per cent on the after housing costs measure and 26 to 16 per cent on the before housing costs measure – around 1.4 million fewer children living in absolute low incomes (see Chart 3.1).

- Progress on these two indicators is encouraging. But research shows that long spells in a low-income household during childhood are most damaging.⁵ Our persistent low income indicator measures the proportion of children living in low income in three out of four years. During the period 1997 to 2000, around one in six children lived in households with persistent low incomes. Because this indicator covers a four-year period, it takes time for our policies to feed through. We hope to see further progress as our more recent and future policies are fully reflected in the data.

28. The first of these indicators is also the measure of one of our Public Service Agreement targets to reduce the number of children in low-income households by a quarter by 2004, from a 1998/99 baseline.⁶ By 2000/01, we have seen a fall of 300,000 children on the after housing costs measure and 400,000 on the before housing costs measure. So, after a third of the time towards the milestone, we are a third of the way there.
29. However, we know that we still have a way to go, to make further improvements on these indicators, and to meet our Public Service Agreement target.

Chart 3.1: Percentage of children living in low-income households (Great Britain)



Notes: (1) Low-income threshold – 60 per cent of median.
 (2) Relative low income – low-income threshold moving each year.
 Absolute low income – low-income threshold fixed at 1996/97 levels in real terms.

Source: *Households Below Average Income, 1994/5–2000/01*, Department for Work and Pensions.

For the future – more to do

Child Tax Credit

30. April 2003 will see the introduction of the Child Tax Credit. This replaces the child elements of Working Families' Tax Credit and those of the income-related benefits to provide a seamless system of support for children, whether or not their parents are in work.
31. On its introduction, Child Tax Credit, alongside Child Benefit, will guarantee a payment for the first child of £54.25 a week in families with an income of less than £13,000 a year.
32. The Child Tax Credit includes:
 - a family element of £10.45 a week for all families with incomes of less than £50,000, gradually withdrawn for families with incomes above this amount. Families will receive double this element in the first year of a child's life; and
 - a child element of £27.75 a week for each child or young person for families with income up to £13,000 a year, gradually withdrawn for families with higher incomes. From April 2004 and for the rest of this Parliament, the child elements will be uprated at least in line with earnings rather than prices.
33. Knowing that Child Tax Credit is paid both in and out of work will make the transition into work easier for parents.

34. In addition, from April 2003, Guardian's Allowance will be fully disregarded in the income-related benefits in line with Child Tax Credit. This will ensure that for the first time, the poorest families – possibly older people looking after their grandchildren – will see a gain from the payment of Guardian's Allowance.

Child support

35. We believe that both parents should take financial responsibility for their child, even when families have split up. Receiving maintenance is an important source of additional income for lone parents, especially if they are in work and eligible for Working Families' Tax Credit. This is because any maintenance is completely disregarded in the calculation of tax credit entitlement.
36. However, there is much that can be done to improve the child support system, and this is why we have launched a programme of reform, to make the system more accessible, comprehensible and responsive to parents. We also aim to increase compliance and the administrative efficiency of the scheme.
37. A new maintenance calculation is being introduced, whereby the non-resident parent will pay 15 per cent, 20 per cent or 25 per cent of their income for one, two, or three or more children respectively. We expect the simplicity of the new child support scheme to enable the Child Support Agency to increase the number of cases where maintenance is actually paid.

38. We are also introducing a disregard in Income Support and income-based Jobseeker's Allowance so that the parent with care will see an increase in weekly income of up to £10 where sufficient maintenance is flowing. The non-resident parent will also have the satisfaction of knowing that this money is available for their child. This will have a direct impact on reducing child poverty.
39. Research also suggests that there is a correlation between receipt of maintenance and moving into work. The study found that receiving maintenance made work a more viable option for some lone parents, supplementing their income from work and in-work support.⁷
40. A delay in the introduction of the new child support scheme was announced in March 2002. We will be introducing the new scheme when we are fully confident that the new IT system that will deliver maintenance is robust.
41. A delay in the introduction of the new child support scheme was announced in March 2002. We will be introducing the new scheme when we are fully confident that the new IT system that will deliver maintenance is robust.
42. There are several different reasons for this self-assessed inactivity, varying considerably in relation to attitudes to work. Around 2.18 million people state that they have a disability or long-term illness. A further 2.32 million people state that they are caring for someone or looking after their family.
43. We should not assume that inactivity means that people are unable to work. More than 2.2 million people say they would like to work, including 750,000 who consider themselves to have a disability or long-term illness.
44. Moreover, we know that inactivity is not a permanent state. A considerable number of the inactive people move into work in any year, and **Chapter Two** describes the measures that we have put in place to help make that transition easier.
45. Disabled people should be provided with the same opportunities as everyone else. Our aim is to enable those with an illness or disability who could do some work to find and move into employment and to become, and remain, independent.
46. We want to do more to help people keep in touch with the workplace. We are working with employers and health professionals to make contact with people before they become dependent on benefits, and by ensuring that tailored rehabilitation and employment programmes are available. The Job Retention and Rehabilitation Pilots, discussed in **Chapter Two**, will help in this respect.

Support for people of working age

Introduction

41. Amongst people of working age, there are those, for reasons including disability and caring responsibilities, who will need additional help. In 2001/02, there were on average 7.6 million people in Great Britain who assessed themselves as economically inactive.⁸

47. We are ensuring that the benefit system encourages and promotes work where possible, and provides greater security for those for whom work is not an option. We do accept that for some people, work will not be a feasible option for the time being, and we have a series of measures in place to provide support for these groups.
48. For carers receiving Invalid Care Allowance, the average length of a claim is around 2.5 years, and we need to help these carers keep in touch with the labour market. That is why we have increased the amount they can earn without affecting their entitlement and why many are receiving work-focused interviews.
49. Carers will also benefit from introduction of the State Second Pension which recognises that carers may lose out on the opportunity to build up a decent level of pension. Lower income carers also gain from the introduction of Minimum Income Guarantee.
50. However, older carers have often not been able to qualify for the extra help through the benefit system specifically for carers, so we have changed the rules so that from October 2002, older carers will be able to claim Invalid Care Allowance for the first time, and also get extra help if they are on a low income.
51. And we are also promoting the rights of disabled people, including access to goods and services. Too many people in today's society are marginalised or do not enjoy the opportunities that most of us take for granted. We want to ensure that everyone can participate in society, enjoy high quality public services and, where possible, have opportunities to learn and work.
52. We recognise society's responsibility to those who are particularly disadvantaged. This means intervening to reinforce the rights of individuals and bring them opportunities. Society will benefit when all members are able to make an active contribution.
53. **Chapter Five** describes the protection provided against discrimination on the grounds of gender, race and disability. People who are most at risk of discrimination are still more likely to suffer social exclusion and we need to ensure that others are protected from prejudice not just in the labour market, but in society more widely. This means not only having in place the right legal structure but also creating a culture that questions attitudes and ensures that people can prosper because of their skills and abilities.

Support through a modern welfare state

54. Through our reforms of the welfare system we have ensured that all inactive people are able to benefit from the full range of support and help available to find and sustain work. Indeed extra help is targeted at those people with a disability in recognition of the additional barriers they face.

55. But our focus has not been solely on those able to work. We have introduced a range of measures to provide security for those for whom work is genuinely not a realistic option.

Boosting the incomes of those in need

56. We have introduced the Disability Income Guarantee (DIG) for people with the most severe disabilities, guaranteeing an income of £144.45 a week for a single person aged over 25 and helping nearly 130,000 people.

Disability Income Guarantee

Illustrative examples

Harry Jones (aged 26) cannot work because he has very severe rheumatoid arthritis that affects arms, shoulders, hips, legs and feet. He needs attention day and night. He lives with his mother.

In 1998, Harry would have received £128.85 a week in benefits. Under DIG, at 2002 rates, he would now receive a total of £144.45 a week. This is made up of Income Support, with £53.95 in personal allowance, £23.00 in disability premium and an enhanced disability premium of £11.25. In addition to Income Support, Harry would also receive the highest rate care component of £56.25, under Disability Living Allowance regulations.

Paul Smith (aged 50) cannot work because he has very severe rheumatoid arthritis. He lives with his wife Sally (aged 43). He needs attention day and night, which is provided by his daughter.

In 1998, Paul would have received £169.20 a week in benefits. Under DIG, at 2002 rates, he would now receive a total of £189.95 a week. This is made up of Income Support, with £84.65 in personal allowance, £32.80 in disability premium and an enhanced disability premium of £16.25. In addition to Income Support, Paul would also receive the highest rate care component of £56.25, under Disability Living Allowance regulations.

57. We have also extended entitlement to Incapacity Benefit to young people disabled before the age of 20, giving them up to £28.10 extra a week.

Carers

58. Carers are already benefiting from increases in the carer premium, paid with income-related benefits, now £24.80 a week. In addition, the earnings limit in Invalid Care Allowance (to be renamed Carer's Allowance from April 2003) has been increased substantially to £75 a week after allowable expenses.

59. Furthermore, from October 2002, legislation will allow carers aged 65 or over to qualify for Invalid Care Allowance for the first time. This will allow older carers, with lower incomes, to benefit from the increases already introduced. In addition, from October 2002, entitlement to Invalid Care Allowance will be extended for up to eight weeks after the death of the disabled person for whom the carer had been caring.
60. In total, this package of changes is worth £500 million over three years from 2001/02, and more than 300,000 carers stand to benefit. The changes are aimed in particular at helping older and poorer carers, as well as helping carers able to combine some work with their caring responsibilities by making part-time employment more worthwhile financially.

Social Fund

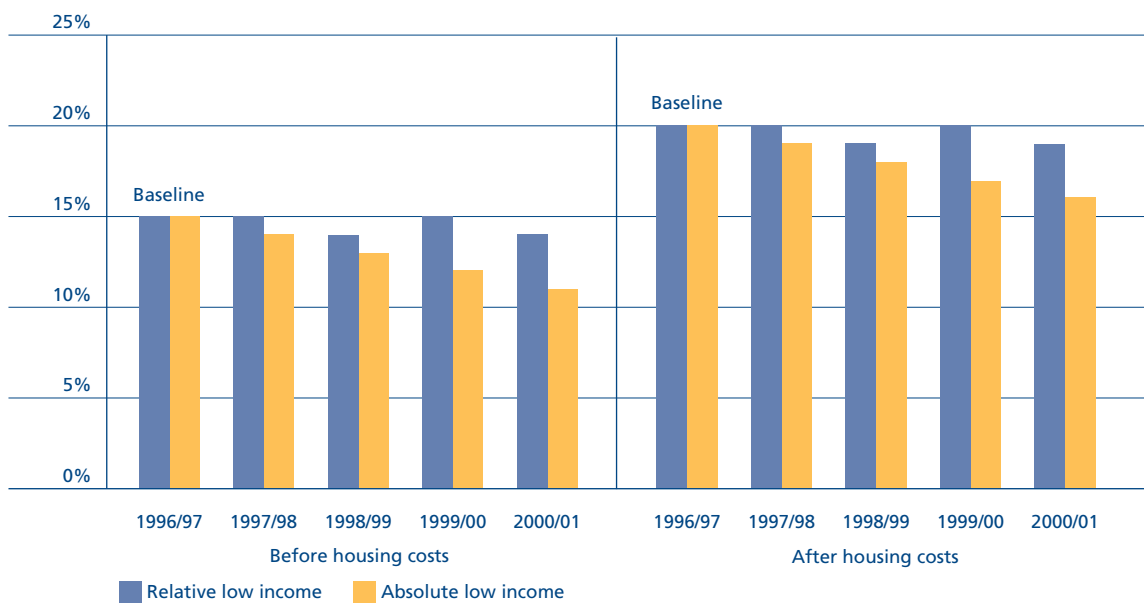
61. The discretionary element of the Social Fund has a vital role to play in helping the poorest and most needy members of society with the cost of large one-off items. Community Care Grants may be available for the most vulnerable in special circumstances. The Budgeting Loan scheme offers interest free credit to people receiving Income Support or income-based Jobseeker's Allowance to help them with the more routine but expensive purchases such as a fridge or a cooker. For many people in this situation, access to mainstream credit is difficult and the alternative would be more expensive forms of credit, such as catalogues, home loans, and pawnbrokers.

62. Since 1997, the discretionary Social Fund has made 1.14 million Community Care Grant awards worth almost £0.5 billion, and 5.3 million Budgeting Loan awards worth almost £2 billion.

Progress so far

63. Our policies outlined in **Chapter Two** to help people move into work together with our policies to boost the incomes of those in need should help us to make progress on our low-income indicators for working-age people. These **indicators of progress** mirror those for children, described earlier.
64. Chart 3.2 shows that the proportion of working-age people living in households with relative low incomes remained broadly constant between 1996/97 and 2000/01, at around 15 per cent before housing costs and 20 per cent after housing costs. Progress has been made on the absolute low-income indicator, with a fall of four percentage points on both the before and after housing costs measures. During 1997–2000, 7 per cent of working-age people lived in households with low incomes for three out of four years.

Chart 3.2: Percentage of working-age people living in low-income households (Great Britain)



Notes: (1) Low-income threshold – 60 per cent of median.

(2) Relative low income – low-income threshold moving each year.

Absolute low income – low-income threshold fixed at 1996/97 levels in real terms.

Source: *Households Below Average Income, 1994/5–2000/01*, Department for Work and Pensions.

For the future – more to do

New tax credits

65. The guaranteed minimum income for a single disabled full-time worker receiving Disabled Person's Tax Credit will rise from £172 a week in 2002/03 to £194 a week in 2003/04 after the introduction of Working Tax Credit.
66. The new tax credits will be payable for each individual disabled worker, therefore improving work incentives for the second

disabled earner in a couple. In addition, the capital rules will be abolished so that each household will no longer be penalised for having savings.

Rehabilitation

67. Job Retention and Rehabilitation Pilots will be introduced from February 2003, offering help to employed and self-employed people at risk of losing their job due to ill-health or disability.

Support for pensioners

Introduction

68. For pensioners, poverty and social exclusion are not just about low income. Pensioners also need to be able to live secure, active and fulfilling lives – so this means delivering a full range of high quality services. But undeniably, low incomes among today's pensioners are a serious cause for concern. And we know that those adults who are unable to build a decent pension because they are not in work are raising the risk of poverty in later life.
69. Despite rising average pensioner incomes since 1979, improvements have not been evenly distributed. Incomes of those pensioners at the bottom end of the distribution have risen by far less than for those pensioners at the top.
70. The real growth for pensioner couples in the bottom quintile of the net income distribution was 34 per cent between 1979 and 1996/97, on the before housing costs measure – 31 per cent on the after housing costs measure. For the top quintile, the figures were 80 per cent and 93 per cent respectively. The overall mean figures were 60 per cent and 69 per cent respectively.
71. By 1996/97, around one in four pensioners were living in low-income households, measured after housing costs. The figure was around one in five if measured before housing costs.⁹
72. We must not forget the impact of a strong and stable economy in keeping inflation low. This ensures that today's pensioners who have an annuity do not see its value eroded too quickly.
73. The receipt of non-state pensions and other investment income explains much of the difference in income between the better-off and the poorest pensioners. For future pensioners, therefore, our priority is to encourage more people to save for their retirement.
74. To achieve this, we are reforming the pensions system through introducing the State Second Pension and stakeholder pensions, giving people better information about their pensions entitlements so that they can make better-informed decisions about saving, and ensuring that the right incentives to save are in place.

Tackling low income

75. In 1997, we recognised that there was much to reform in the field of pensions. But by their very nature, this is a long-term process. Our first priority was to address the low incomes amongst current pensioners. That is why we put in place Minimum Income Guarantee.
76. We also recognised the need to tackle the unfairness of a system which did not reward saving. So we have developed Pension Credit, which will replace Minimum Income Guarantee from October 2003.

Minimum Income Guarantee

77. Minimum Income Guarantee (MIG) is a non-contributory and tax-free entitlement for those people aged over 60 (who are not required to actively seek work) with low incomes. It is paid on top of the basic state Retirement Pension where there is little or no other income.
78. MIG was introduced in April 1999 with a commitment that it should be uprated in line with earnings over the long-term. MIG was paid at three rates, the highest paid to disabled pensioners and those aged 80 or over was £82.25 a week for single pensioners and £125.30 a week for couples. In 1997, the equivalent rate of entitlement was £75.70 a week for a single person and £115.15 a week for a couple, increased by prices each year.
79. Having savings reduces the need to draw on MIG. However, it is unfair to penalise those pensioners with modest savings, so in addition, we have doubled the lower capital limit for MIG to £6,000, and raised the upper limit from £8,000 to £12,000.
80. As part of the transition to Pension Credit, from April 2001, the two lower rates of MIG were increased to equal the highest rate, therefore ensuring that all pensioners could enjoy a decent weekly income.
81. In line with increasing entitlement and widening the scope of MIG, we have been actively encouraging low-income pensioners to take-up their entitlement. Today, there are over 2 million beneficiaries of MIG.¹⁰
82. New measures have been put in place to identify pensioners who may be entitled to MIG. From October 2001, those claiming Retirement Pension by phone are asked questions to establish potential entitlement to MIG and encouraged to claim. Pensioners claiming by post are sent a leaflet explaining MIG. A new ten-page claim form has been introduced to simplify the claims process.
83. In addition, from April 2002, a number of key life events – for example, reaching age 75 or 80, and being awarded another benefit such as Attendance Allowance or Invalid Care Allowance – trigger the issue of a letter to customers providing information about MIG and an invitation to claim.

Minimum Income Guarantee

Illustrative examples

Jim (aged 66) lives in his daughter's home. He is not disabled and does not receive Attendance Allowance. Jim has no savings and has been getting by on his state Retirement Pension of £75.50 a week.

The standard level of MIG for a single person is £98.15 a week. The amount of MIG that Jim will receive is the standard level less his weekly income. Therefore, the weekly amount of MIG that Jim will receive on top of his pension will be £22.65.

Ranjit (aged 68) and Parminder (aged 58) live on Ranjit's state Retirement Pension of £120.70 a week. They have no other income but do have joint savings of £6,900.

The standard level of MIG for a couple is £149.80 a week. The amount of MIG that Ranjit and Parminder will receive is the standard level less his weekly state Retirement Pension, less a £4.00 weekly tariff as they have savings over £6,000. Therefore, the weekly amount of MIG that they will receive on top of their pension will be £25.10.

Mary is 70 and lives alone. Her state Retirement Pension is £60.00 a week, and she also has an occupational pension of £40.00 a week. In addition to this, Mary has savings of £2,500. She suffers from severe arthritis and receives Attendance Allowance.

The level of MIG, in Mary's case is calculated at £140.40 per week. This is made up of the standard single rate of £98.15, but also includes an extra £42.25, as she receives Attendance Allowance and lives alone. The amount of MIG that Mary will receive each week is therefore £140.40, less her income of £100.00, made up of her state Retirement Pension and occupational pension. Her weekly Attendance Allowance is not counted in this calculation. Therefore, the weekly amount of MIG that Mary will receive on top of her pensions and allowances will be £40.40.

Fuel Poverty Strategy

84. There are too many people that cannot afford to keep warm over the winter months. These households have to choose between being warm or spending on other essential items. Worse still, it is often those people who are most vulnerable to ill health from living in cold homes who find themselves in this position – older low-income households in particular.
85. Dwelling size can be a factor behind fuel poverty. Households in the worst degree of fuel poverty tend to occupy accommodation which is, on average, significantly larger in area. The principal reasons for under-occupation are where children have grown and left the family home, or where a spouse has died or left. In 1996/97, around half of all fuel poor households contained someone aged 60 or over.¹¹
86. Lower fuel bills and warmer, damp-free homes help to increase household income and reduce cold-related illnesses. Compared to the national average, the mortality rates for people aged 60 to 74, who had been living in local authority rented accommodation were 16 per cent higher.¹²
87. Tackling fuel poverty across the United Kingdom is one of the Government's key priorities. That is why a number of measures have been put in place to ensure that by 2010, no vulnerable household will have to struggle to heat their home when it is cold.

88. These measures are detailed in The UK Fuel Poverty Strategy, which was issued in November 2001.¹³ The publication followed a wide-ranging consultation exercise from February 2000 onwards, in which around 300 interested parties in government and the fuel industry participated. The Strategy sets out a comprehensive package of initiatives designed to meet specific targets for the reduction of fuel poverty throughout the United Kingdom.
89. The measures address the main factors influencing fuel poverty – energy efficiency, fuel prices, and low incomes. They include liberalising energy markets and reducing energy prices, radical improvements to the Home Energy Efficiency Scheme, the £200 Winter Fuel Payments, and Cold Weather Payments for the vulnerable.
90. In winter 1997/98, we introduced Winter Fuel Payments of £20 for eligible households, with £50 being paid to the poorest older people on Income Support or income-based Jobseeker's Allowance. For winter 1999/2000, the payment was increased to £100 for all qualifying households and was then doubled the following winter to £200. We have since announced that payments will be £200 for each year of this Parliament and last winter, around £1.7 billion was spent, helping over 8 million older households to keep warm.
91. Vulnerable people in receipt of income-related benefits may also receive an automatic Cold Weather Payment of £8.50 to help towards heating costs in respect of each week of very cold weather.
92. But more help is needed for those people in the worst difficulty. These households need substantial improvements to their heating and insulation to move them out of fuel poverty.
93. In September 1997, the level of Value Added Tax (VAT) on domestic fuel was cut from 8 per cent to 5 per cent, reducing a typical customer's fuel bill by around £16 a year, at a cost of £450 million a year.
94. In June 2000, the New Home Energy Efficiency Scheme was launched to help those households most at risk from cold-related ill health. The scheme, now marketed as Warm Front, has assisted in the region of 400,000 householders, with over 30,000 new gas central heating systems installed. By 2004, it is expected that the scheme will be helping around 800,000 vulnerable households in England – including 480,000 pensioner households – at a cost of more than £600 million. Scotland, Wales, and Northern Ireland have their own equivalent schemes.

Case study – Warm Front

Mrs Howe, 78, from County Durham had loft insulation, cavity wall insulation and draught proofing installed under the Warm Front scheme. Angelina Maddison from Shildon Housing and Community Resource Centre recommended Mrs Howe for a grant after she received information from Eaga Partnership, Warm Front scheme managers in the North East.

The insulation made a noticeable difference to the warmth of Mrs Howe's home. She says: "Before I had the insulation, the house was always cold during the winter months, especially in the morning. Now the heating comes on for a short while and the house holds the heat better after it goes off. It is just like someone has wrapped a big wool blanket around the house. I also noticed that my fuel bills were lower, because I didn't need to have the heating on for as long each day."

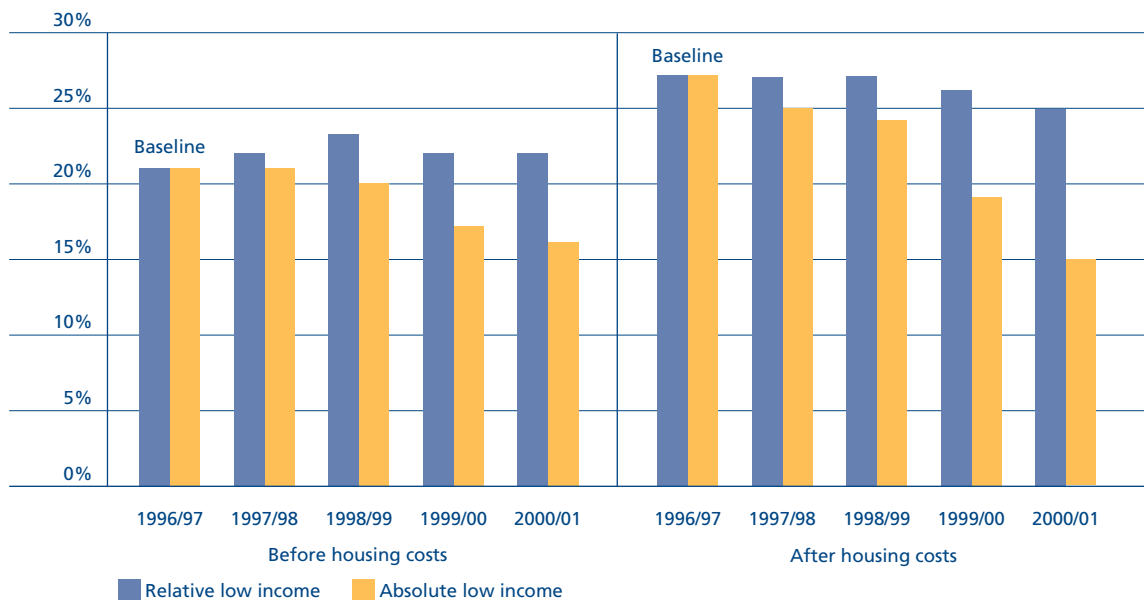
Mrs Howe was also impressed with the installers contracted to do the work: "They were lovely lads, they worked so hard and didn't make any mess."

95. In March 2002, the Office for Gas and Electricity Markets (Ofgem) published its second annual report of its Social Action Plan, aimed to ensure that vulnerable customers benefit from increasing competition in the energy industry. Ofgem lifted price controls on domestic gas and electricity suppliers in April 2002, considering that sufficient progress had been made in developing competition. Ofgem will continue to ensure customer protection.
96. In the April 2002 Budget Statement, two further measures were announced:
- an extension of the 5 per cent rate of VAT for grant-funded heating appliances to cover factory-insulated hot water tanks, micro-Combined Heat and Power, and renewable heating systems in the homes of the less well-off. This came into effect on 1 June 2002; and
 - an examination of the ways in which economic instruments may be used to improve household energy efficiency, consistent with its objective of eliminating fuel poverty and not introducing new taxes on household energy.
- ### Progress so far
97. We have estimated the impact of these and other policy changes we have announced for pensioners between May 1997 and March 2002.
- Average pensioner households will be £1,150 a year better off in real terms by 2003/04 – around £22.50 extra a week.
 - The poorest third of pensioner households will have gained over £1,500 a year in real terms by 2003/04.

98. As with children and working-age adults, we use three **indicators of progress** to monitor low income among pensioners.

- Our absolute low-income indicator shows large falls between 1996/97 and 2000/01, from 27 per cent to 15 per cent after housing costs and 21 per cent to 16 per cent before housing costs (see Chart 3.3). This shows that incomes for those at the lower end of the income distribution have increased in real terms since 1996/97.
- On the relative measure, which takes account of rising average incomes, the proportion of pensioners living in low-income households fluctuated slightly between 1996/97 and 2000/01, and in 2000/01 stands at 22 per cent before housing costs and 25 per cent after housing costs (see Chart 3.3).
- Around 17 per cent of pensioners lived in households with a low income in three out of four years between 1997 and 2000. This figure has remained broadly constant during the 1990s.

Chart 3.3: Percentage of pensioners living in low-income households (Great Britain)



Notes: (1) Low-income threshold – 60 per cent of median.

(2) Relative low income – low-income threshold moving each year.

Absolute low income – low-income threshold fixed at 1996/97 levels in real terms.

Source: *Households Below Average Income, 1994/5–2000/01*, Department for Work and Pensions.

For the future – more to do

Pension Credit

99. On top of measures already introduced, the proposed introduction of Pension Credit from October 2003 will target further support towards pensioners on low or modest incomes. Pension Credit will not be taxed and for the first time, pensioners will be rewarded for saving.
100. The Pension Credit will consist of a guaranteed level of income, below which no pensioner should fall. In addition, an extra reward – the savings credit – will for the first time reward those pensioners who have saved, whether through various pension schemes or other savings accounts.
101. When introduced from October 2003, the Pension Credit will mean extra cash for single pensioners with incomes up to £135 a week, and for couples with incomes up to £200 a week. At the same time, further above-inflation increases to the pensioners' tax allowances will help better-off pensioners.

How Pension Credit will work

Where income is at the level of the guarantee credit (the rate of the basic state Retirement Pension), and other income totals £100 for a single pensioner (or £154 for couples):

- a guarantee credit will not be appropriate; and
- the maximum savings credit will be payable if all other such income is relevant to the savings credit calculation – such as an occupational pension.

Illustrative examples – based on estimates of likely benefit rates at 2003/04 prices.

Pensioner A has a full basic state Retirement Pension of £77 a week and a second pension of £20 a week. Under current rules, her income of £97 a week would be topped-up by £3 a week from MIG.

With Pension Credit rules, her income would still be topped-up to the guarantee level of £100. But she would also receive a savings reward of £12 a week, making her £12 a week better off than just with MIG.

Pensioner B has a full basic state Retirement Pension of £77 a week and £8,000 savings. The current rules assume Pensioner B earns £8 a week from his savings and so the amount of MIG he is entitled to is correspondingly reduced. Under the current rules, he would be eligible for a £15 a week MIG.

With Pension Credit rules, we would assume that he could earn an income of only £4 a week from his savings. So under the new rules, his guarantee payment goes up to £19 a week, bringing him up to the guarantee level of £100 a week. In addition, he also receives the new savings reward, in this case worth £2.40 for his £8,000 savings, making him £6.40 a week better off, as a result of the savings credit and the changes to the rules on treatment of savings.

Pensioner C is a severely disabled pensioner with a state Retirement Pension of £105 a week (made up of £77 basic state Retirement Pension, plus £28 SERPS and guaranteed pension). She also has income from a personal pension of £10 a week. With the existing rules, she would receive £28.45 a week to take her up to the higher guarantee level for a severely disabled person (of £143.45 a week).

Under Pension Credit rules, on top of her guarantee payment of £28.45 a week, she would also receive the maximum savings reward of £13.80, making her £13.80 a week better off than with just the MIG.

Pensioner couple D have a full basic state Retirement Pension of £123 a week, savings of £10,000 and a second pension of £15 a week. Under current rules, the couple is assumed to earn an income of £16 a week from their savings. Together with their second pension, this takes them just up to MIG level and so they are not entitled to any help.

With Pension Credit rules, we will assume that couple D earns an income of only £8 a week from their savings. This means they will receive a guarantee payment of £8 a week to take them up to the guarantee level of £154. And on top of this, they will get a savings reward of £13.80. They are therefore £21.80 better off as a result of both the savings credit and the changes made to the rules on the treatment of savings.

Pensioner couple E have a full basic state Retirement Pension of £123 a week, savings of £10,000, plus a second pension of £40 a week. Under current rules, the couple has a weekly income that takes them above the guarantee level of £154. Under the current rules, they would get no help.

Under Pension Credit rules, they will receive a savings reward of £11.80, and are therefore £11.80 a week better off.

102. The Pension Credit is particularly good news for women because they tend to have smaller pensions than men do. Of the pensioner households that stand to gain:

- just over half will be single women, around 30 per cent will be men and women in a couple, and around 15 per cent will be single men;
- over a quarter of those entitled to Pension Credit will be over the age of 80; and
- half the women entitled to Pension Credit will be aged 75 or over.

103. Throughout this Parliament, all pensioners receiving Pension Credit will see their support rise each year at least in line with earnings – more than if just their basic pension was linked to earnings.

104. On average, the Pension Credit will provide around £400 extra a year to eligible pensioner households, with some gaining up to £1,000 a year – that is £20 a week.

105. In addition, the introduction of Pension Credit will help to ensure that claiming is simplified and less intrusive, and so more pensioners will be encouraged to take up their full entitlement. From age 65, most awards will be set for five years and pensioners will only have to report significant changes in their circumstances. In general, increases in income during this fixed period will be ignored – pensioners can go back at any time if their income falls.

106. The successful delivery of Pension Credit is a priority for the Department for Work and Pensions. The Public Service Agreement published in July 2002 includes a new target that Pension Credit should be in payment to at least 3 million pensioner households by 2006.

Ensuring security for future pensioners

107. Promoting work as the best form of welfare is central to tackling poverty at all stages of the lifecycle. Having a broken or inadequate work history places people at a much higher risk of suffering poverty and social exclusion in later life.

108. We also need to ensure, however, that we have a framework that offers the right information and incentives for people to make adequate provision for their own retirement, while providing security for those who cannot provide for themselves.

109. To help start savings in early life, we are piloting the Child Trust Fund. For people of working age, we are working to provide improved access to forecasts of pension entitlement and to basic impartial information about pension options, so that people can make better-informed decisions.

110. The introduction of stakeholder pensions and State Second Pension will help more low and moderate earners build up pension rights. And the introduction of Pension Credit ensures that pensioners with modest savings will no longer lose a pound of benefit for every pound of income from pensions or other savings they have built up.

Child Trust Fund

111. We are committed to spreading the benefits of saving and asset-ownership to all. The Child Trust Fund is a proposal for a universal account, with endowments paid to all children at birth and at ages 5, 11 and 16, with children from the poorest families receiving the most help. In November 2001, we published a consultation document presenting two options for the involvement of financial services providers in delivering the Child Trust Fund – open market competition and a licensed provider approach. Consultation has been completed and we expect to be able to provide a further update on the proposals for the Child Trust Fund in the run up to Budget 2003.

Pension forecasts

112. A prerequisite for people to make sensible decisions about whether they need to save more is comprehensive and accurate information about how much pension income they have already built up. We are working with employers and pension providers to enable the delivery of combined pension forecasts. These will bring together forecasts of state Retirement Pension rights with those in their current occupational and personal pension schemes.
113. The 2002 Spending Review also provides for investment in developing composite forecasts, which would bring together information on all pension entitlements, including those built up in the past. From 2003 we will also begin to issue state pension forecasts automatically to self-employed people.

Stakeholder pensions

114. Stakeholder pensions were introduced from April 2001, to provide a new pension option for moderate and higher earners who were not able to join an occupational pension scheme. All stakeholder schemes must meet a number of specific standards, to ensure they are secure, flexible and do not charge more than a fixed amount.
115. Revised tax rules also mean that stakeholder pensions are available, for the first time, to non-earners, including carers and disabled people.
116. Latest figures released by the Association of British Insurers show that sales of stakeholder pensions have risen to 956,000.

State Second Pension

117. Not everyone is in a position to provide adequately for their own retirement. That is why the State Second Pension, introduced from April 2002, reformed the State Earnings Related Pension Scheme (SERPS), to focus more state help on the lower paid.
118. For the first time, people are able to build up a second tier pension for periods when they are unavailable for work, perhaps because they have caring commitments, or have a broken work record through a long-term disability or illness.
119. State Second Pension benefits in total some 18 million people:
- 2 million carers and 2 million disabled people with broken work records;

- 4.5 million low earners (earning between £3,900 and £10,800, in 2002/03 terms); and
- 9.5 million moderate earners (earning above £10,800 but less than £24,600).
- the proportion of working-age people who make contributions to a non-state pension; and
- the proportion of people who make consistent contributions in three out of four years.

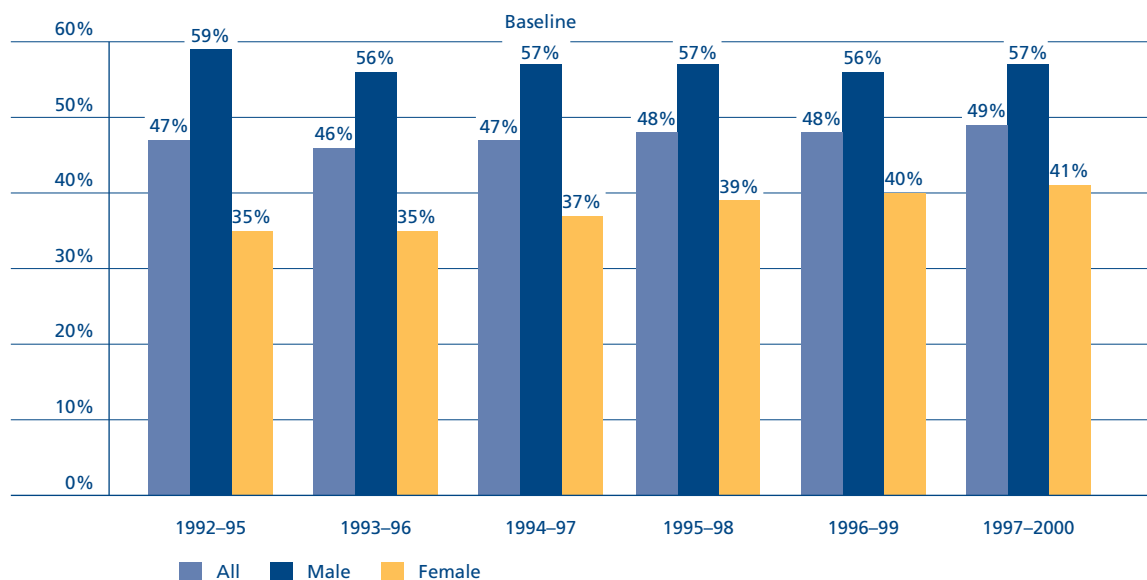
120. State Second Pension is funded from National Insurance contributions. Employees who have a suitable alternative occupational pension or a personal pension can contract out of State Second Pension.

Progress so far

121. We use two **indicators of progress** to monitor whether more people are saving for their retirement:

122. Because men are more likely than women to contribute to non-state pensions our indicators show trends by gender. In 2000/01, 51 per cent of men compared to 37 per cent of women were paying into non-state pensions. The proportion of people who contribute consistently in three out of four years has been rising during the 1990s, with improvements being driven by women rather than men (see Chart 3.4).

Chart 3.4: Percentage of working-age people contributing to a non-state pension in at least three out of four years (Great Britain)



Source: British Household Panel Survey.

For the future – a Green Paper

123. We will publish a Green Paper later in 2002, setting out proposals for further reform of private pensions to encourage more saving for retirement by more people. This will build on the pension proposals of the Sandler and Pickering reviews, as well as the current Inland Revenue review of pension tax arrangements.
124. The Green Paper will be another step in our strategy to meet the demographic challenge we face, driven by increased life expectancy and declining activity rates amongst older workers. These factors combined mean that the number of people in work per pensioner will, under current trends, fall from 2.5 now to 1.8 in 2040. A reduction in the proportion of the population in work poses a risk to economic growth and the living standards of future pensioners.
125. The Green Paper will look at ways to increase economic activity on the one hand, especially amongst older workers, and encourage greater pension provision by the working-age population, on the other. It will also discuss the division of responsibility and sharing of risk between the State, employers and individuals.

Delivering a modern service

126. Of course, the policy improvements and new initiatives need an efficient and responsive service to succeed. We are committed to improving the service currently provided to today's and future pensioners.
127. In creating The Pension Service from April 2002, we have designed an organisation that will provide pensioners with a modern, efficient and dedicated service focused on their particular needs. The design took account of the views of pensioners and organisations that work with older people.

The Pension Service

A hypothetical scenario

Mrs Charlton is 69, lives on her own and her income is her Retirement Pension, a small occupational pension and little savings.

She received a letter to tell her that her pension was now being looked after by a pension centre and giving her a national telephone number to ring if she had any queries. (Local telephone rates apply.) Several weeks later, Mrs Charlton has to go into hospital for an operation. She wants to know if this will affect her pension. She rings the new number.

Very quickly she finds her call answered by Joan at her pension centre. Joan listens and notes the details of Mrs Charlton's expected stay in hospital. Joan explains what happens and sends Mrs Charlton a leaflet about this.

During the conversation she notices that Mrs Charlton might also qualify for MIG to top up her income. Joan explains about this but Mrs Charlton decides that she does not want to claim. Joan agrees to send her some information about MIG and also encloses the *Pensioners' Guide*.

Mrs Charlton's information arrives in the post at the same time as several bills. On reading the leaflets, Mrs Charlton decides she would like to see whether she is entitled to more money. She rings the free MIG teleclaims number.

Sue answers Mrs Charlton's call. Mrs Charlton says that she would like to claim but is nervous about filling in forms. Sue takes the claim over the telephone, filling out an electronic version of the claim form, which is then posted to Mrs Charlton to check, sign and return. Mrs Charlton finds that she is entitled to a MIG payment of £8 a week bringing her total weekly income to £98.15.

128. The Pension Service will play a crucial role in both tackling pensioner poverty and encouraging saving by:

- providing a dedicated service for today's pensioners, using modern technology whether they deal with us by telephone, through the internet, by post, or face-to-face; and
- improving the service to future pensioners, by providing accurate information to help them make decisions about saving for their retirement.

129. The Pension Service is being introduced gradually and work has already begun to move out some existing local offices to a network of central telephone-based contact centres. These pension centres will work with a local service that will be tailored to take full account of the needs of individual communities.

130. We are also considering how to promote independence and an active life for older people through the development of a third-age service. This will improve the integration of the delivery of services provided by both central and local government. This will include simplifying access to home helps and meals on wheels, as well as providing information on services in the pensioner's area, such as transport, volunteering or lifelong learning.

131. Much of the provision for this initiative will come from within services that local authorities and central government are already funded to provide, with the focus on restructuring these services with improved front-end access, greater communication between providers and harmonisation of outreach and face-to-face activity.

The Pension Service

A hypothetical scenario

Nine months after her operation, Mrs Charlton is still finding it difficult to cope with daily personal care. She now goes to a community day care centre once a week. There she meets Pauline of The Pension Service. Pauline is a Customer Liaison Manager for the local service who has organised a monthly surgery for pensioners at the community centre.

Pauline chats to Mrs Charlton and suggests to her that she might like to consider applying for Attendance Allowance as she is finding it difficult to cope and care for herself at home. Pauline explains how this is done. Mrs Charlton is awarded the lower rate of Attendance Allowance of £37.65 a week. In addition, she also qualifies for the severe disability premium, which gives a further boost to her MIG entitlement. Mrs Charlton is delighted as this extra money will help her to stay independent and remain in her own home.

Chapter Four: Investing in services for children to break cycles of deprivation

Introduction

1. The effects of poverty and social exclusion are plain to see. The loss of human dignity, low self-esteem and the inability to take part fully in society can wreck lives. But these problems have many dimensions. Poverty is more than a lack of income and social exclusion more than a lack of personal possessions. This is why our strategy to tackle these problems is multi-dimensional.
2. The previous two chapters have set out our strategy for ensuring that those who can work are able to find work that pays and for ensuring that the income of those who cannot work is adequately protected. However, income is only part of the picture and the strategies outlined so far are only part of the solution. Many services – including education and healthcare – are crucial in breaking the cycles of deprivation discussed in **Chapter One**.
3. This means that investment in excellent services must be a key part of our strategy for guaranteeing opportunity for all. This is borne out by the views of the people with direct experience of poverty. In our consultation exercise *Measuring Child Poverty*,¹ we asked about the factors that contribute to poverty. Some emphasised that for them poverty was characterised not just by low income but also by unequal access to quality public services and safe environments for their children.

The inheritance of poverty

4. Some children are more at risk of poverty than others. There are three main factors that contribute to this risk.
 - Firstly, children who are born poor are in danger of staying poor. We saw in **Chapter Three** that people who grew up in low-income households have a higher risk of suffering from worklessness, ill-health and lower income. This inherited poverty can carry through to old age. People who cannot save for their retirement – because of low income or worklessness – are at greater risk of low income in later life.
 - Secondly, children can inherit the risk of poverty from their parents. **Chapter One** emphasised the dynamics of poverty across generations. We saw that children's educational attainment is affected by how well their parents did at school. And we know that educational qualifications are linked very strongly to income in working life.
 - Lastly, poverty can be transmitted through locality. Too often personal disadvantage is compounded by living in an area where services are at their worst.
5. Mainstream public services, such as the National Health Service and education system, have a key role in breaking these cycles of deprivation. But local authorities

and other government agencies in communities have a crucial part to play. And the contribution of the voluntary sector is increasingly important in adapting services to meet local needs.

6. This chapter describes progress on services for children, young people and their families that can help to break cycles of deprivation. These services are described in relation to the effect that they can have in:
- ensuring that children get the best possible start in life – through supporting parents and carers, providing help with early years development, ensuring that children are ready for school and protecting children at risk;
 - providing an education that will enable all children to realise their potential while addressing the specific difficulties that children from disadvantaged backgrounds may face;
 - providing high quality services for children in need and children in care; and
 - supporting young people through the transition from school to work and addressing the lack of basic skills, such as literacy, that may contribute to disadvantage in adult life.

Bringing services together

7. We recognise that, to provide the best services for children, many agencies need to work together. Our cross-cutting review of services for children at risk² revealed that we are not making the difference for the most disadvantaged children that we intended. This is because our services are not always properly co-ordinated at a local level and there is sometimes a lack of strategic vision. We have consulted widely on this problem and are now developing an overarching strategy for all children and young people in England. The strategy will articulate a vision of what we want to see for our children and young people. It will also explain the way that our policies and local delivery arrangements will contribute to our vision for children.
8. We are building on the three-pronged approach to helping at risk children and their families recommended by the Children at Risk cross-cutting review:
- strengthen existing local co-ordination arrangements by piloting new Children's Trust models for integrated services and other measures;
 - improve the focus of mainstream children's and young people's services to ensure they respond better to those most in need; and

- identify needs at an early stage to ensure that preventive services are available before children, young people and families hit crisis.
9. We intend to build on existing good practice and support the development of improved local delivery of services, in particular of preventive services, to help children and young people at risk of social exclusion. From April 2003 new co-ordinated preventive strategies will be in place across the country. We will achieve this by focusing on better working arrangements rather than by instituting new formal structures. Our aim is to avoid putting any extra bureaucratic requirement on service delivery agencies. Instead, we aim to build on the best of what is already happening, with frameworks for performance measurement and inspection putting emphasis on co-ordinated action to achieve outcomes for children.
 10. We hope to introduce Children's Trusts in pilot sites by the end of 2003. In establishing these pilots, we do not want to dictate the coverage of Trusts – local partners will need to look at what works for local circumstances. The range of services that could be included in Trusts is very wide and we aim to create a model which recognises and facilitates the complex multi-agency work needed to provide services for children.

Getting the best start in life

Introduction

11. The vast majority of children can look forward to being better educated, better off, physically healthier and better housed than their parents. But some children face disadvantage in early life which can lead to poor educational achievement, poor health and criminal activity. The effect of this disadvantage can be seen as early as 22 months, with children from better off backgrounds already showing a lead in their development.³ This section gives examples of what we are doing to address the sources of disadvantage and help all children develop in the crucial early years.

Children's Centres

12. As part of our 2002 Spending Review, we conducted an inter-departmental review of childcare.⁴ The Review confirmed our view that childcare had an important role to play in supporting our employment strategies – more details of which can be found in **Chapter Two**. It also emphasised the need to integrate the way in which policy is made and services are delivered. We have responded by bringing together the responsibility for childcare, early years and Sure Start within a single inter-departmental unit. This unit will be responsible for a £1.5 billion combined budget for childcare, early years and Sure Start by 2005/06, including more than doubling the spending on childcare.

13. The extra funding will support the expansion of childcare places across the country and in particular, the provision of integrated early education, childcare and family services in a network of Children's Centres in disadvantaged areas, building on the good practice of Sure Start and Early Excellence Centres. By March 2006, we intend that an additional 300,000 children and their parents will have access to health and other services through a Children's Centre. Our longer-term aim is to establish a Children's Centre in every one of the 20 per cent most disadvantaged wards.
14. As well as joining up existing services, we will also simplify funding arrangements and streamline targets. Local authorities will have an enhanced role in supporting delivery.

Sure Start

15. Sure Start promotes the physical, intellectual, social and emotional development of young children in disadvantaged areas, so they are ready to flourish when they start school. Through local partnerships with strong parental and community involvement, Sure Start programmes deliver a range of services across education and health and family support. By 2004, Sure Start aims to reach 400,000 under 4-year-olds living in deprived areas of England. 522 programmes have been announced of which 289 have been approved and are delivering services.

16. Sure Start is based on evidence of what works and it is backed by a major long-term evaluation programme, which started in January 2001. Sure Start also has an explicit aim of spreading good practice learned in the programmes to everyone involved in providing services for all young children. Through our 2002 Spending Review, we are providing continuing support for the current Sure Start programmes and Sure Start Pluses, as well as dedicated funding for the mainstreaming agenda that will enable the inter-departmental unit to test and develop new delivery methods.

Case study – Sure Start (Peterlee)

Sure Start Peterlee has persuaded Durham County Council to reshape its library service by integrating a 'Read and Play' club along with the other services they offer. The club lends toys, books and videos to children and does not fine for late returns of children's books. The Sure Start Bookworm card provides an automatic library membership and is valid in every library in the borough. The First Read and Play club witnessed an increase in borrowing of over 100 per cent in its first two months alone. The Read and Play club allows the children to make their own choices whilst embodying an element of learning. The books are fun and enjoyable to read yet are specifically designed for learning, particularly focusing on language and literary development. Three more Read and Play clubs are planned.

The Foundation Stage

17. The Foundation Stage was introduced in September 2000, to address the distinct needs of children in an important period of their development. It covers children from the age of 3 to the end of the reception year, when children will be aged 5 to nearly 6, and is focused on a set of early learning goals setting out what the majority of children should achieve by the end of their reception year.
18. Expert support for Foundation Stage training will be in place by January 2003. This programme will raise the profile of the Foundation Stage for headteachers, teachers and early years practitioners and will evaluate and promote training in this area.

Early education places

19. There is a growing body of research evidence in England and internationally that shows that early years education makes a positive difference to children's development. A free early education place has been available for all 4-year-olds since September 1998 and there is now free provision for a steadily increasing number of 3-year-olds. Currently over 70 per cent of all 3-year-olds have access to early education places – with funding weighted towards areas of greatest social need. We aim to have introduced provision for all 3-year-olds by September 2004.

Early Excellence Centres

20. A pilot programme of Early Excellence Centres (EECs) was established in 1997 to deliver high quality, integrated services from the same site to children and their families. There are now 91 EECs nationwide, close to our target of 100 by 2004.
21. EECs are a good example of bringing together the expertise of different professions and working in partnership with local agencies and other government departments, so as to support parents and improve the life chances of children in the most disadvantaged families.

Case study – Flying Start, Luton

Luton's Flying Start initiative was introduced in 2000 to tackle underachievement in young children, especially those from the local Bangladeshi and Pakistani communities. It is led by Luton's Early Years Development and Childcare Partnership working with Luton Council and implemented through a Borough wide group which also includes head teachers, early years staff from schools and pre-schools, community representatives, family workers and health visitors.

Flying Start delivers full-time education for all 4-year-olds in the area; part-time education for all 3-year-olds – where there is seen to be insufficient provision in the area; a family worker in each school to support families; and wider community use of school premises for activities like family and adult learning and out of school childcare.

The initiative is being delivered on a 4 to 5 year cycle, concentrating initially on neighbourhoods with the greatest social need. In the first 8 Flying Start areas, 292 new part-time education places were created for 3-year-olds and 26 people from minority ethnic backgrounds were appointed to new posts in pre-schools or as family workers.

Pending the results of some external research now up and running, there is strong anecdotal evidence of the many and wide ranging benefits of Flying Start. These include: redressing inequalities in early education provision; allowing schools to play a key role in community regeneration; facilitating family learning in child development and behaviour; encouraging families to be closely involved with their children's education; and providing increased adult education opportunities leading to further training and employment.

Teenage pregnancy

22. Children born to teenage mothers are more likely to be disadvantaged – and, in particular, to be at risk of poverty – than other children.⁵ Three years ago we launched a Teenage Pregnancy Strategy, to halve the rate of under-18 conceptions by 2010, with an interim target of a reduction of 15 per cent by 2004 and to increase the proportion of teenage parents going back into education, employment or training.
23. The Strategy is informed by the best available evidence of what works. This encompasses a multi-faceted approach to help young people resist peer pressure to have early sex, improve sex and relationship education, increase access to effective contraception and sexual health services, and support parents in talking to their children about sex and relationship issues.
24. Over £60 million has been invested during the first three years of implementation and there are already encouraging early signs in our **indicators of progress** that implementation is successful.
 - The under-18 and under-16 conception rates both fell by more than 6 per cent during the first two years of the implementation of the Strategy. The participation of teenage mothers in England in education, training or employment increased from 16 per cent in 1997 to 33 per cent in 2001.

Supporting children in need and their families

25. As well as support during the early years, the need for support may arise at other times in a child's life. Looked after children and children with disabilities may face particular problems. But family breakdown can also have a substantial effect on a child's life. This is why in supporting children we also provide advice to parents and family guidance.

Quality Protects

26. Quality Protects is our five-year (1999–2004) £885 million programme to transform services and outcomes for children in need, including looked after children, children with disabilities and children in need of protection.
27. Quality Protects is aimed at improving the governance, management and delivery of children's services so that children and young people:
- have stable, secure and safe care;
 - are protected from harm;
 - participate in decisions about their lives and the services they receive;
 - have maximum life chance opportunities – for example through healthcare, education, social care and access to leisure activities; and

- make a successful transition into adulthood.

28. The evidence shows that Quality Protects is beginning to make a real difference to children's lives. There is clear evidence of improved outcomes for children – looked after children are experiencing fewer placement moves; more of them are being placed in new permanent families through adoption; and fewer are leaving care prematurely when they reach 16. There has been significant progress in ensuring that the views of children are seen as an integral part of good practice and there are many innovative examples of good work in this area.

Children leaving care

29. A major advance in improving the life chances of looked after children was implementation of the Children (Leaving Care) Act in October 2001. The recent trend has been for young people to be discharged from local authority care as soon as they are 16. The proportion of care leavers aged 16 to 18 who leave care at 16 increased from 33 per cent in 1993 to 46 per cent in 1998. Many of these young care leavers receive very little support from their 'parent' – the local authority. As many as 75 per cent of young people leaving care have no educational qualifications. Up to 50 per cent are unemployed and up to 20 per cent experience some form of homelessness within two years of leaving care.

30. We believe that care leavers ought to be able to expect support from their 'parent' – the local authority – in the same way as young people can normally expect support from their parents. The Children (Leaving Care) Act is intended to make this happen. Implementation of the Act was a very significant development in providing better support for children and young people leaving care as they make the transition to adulthood.
31. A good example of an innovative project for care leavers was featured in the Quality Protects Newsletter recently. This was in Manchester where a Quality Protects initiative backed by Barnardo's and Manchester Social Services has set up a two-year training programme for two former care leavers to train as leaving care support workers. This will allow the former care leavers to use their invaluable experience of the care system to help other young people in care.

Education of looked after children

32. Since the launch of Quality Protects, one of the central themes of the programme has been to improve the life chances of looked after children. A good example of joint and co-ordinated working at national, regional and local level is the work to safeguard the future of young people in public care, launched under the Quality Protects programme. Two government departments launched joint guidance⁶ in May 2000. The aim of the guidance was to assist local authorities in

their role as corporate parents to safeguard and promote the educational attainment of young people in care.

33. To help local authorities implement this guidance we have appointed Education Protects Implementation Advisers who are currently working with local authorities across 13 networks. Effective implementation of a universal supportive service for young people in care depends entirely on how authorities work together sharing and co-ordinating ideas and strategies. Feedback to date suggests that nearly all local authorities are taking part in this work.
34. Our **indicator of progress** shows an increase from 31 per cent in 1999/2000 to 37 per cent in 2000/01 in the proportion of young people leaving care with at least one GCSE or equivalent.

Support for disabled children and their families

35. Work to facilitate improved transitions services can also be seen in other projects being taken forward under Quality Protects. For example, in Rochdale a Transitions Worker has been appointed to help ease the movement of young people with disabilities from children's to adults' services. This new post was created after four key services – social services, health, education and careers (Connexions) – came together to plan how to ease the transitions. The changes brought about have resulted in a far more seamless process for young people and their

families. The commitment of all the different agencies in Rochdale has proved to be a critical element in the success of the scheme.

The Children's Fund

36. Following the 2000 Spending Review we established a £380 million Children's Fund as part of its strategy to tackle child poverty and social exclusion. The aim of the Children's Fund is to prevent children falling into drug abuse, truancy, exclusion, unemployment and crime by listening to their needs and supporting them in breaking the cycle of poverty and disadvantage.
37. The Fund is targeted at 5–13-year-olds and supports services to identify children and young people who are showing early signs of difficulties and provide them and their families with the support they need to get back on track. For example, the types of services that are supported by the Children's Fund include Family/Parent Support, Literacy Programmes, Mentoring Schemes and Health Awareness. The Children and Young People's Unit has rolled out the Children's Fund to 89 Children's Fund partnerships, covering two-thirds of England. This has exceeded the original plan for 40 partnerships.

Local Network Fund

£70 million has been allocated to a Local Network Fund (LNF). The LNF aims to give local communities the chance to make a real difference to the lives of children and young people aged from birth to 19 years old who are experiencing child poverty and disadvantage. Community, faith, parent and other locally-based groups, can apply for small grants of between £250–£7,000 to organise and run a project with disadvantaged children and young people. 950 LNF projects have been granted an average of £5,500.

Court support for children at risk

38. The courts have a key role in delivering our aim of increasing the number of adoptions by 40 per cent.⁷ During 1999/00 2,700 children were adopted from local authority care. On average, those children had been in care for 3 years 4 months – twice as long as children in voluntary care who were adopted. And the longer children spend in care, the worse their prospects for later life.

Family Courts

39. The Children and Family Court Advisory and Support Service was launched in April 2001. It is responsible for looking after the interests of around 65,000 children whose well-being is decided by the courts. Its role is vital to children at risk. Through reports, it helps the court to decide what is in the child's best interest.
40. We are working with the courts and the judiciary to reduce delay in care and adoption proceedings by improving interagency working; increasingly using specialist court centres where the staff are more expert; and ensuring sufficient judges are available to hear cases more quickly.

Relationship support

41. Parental separation and divorce mark a significant transition for some 180,000 children a year. The life chances of children of divorced parents can be adversely affected. For example, children from divorced families have, on average, lower educational achievements and higher school drop-out rates; up to half of young offenders come from broken families (and many of these will have truanted from school); and there is an increased risk of teenage girls from broken families becoming pregnant. Where relationships break down, the more acrimonious the breakdown the worse the impact on the child. Divorce also tends to leave families worse off financially, which in itself adversely affects children's life chances.

42. Maintaining family relationships is an essential part of any strategy to tackle the causes of poverty. As a result, one of the Lord Chancellor's Department's Public Service Agreement targets is to "increase contact between children and the non-resident parent after a family breakdown, where this is in the best interests of the child".

Relationship support

Marriage and Relationship Support – A £5 million grant programme administered by the Lord Chancellor's Department that focuses on supporting the couple by providing advice or information that helps people to establish and maintain successful relationships with their partners.

A new parenting fund, worth £25 million over three years, was announced in the 2002 Spending Review. This will roll out parenting education and fill the gaps in provision. These new services will be designed and delivered in close consultation with the voluntary sector.

Family Advice and Information Networks – legal advice and support including debt counselling and advice about parenting difficulties.

Parenting Plan – helps to tackle all the practical parenting issues.

The voluntary sector

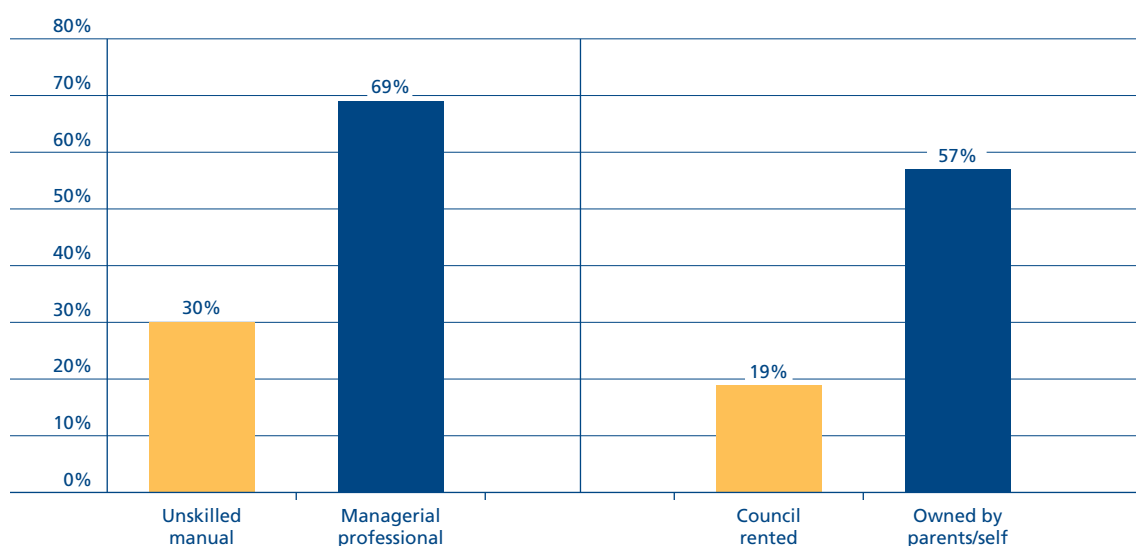
43. We want to ensure that the voluntary sector is supported in local delivery of family services and that parents can access non-stigmatising support in an appropriate way. We already support this agenda in several ways. One is by supporting Parentline Plus for its national help-line for parents, and the National Family and Parenting Institute with a grant of £666,000 for a range of national work. It also runs the Family Support Grant worth £5.6 million per year for the voluntary sector. This is a programme supporting parents specifically with their parenting skills. To date 156 different projects have been funded run by 95 different organisations.

Tackling educational disadvantage

Introduction

44. Success in later life can be crucially affected by how well children do in school. We see the link between educational attainment and life chances in many aspects of social exclusion including health, likelihood of criminal activity, employment and productivity. For this reason, education has a central role to play in reducing the risk of social exclusion.
45. As with many aspects of social exclusion, poor educational attainment can be transmitted down the generations. A key influence in a child's educational attainment is the attainment of their parents, along with the interest that a parent or carer shows in their child's education. Improving educational outcomes for one generation is a key factor in helping to break this cycle of deprivation.

Chart 4.1: Percentage of children achieving five or more GCSEs at A*–C by socio-economic group of their parents and housing tenure (England)



Source: Department for Education and Skills.

46. Children who do well in their early years at school tend to do better as they move through the school system. This means that the disadvantage suffered by children from deprived backgrounds in their early years can get worse as they go through their school years. Other factors, such as gender and ethnic background, also have an influence on school attainment, but poverty appears to have the strongest impact.
47. We have made some progress reducing the gap in recent years, especially at early years and primary levels (this is seen in levels of achievement of 7-year-olds at Key Stage 1 and 11-year-olds at Key Stage 2). But more remains to be done and policies are being targeted accordingly.
48. In England, there is a broad range of education and skills policies in place, from early years to adulthood. Some are universal (for example, schools, numeracy and literacy strategy) and others are targeted. Most are geared towards increasing attainment and making people more productive, thereby playing their part in helping to alleviate poverty.

Mainstream educational improvements

49. The aim of our education policy is to increase educational attainment across the board and to reduce the gap in attainment between different groups of the population and between different parts of the country. We are also aiming to widen and increase participation in education and learning at all stages in adult life, enabling people to become more productive and improve their employability.
50. The latest international comparative evidence indicates that our pupils (at age 15) are performing relatively well. But it also shows that the United Kingdom exhibits a greater gap in performance between pupils from high and low socio-economic groups than in most other countries.
51. Between 1996 and 2002, we have seen improved performance in all schools. Although progress in narrowing the attainment gap at secondary level has been relatively limited, there have been improvements overall in outcomes for the more disadvantaged children.
 - Since 1996, the rise in nursery participation has been greatest for lower socio-economic groups, although the gap has not been eliminated.
 - Schools with a higher proportion of pupils eligible for free school meals (FSM) achieved the greater gains as compared to more advantaged schools. The gap between high and low FSM schools has narrowed by 6 percentage points at Key Stage 1 and by 10 percentage points at Key Stage 2.

11–14-year-olds: Key Stage 3 National Strategy

52. The focus has therefore moved to 11–14-year-olds (Key Stage 3) to help ensure that the gains made at earlier stages are maintained further up the system. For many pupils the years between 11 and 14 are a time of falling motivation and rising disaffection. This has an inevitable impact on their progress at school. Our Key Stage 3 strategy aims to raise standards for all 11–14-year-olds and we are supporting expenditure of around £500 million on this to 2003/04.
53. There has been a positive response from schools to the Key Stage 3 Pilot and to the first year of national implementation of the strategy, the second year commences September 2002. Teachers have rated the training and materials highly and said that they can already see the benefits in the classroom. And early evaluation⁸ showed that the strategy was making a positive impact and would do so at national level.

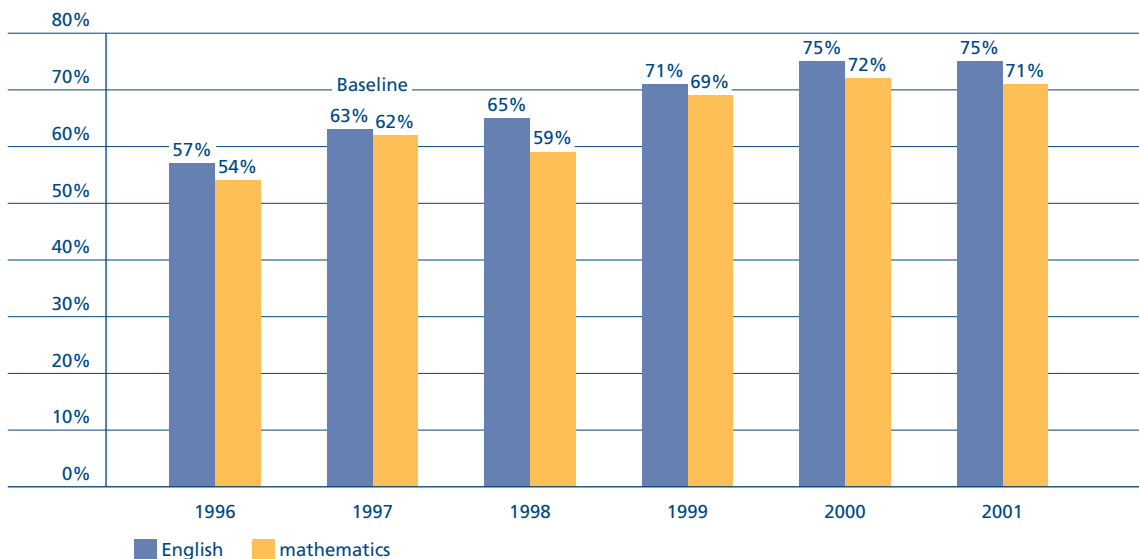
Tackling truancy and exclusions

54. Every day over 50,000 pupils miss school without permission. Research shows that these children are easily drawn into crime and anti-social behaviour and more likely to be unemployed after leaving school. We have introduced a package of measures to help schools tackle truancy and poor behaviour, including the introduction of electronic registration systems that pick up absences immediately and intensive truancy sweeps to find children who should be in school. From September 2002, all schools with above average levels of truancy will set targets for reducing levels of unauthorised absence.
55. Our target to reduce the level of exclusions by one-third between 1997 and 2002 was met one year early. Since then we have been concentrating on tackling the early causes of poor behaviour and ensuring that those children for whom there is no alternative but permanent exclusion receive a full-time education. Clusters of schools in 34 local education authorities with high crime and truancy figures will receive £66 million for a Behaviour Improvement Programme. By January 2003, this will provide a named key worker for every child at risk of truancy, exclusion or criminal behaviour. Other assistance will include Behaviour and Education Support Teams and the opportunity for police officers to be based in up to 100 schools.

Literacy and numeracy strategies

56. We are committed to raising standards of achievement in English and mathematics for primary aged pupils. Primary aged pupils now receive a daily literacy hour and mathematics lesson. Total funding of £192 million is available in 2002/03 for the National Literacy and Numeracy Strategies in primary schools and this level of funding is guaranteed until 2004.
57. Our **indicator of progress**, Chart 4.2, shows encouraging improvement since 1997. But we believe we can make further progress and have set ourselves the target to increase the percentage of 11-year-olds achieving Level 4 or above in Key Stage 2 English and mathematics to 85 per cent by 2004.
58. Poor literacy and numeracy skills often run in the family. Research by City University⁹ suggests that 60 per cent of children in the lowest reading attainment group at age 10 had parents with low literacy scores – only 2 per cent had parents with high literacy scores. In 1999, the literacy and numeracy working group chaired by Lord Moser found that an estimated 7 million adults in England had literacy and numeracy skills below the level expected of an 11-year-old child.¹⁰

Chart 4.2: Percentage of 11-year-olds achieving Level 4 or above in Key Stage 2 tests for English and mathematics (England)



Source: National Curriculum Assessments, Key Stage 2, Department for Education and Skills.

59. For this reason, action in schools to improve literacy and numeracy is supported by a national initiative that enables parents and their children to improve their literacy, language and numeracy skills, learning together. Skills for Life,¹¹ the Adult Basic Skills Strategy, identifies parents as one of the key priority groups to be targeted. The programmes offer a range of learning opportunities for families and are run in co-operation with local schools. They provide opportunities for parents to improve their own literacy, language or numeracy, to find out more about how their children learn and how they can support them at home.
60. Since April 2002 the Learning and Skills Council (LSC) has been responsible for the Family Literacy, Language and Numeracy programme. The Adult Basic Skills Strategy Unit has transferred to the National LSC funding of £3.64 million through the Standards Fund and an additional £11.7 million for 2002/03 to extend and widen access participation to at least a further 52,000 parents and carers and 19,000 children. For 2002/03 and beyond, we expect at least 50 per cent of parents to achieve part or full external accreditation, including the National Test.

Family Literacy and Numeracy Programmes

Keeping up with the Children – courses that build on parents' interest in the literacy hour and address parents' own literacy.

Family Literacy, Language and Numeracy courses and workshops – provide learning for hard-to-reach parents giving them opportunities to improve their own skills and to find out how to support their children's learning.

Early Start – courses developed for parents of young children aged 0–3, helping them improve their skills and understand how they can support their children's language development.

Family Literacy & Numeracy Online – provides online materials for families to develop their literacy and numeracy.

Family Programmes Foundation Teacher Training – for staff working with adults and children.

61. Evaluation has shown that the family literacy and numeracy initiative is successful in improving children's early learning, in supporting links between family and school and in encouraging parents to re-enter education, training and work.¹² 95 per cent of parents attending Family Literacy and Numeracy courses say that they increase and maintain their ability to support their children's basic skills development in school.¹³

Creative Partnerships

62. Creative Partnerships is a national programme designed to create new and sustainable ways of including young people at school in the cultural life of their communities. We have allocated £40 million to nurturing the innate creativity of young people and to supporting teachers, artists, cultural and creative organisations and individuals to work with them.

Computers in public libraries – The People's Network

63. Increasingly, people are using computers, the internet and other information and communication technology (ICT) to get information. This presents a danger of social exclusion for people without access to ICT. The People's Network programme is a United Kingdom-wide initiative to ensure that all public libraries offer public internet access. We aim to create a network of ICT learning centres in more than 4,000 public libraries across the United Kingdom by the end of 2002. £100 million of Lottery funding will be used to pay for equipment and technical assistance.
64. This programme also involves training 40,000 library staff in ICT skills and learner support (at a cost of £20 million) and another £50 million has been set aside for the preparation of educational and learning materials for the network.

Authorities are asked to provide access to the internet free of charge or have policies in place to ensure that groups at risk of social exclusion can have their needs met.

Action in the most disadvantaged neighbourhoods

65. Our policies to improve mainstream school attainments are beginning to work. These policies are also beginning to narrow inequalities of outcome for children from poor backgrounds. We are also taking action to focus support through Education Action Zones (EAZs) and the Excellence in Cities (EiC) programme for children most at risk of failing at school.

Education Action Zones

66. We are providing resources for local partnerships in disadvantaged urban and rural areas to develop new and imaginative approaches to raising standards. Each EAZ comprises of a cluster of two or three secondary schools with their supporting primaries, working in partnership with local education authorities, parents, business and other representatives from the local community. EAZs initially run for three years, with the possibility of extension for a further two years.

67. Almost 1,400 schools nationally are now part of an EAZ, with over 1,000 businesses working in partnership with EAZs nationally. Up to the end of December 2001, EAZs have received £36 million in private sector contributions. By the time the last zone reaches its statutory lifespan, EAZ schools will have benefited from about £300 million of investment.

68. Between 2000 and 2001, the rate of improvement in the proportion of pupils achieving five or more A*–C grades at GCSE for the Round 1 EAZs, which started in 1998, was three times the national rate. At Key Stage 1 attainment in all subjects for schools in Round 1 EAZs is improving at almost twice that of national gains between 1998–2001. At Key Stage 2 EAZ results between 1998–2001 in English, mathematics and science have risen significantly faster than those nationally.

Excellence in Cities

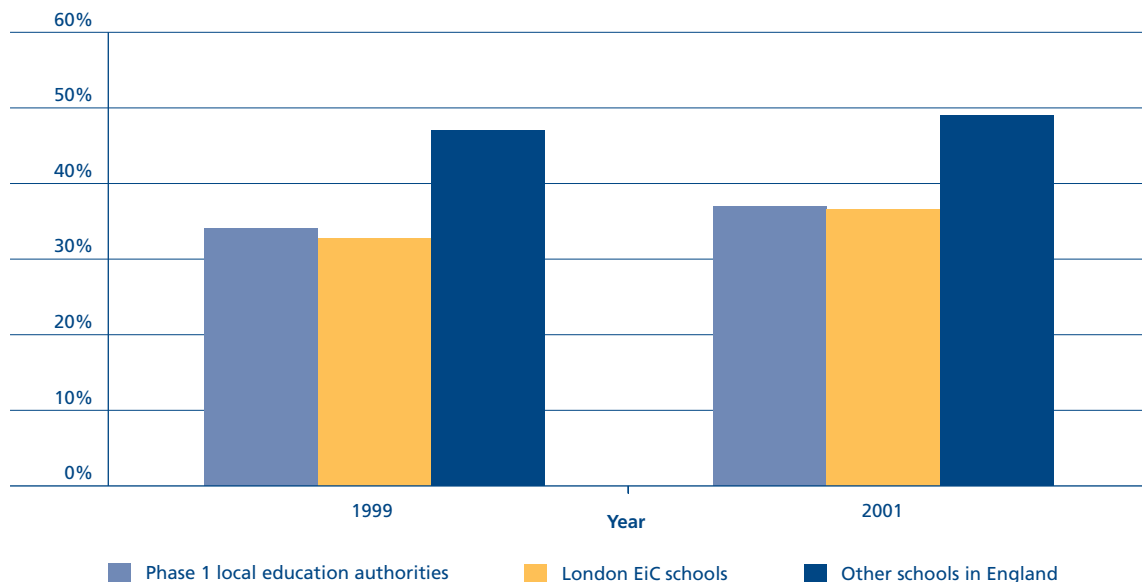
69. Standards in many of our city schools have been too low for too long. Such schools are failing to provide the support that children – many of whom are facing social exclusion – need. Tackling decades of failure presents a particular challenge for the education system. EiC is a targeted programme of support for schools facing this particular challenge, implemented through local partnerships. These are now running in 58 local authorities, with further local authorities involved in Excellence Clusters covering small pockets of deprivation across the country; some 1,000 secondary schools and over 1,000 primary schools are involved.

70. EiC is based on four core values:

- high expectations of every individual pupil and all young people;
- diversity of provision;
- networks of schools; and
- extension of opportunity to bring success to every school.

71. GCSE performance tables for 2000 and 2001 show that results are rising faster in EiC schools than elsewhere. And schools in Phase 1 and 2 with high levels of deprivation improved their GCSE scores twice as fast as those with lower levels of deprivation.

Chart 4.3: Percentage of students achieving five or more GCSEs at grades A*–C



Source: Department for Education and Skills.

72. Excellence Fellowship Awards is a two-year pilot scheme for school and further education college teachers in EAZs and EiC areas – which are amongst the areas where progression to higher education is lowest. Awards will enable teachers to spend a term at a higher education institution, looking at ways of encouraging progression to higher education amongst their students and raising aspirations. A minimum of 50 awards will be provided in each year. They will be worth up to £20,000 each. The awards are being managed by 30 higher education institutions across England.

Support for the transition to adult life

73. Not all young people are able to make the most of their educational opportunities. And the transition from school to adult life is fraught with risk for many young people. This is also a time of opportunity, however, and effective action at this stage can compensate for poor educational achievement and help to reduce the risks. Policies highlighted in this section dovetail with those described on mainstream educational improvements. They aim to provide young people with a combination of financial incentives to remain engaged with education and learning, and effective advice and guidance about the best ways of doing so.

74. We have set a target that, by 2002, 85 per cent of 19-year-olds will achieve at least a Level 2 qualification (or equivalent). By 2004, we are committed to increasing the 2002 level by a further 3 percentage points. Our policies, detailed below, will contribute to our progress towards these targets.

Educational Maintenance Allowance

75. Educational Maintenance Allowances (EMAs) aim to encourage young people to stay at school. By making payments conditional on effective learning we aim to provide 'something for something' financial support. Eligible young people (or their parents in a few areas) can receive an allowance of up to £30 a week (£40 a week in two areas) if they stay on at school or college and fulfil their conditional learning agreement.

76. Fifteen local education authorities (LEAs) began piloting the scheme in 1999. Early findings from the evaluation were positive, showing that EMAs have raised participation in education by around five percentage points in the pilot areas, amongst eligible young people. The scheme has now been extended to a further 41 LEA areas.¹⁴ These areas are mostly those with high levels of deprivation, low participation in post-16 education and low attainment at 16. The scheme is now available in around a third of the country and over 120,000 young people are benefiting in this academic year. We have now decided that EMAs will be extended across England from September 2004.

Neighbourhood Support Fund

The Neighbourhood Support Fund seeks to enable local voluntary and community organisations to provide innovative projects for the hardest-to-help 13–19-year-olds. The Fund is aimed at those children excluded from school or at risk of becoming excluded, including truants, care leavers, teenage parents and young offenders.

There are currently 650 projects across 40 of the most deprived local authority areas, for 15,000 young people a year. There is a total of £60 million available over the three years ending Autumn 2003. Innovative features include: funding direct to small local groups; activities proposed and run by local groups; and oversight and monitoring delegated to the three managing agents in the voluntary and community sector.

Most projects had completed their first operational year by June 2001. In May 2002, 31,000 young people were participating. Over half (59 per cent) of the 10,909 leavers have gone in to employment, education or training.

Connexions Service

77. The Connexions Service is a groundbreaking initiative joining up the work of seven government departments to provide a more co-ordinated youth support service to address problems and issues faced by young people aged 13–19. All young people will have access to a Personal Adviser who will provide advice and support that is tailored to the level of need. Connexions is managed at a local level by Connexions partnerships that bring together all the key youth support services (for example youth services, careers services, police, social services).
78. Substantial new resources have been provided for Connexions. The funding amounts to £420 million for 2002/03 and £455 million by the end of 2003/04. Over 1.25 million young people were assisted by Connexions between April 2001 and April 2002. The whole of England will be covered by 2003.

Case study – Connexions

Anthony left school before taking his final exams. He was homeless and unemployed when he contacted the Connexions Service. His father had died leaving the family in financial difficulties.

Anthony was put in touch with the local Housing Department to help find accommodation. He was supported through one-to-one sessions with a Connexions Service Personal Adviser, with confidence building, job and training search, and help with interviewing skills.

Through the help and support he received from Connexions, Anthony found somewhere to live and got a job with the Royal Mail, working towards an NVQ Level 2 qualification. A year on, he is still with them and progressing well.

Modern Apprenticeships

79. Modern Apprenticeships (MA) provide quality work-based learning for young people to achieve qualifications at two different levels: Foundation MA (National Vocational Qualification [NVQ] Level 2) and Advanced MA (NVQ Level 3).
80. This programme forms part of the 'vocational ladder' providing alternative and complementary pathways for young people from age 14, including GCSEs in vocational subjects, and access to higher education (HE) through foundation degrees. Since 1997, the number of young people achieving NVQ Level 3 while on Advanced MAs has increased by 27 per cent.
81. As at March 2002 there were 226,800 young people undertaking MAs in England – 111,200 on Foundation MA and 115,600 on Advanced MA. 98 per cent of young people on Advanced MA are in work and, of those young people who left Advanced MA in 2000/01, 86 per cent were in employment six months after leaving.

Excellence Challenge

82. The Excellence Challenge is a three-year programme running from 2001/02 to 2003/04 that is committing over £190 million to increase and widen participation in HE. Through various innovative approaches the funding for Excellence Challenge aims to increase the participation rates in HE for those from deprived areas, under represented groups and those without a family background of attending HE.
83. Our target is that by 2010 participation of 18–30-year-olds, as measured by the Initial Entry Rate, reaches 50 per cent. If this is to happen, it is critical that more of our young people who come from families with no HE in their backgrounds are able to enter universities and other institutions.

Chapter Five: Tackling inequalities by improving public services

Introduction

1. **Chapter Four** discussed the role of services in tackling cycles of deprivation, focusing particularly on services for children and their families. Childhood is a time when people are particularly at risk of being trapped in a cycle of deprivation. But, throughout their lives, many people rely on the support of services to escape poverty and social exclusion.
2. Services like the health service, housing and legal services play a key role in our strategy for tackling inequality. This chapter explains what we are doing to ensure that they are delivering effectively for people in need.

Focusing services on those in need

3. In 2002/03, we are spending £133 billion on the public services of education, health, housing and other support for local people. Under the plans set out in the 2002 Spending Review, this will rise to £171.5 billion by 2005/06. Our commitment to funding these services is clear – and for good practical reasons. Without them we would be a less well educated, less healthy and more poorly housed nation, with lower productivity and lower national wealth.
4. But our spending on these services also reflects our commitment to opportunity for all. Without excellent public services

delivering decent outcomes for all, it would be the most vulnerable members of our society who would be most at risk of remaining trapped by poor education, poor health and poor housing.

A fair distribution of support for public services

5. Public expenditure needs to be targeted where need is greatest:
 - Some programmes explicitly base the distribution of resources on a formula that attempts to take account of need. Examples of this sort of programme include primary and secondary education and the police.
 - Other programmes which are designed to address individual cases of need will, as a result, tend to provide more resources for deprived areas. Examples include social security spending.
6. Central funding for local services is distributed using funding formulae. These typically set the amount of money paid for an area based on the number of people living in it and an additional amount based on indicators of need. For example, central government's share of local government expenditure is based on Standard Spending Assessments (SSAs). SSAs are based on an estimate of how much the local authority needs to provide a standard level of service. The estimate is based on overall population and indicators of need.

7. The SSA formulae have been widely criticised as unfair. The system is very difficult to understand and has four key defects:
- the formulae do not provide local authorities with certainty from year to year about the amount of grant they can expect. This inhibits forward planning and the modernisation of services;
 - there is no incentive to modernise services since authorities receive the same grant regardless;
 - the grant system relies too much on a statistical analysis of spending and too little on wider evidence of need; and
 - the system does not allow for fine tuning to reflect the particular circumstances of individual authorities.
8. We have already begun to address the first of these problems by providing greater stability of funding in the 1998 Spending Review. At that time the Government announced that it would be reviewing the funding formula used for the SSA.¹ Detailed proposals for reform were set out in a consultation paper in July 2002.²

Securing high minimum standards

9. Improving the distribution of public spending is not, however, enough on its own to break cycles of deprivation. Higher spending must feed through into better services for people and communities at risk to ensure that acceptable standards are achieved. That is why we are investing in the National Strategy for Neighbourhood Renewal, introducing minimum standards for public services (floor standards) and helping improve the ability of local government to deliver services.
10. Our strategy for renewing the most deprived areas has been set out in earlier reports. It gives core public services like schools, health, environmental services and the police a clear responsibility for tackling deprivation. The Neighbourhood Renewal Unit's annual report provides the latest information on progress in this area and so we will only briefly touch on these issues in this introduction.³ Similarly the links between transport and social exclusion have been fully explored through the Social Exclusion Unit's report on this issue, so we do not try to cover this here.⁴

Local Strategic Partnerships

11. No single organisation can reverse the spiral of decline in many of England's most deprived areas. But a combination of public service providers working in partnership with the private sector and community and voluntary sectors have a far greater chance of success. Local Strategic Partnerships provide an opportunity to bring these partners together at the local level, enabling a more strategic approach to the planning and delivery of improved services that better meet local needs and priorities.
12. Local Strategic Partnerships' key tasks include the preparation and implementation of a Community strategy and Local Neighbourhood Renewal Strategy for their area. These strategies provide a framework for setting priorities and aligning services across the area, as well as tackling deep seated problems in the most deprived neighbourhoods.

Neighbourhood Renewal Fund

13. The Neighbourhood Renewal Fund is providing 88 eligible local authorities and their Local Strategic Partnerships with additional funding to improve services in the most deprived neighbourhoods. This is intended to support existing mainstream funding and contribute to achieving our target of narrowing the gap between deprived areas and the rest of the country. The Neighbourhood Renewal Fund should also support local targets contained in Local Neighbourhood Renewal Strategies drawn up by the Local Strategic Partnership.

14. We have already agreed to provide £300 million for the Neighbourhood Renewal Fund in 2002/03 and £400 million in 2003/04. In the Spending Review 2002, we announced that £450 million would be made available in 2004/05 and £525 million in 2005/06.

Floor targets

15. To underpin the Neighbourhood Renewal Strategy, the 2000 Spending Review set minimum standards ('floor targets') for key government departments. These were aimed at levering up the performance of public services in deprived areas towards the national average. The 2002 Spending Review takes this strategy further, with existing floor targets being rolled forward and strengthened and new targets being added. These include:
 - setting new school level floor targets for 11- and 14-year-olds;
 - targets covering a wider range of crimes;
 - tightening the floor target on housing conditions to cover the private as well as social housing sector;
 - introducing a new target to reduce over the long term the persistent gap in growth rates between different regions; and
 - a new target to reduce the gap in productivity between the least well performing rural areas and the average.

16. In addition, a range of other new Departmental Public Service Agreement targets will also have significant impacts on disadvantaged communities, for example the targets to:
- reduce the number of children in low-income households by at least a quarter by 2004;
 - achieve a better balance between housing availability and the demand for housing in all English regions; and
 - improve life outcomes of adults and children with mental health problems through improvements in access to services.

Strengthening local government

17. Our commitment to strengthening local government is set out in the Local Government White Paper *Strong Local Leadership – Quality Public Services*.⁵ Local government fulfils a key role in our society. The public rightly expect all of us in government, whether at central or local level, to work together to improve the services which we all rely on. To meet these demands councils need constantly to seek new and more effective ways to deliver services and lead their communities. The proposals in the White Paper will help them to do so. They amount to a radical change in the relationship between central and local government. We will support these changes by providing an average increase
- in the local government programme of 4.2 per cent a year above inflation over the next three years.

Working with the voluntary sector

18. We recognise the important role for voluntary and community organisations in supporting the most disadvantaged in society. Working closely with the community, they are often best placed to identify needs, as well as building confidence in those that work with them. Voluntary and community groups also have a social role – tackling poverty directly through credit unions and food co-operatives as well as providing practical assistance and support, advice work and advocacy for homeless people and others in extreme social crisis.
19. We are implementing the recommendations of the recent review of the role of the voluntary sector in service delivery.⁶ Aimed at developing a co-ordinated strategy to enable local people to play a leading part in local developments, these include :
- rationalising and streamlining access to support for community groups and community capacity building from across government;
 - building new partnerships between voluntary and community organisations and local statutory partners; and

- identifying and bringing into use appropriate impact measures for community investment.

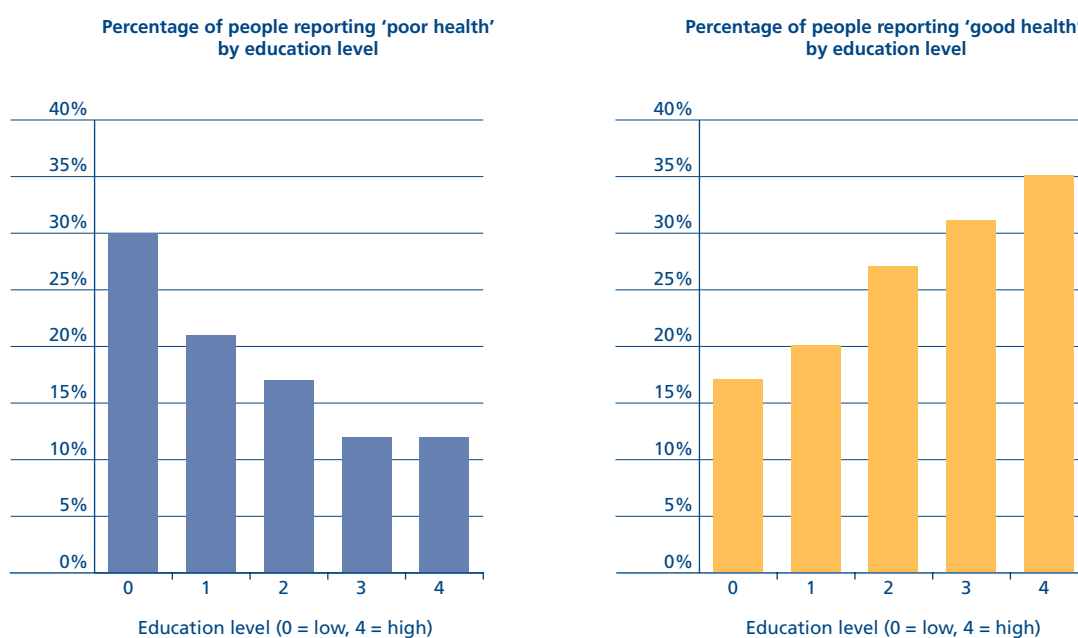
Tackling health inequalities

Introduction

20. People who are suffering poverty or social exclusion are more likely to suffer ill health and in many disadvantaged areas to encounter poor access to
21. As explained in last year's report, we now have national targets for reducing inequality in health: targets to reduce infant mortality, to close the gap in life

services or services of a lower quality than elsewhere. And illness is associated with educational disadvantage (see Chart 5.1), as well as having a negative effect on the employment prospects for people of working age. We are committed to improving health services and to working across government, with other sectors and through the NHS to tackle health inequalities.

Chart 5.1: Association between health status and education level



Source: Based on analysis of National Child Development Study data, by Leon Feinstein, Centre for Research on the Wider Benefits of Learning, 2002.

expectancy and to reduce teenage pregnancy. The aim of the targets is to narrow the health gap in childhood and throughout life between socio-economic groups and between the most deprived areas and the rest of the country. We have consulted on the plan⁷ for delivering these targets and published the result of the consultation.

22. We have also conducted a Cross-Cutting Spending Review on tackling health inequalities which provided the opportunity for the whole of government to focus on the priorities needed to deliver change in this important area. A Delivery Plan will be published later this year.
23. Our strategy for improving health services and tackling inequality includes general improvements in healthcare through additional resources allocated for the health service, new health organisations to drive reform, specific action in deprived areas, and action to tackle specific health-related causes of deprivation.

NHS Plan, Budget and Reforms

24. The NHS Plan, launched in July 2000, is our ten-year programme of investment and reform to create a health service with services designed around the needs of patients and improved health outcomes, particularly for the poorest in society. The vision of the Plan is for prompt,

convenient and high quality services that treat patients as partners. Such a service will not only be designed around patients but also be responsive to them, offering them choices and involving them in decision making and planning.

25. The extra resources for the NHS and social services announced in the 2002 Budget now allow us to go further in driving forward the ambitious programme to improve health services and health outcomes in the years to 2008. For the NHS, there is an annual average increase of 7.5 per cent above inflation over the five years 2003/04 to 2007/08, the largest ever sustained investment in the NHS. For personal social services the Budget delivers annual growth in real terms of 6 per cent from 2003/04 to 2005/06.
26. These resources will provide substantial extra capacity in the health service for extra staff, more beds, better IT and more equipment.
27. Progress has already been made: in two years the number of nurses has increased by over 2,000; and investment in new equipment and a huge hospital building programme (nearly 70 schemes approved since May 1997) are beginning to deliver more modern facilities.
28. We are reforming the way the NHS works in order to achieve the vision in the NHS Plan. We recognise that those working in the frontline are best placed

to understand the needs of their local communities and to then plan and deliver services to meet those needs. Primary Care Trusts (PCTs), in place throughout the country since 1 April 2002, have a leading role in driving change. PCTs already control half of the total NHS budget and will soon control 75 per cent of it. PCTs are responsible for tackling health and service inequalities within the community they serve.

29. We are focusing our action where it can make most impact on improving health outcomes and tackling health inequalities. Our objective is to improve the nation's health and to improve the health of the poorest fastest. The main improvements, in addition to reducing the time waiting for hospital treatment, will be in primary care services and in reducing deaths from cancer and coronary heart disease (CHD), tackling suicide, improving mental health and promoting independence for older people.

Primary Care

30. Most people's first point of contact with the NHS is primary care – GP, health visitor, dentist, optician or pharmacist. Because primary care plays a critical role in tackling inequalities and deprivation we are taking forward a wide range of programmes to improve primary care services in disadvantaged areas. These programmes focus both on the workforce and on premises. Schemes such as the NHS GP Golden Hello Scheme, Personal

Medical Services contract, Local Development Schemes and those providing additional funding are designed to encourage and support GPs to work in deprived areas. And we plan to invest up to £1 billion in the primary care infrastructure, refurbish or replace up to 3,000 GP premises and develop 500 one-stop centres. The first six localities for the NHS LIFT initiative are all in deprived areas – Barnsley; Camden and Islington; East London and the City; Manchester, Salford and Trafford; Newcastle and North Tyneside; and Sandwell.

National Service Frameworks

31. National Service Frameworks (NSFs) are being put in place to drive improvements in services and health outcomes. NSFs set requirements, in terms of standards of care to be achieved, and put in place strategies to support implementation and milestones to be met by health and social care services, in meeting those standards.
32. The NSF for Coronary Heart Disease, published in March 2000, sets out a wide range of action to tackle heart disease – from prevention in the general population and among people at high risk of developing the disease, through treatment to rehabilitation.
33. Older people are the main users of health and social care services but sometimes services have not adequately addressed their needs. The *Older People's National Services Framework*, published in March

2001, sets out a comprehensive strategy to ensure fair, high quality, integrated health and social care for older people.

34. One of our **indicators of progress** is to increase the proportion of older people being helped to live independently. We monitor the number of households receiving intensive home care per thousand population aged 65 and over. This indicator showed improvement between 1998/99 and 2000/01, increasing from 7.8 to 9.3 per thousand.
35. As part of a wide programme on mental health, the *Mental Health National Services Framework*, published in September 1999, sets standards and defines service models for promoting mental health and treating mental illness. Suicide is now the most common cause of death in those aged under 35, with over 4,000 deaths from suicide in England each year. We aim to reduce the suicide rate by one-fifth by 2010.
36. There are marked inequalities in the incidence of diabetes between ethnic and socio-economic groups. The *Diabetes National Services Framework*, published in December 2001, with the objective of providing services that are person centred, enabled people with diabetes to adopt a healthier lifestyle and manage their own diabetes. Where necessary, this approach tackles the adverse impact of material disadvantage and social exclusion.
37. We have announced further NSFs: for children, renal services, diabetes and long-term care.

Impact of National Service Frameworks on Health Inequalities: Coronary Heart Disease

Successes amongst the early implementation include the excellent work by the Primary Care and Coronary Heart Disease (CHD) Collaboratives to reduce risk factors among people with CHD, 172 rapid access chest pain clinics (compared to a target of 100 by March 2002) and more than 4,800 extra heart operations by March 2001 (target 3,000). Work is now being taken forward to increase the numbers of heart operations in those areas which have had historically low rates of operations despite high rates of CHD.

The North West and the West Midlands particularly have historically low rates of heart operations, despite high rates of CHD, and capacity will be increased in these areas. This includes £170 million capital funding to rebuild and expand eight centres in the North West and £60 million allocated to the West Midlands.

£65 million from the New Opportunities Fund will be used to expand diagnostic capacity, building 58 new and replacement angiography and catheterisation laboratories.

Smoking

38. Smoking is the single biggest preventable cause of poor health. Adults in manual socio-economic groups are more likely to smoke than those in other socio-economic groups (see Table 5.1).
39. We have set a target to reduce smoking rates among manual groups to 26 per cent by 2010. The latest data for this **indicator of progress** shows a smoking rate of 31 per cent among manual groups, compared to 27 per cent of all adults.

Table 5.1: Smoking rates (England)

Percentages	1988	1990	1992	1994	1996	1998
All adults	31	29	28	26	28	27
Non-manual groups	25	24	23	21	22	21
Manual groups	37	35	33	32	34	32

Percentages	1998*	2000*
All adults	28	27
Non-manual groups	22	23
Manual groups	33	31

Source: Office for National Statistics: *General Household Survey, Living in Britain*, analysed for England

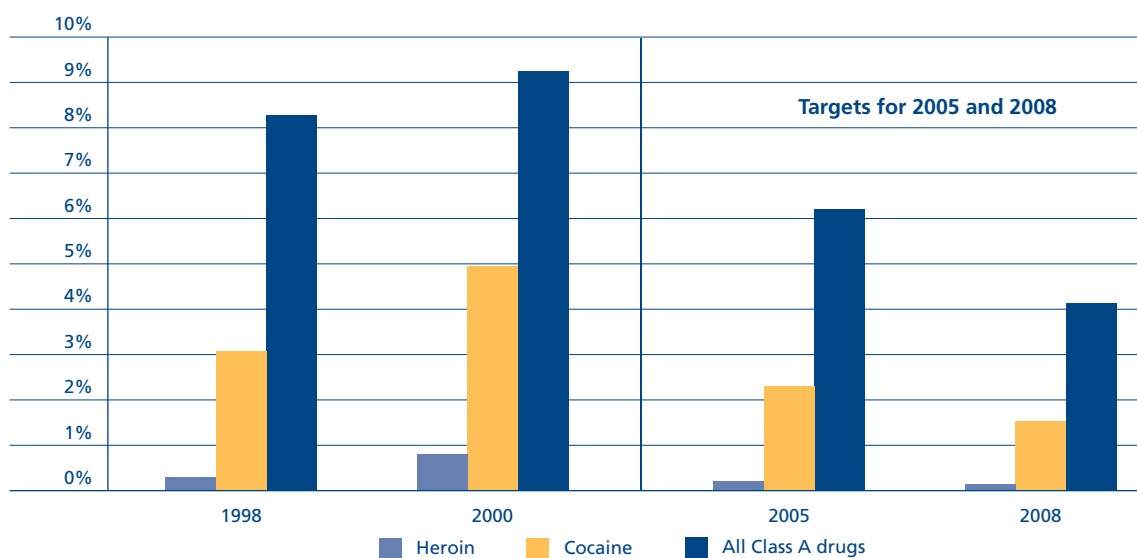
Note: * General Household Survey data was weighted in 2000 and retrospectively for 1998 for comparative purposes. Weighted data cannot be reliably compared to the unweighted data of previous years. For a full explanation see Annex.

40. To contribute to our aim that all children and young people have the opportunity of a healthier start in life, we have set targets to reduce smoking rates:
- among women during pregnancy (from 23 per cent in 1995 to 15 per cent by 2010, with a fall to 18 per cent by 2005); and
 - among children (from 13 per cent in 1996 to 9 per cent by 2010, with a fall to 11 per cent by 2005).
41. Good progress is already being made towards the second target. Between 1996 and 2001 regular smoking (that is at least one cigarette a week on average) among children aged 11–15 has fallen from 13 per cent to 10 per cent.
42. In 2000 the proportion of women who smoked during pregnancy was 19 per cent.

Drug misuse and the National Treatment Agency

43. There is a strong link between drug misuse and other forms of deprivation. Young people who are homeless or excluded from school, young offenders and those with parents who misuse drugs or alcohol are in danger of developing drug problems in later life. Communities where there are major drug problems tend to suffer social deprivation in other ways.
44. The National Treatment Agency (NTA) is working to improve the quality of drug treatment in the UK and to expand its capacity. The finance for the NTA comes largely from a Pooled Treatment Budget made up of funds from both the Department of Health and the Home Office. This budget is worth £195 million in 2002/03. Following widespread consultation, the Department of Health has produced a national framework for developing an integrated drug treatment system and has set key priorities for the NTA.⁸
 - Reducing drug-related deaths – a programme of projects, costing in the region of £350,000 for 2002/03 includes the production of information for those most at risk and training for carers in preventing overdoses.
 - Promoting the development of new drug treatment options – some groups are not well served by current drug treatment services. The NTA has developed programmes to enable better responses to marginalised groups, in particular, young drug misusers and black and ethnic minority drug users. The latter programme includes developing diversity awareness and a modern apprenticeship scheme to help young black people develop a career in drug treatment.
 - Developing services for crack cocaine misusers – the NTA is developing new evidence-based service specifications for this group. These are being piloted in four areas in England.
45. These services will help reduce the use of Class A drugs among young people (see Chart 5.2). Although there are apparently some increases from 1998 to 2000 in self-reported use of heroin, cocaine and all Class A drugs among 16- to 24-year-olds, these were not statistically significant.

Chart 5.2: Percentage of young people aged 16–24 reporting the use of Class A drugs during the last year (England and Wales)



Source: *Drug misuse declared in 2000: key results from the British Crime Survey*, Home Office Findings 149.

Action to improve health in deprived neighbourhoods

46. As well as action to improve general health and to tackle health inequalities, we are targeting resources on areas with higher levels of deprivation.

Healthy Living Centres

47. Healthy Living Centres (HLCs) are a United Kingdom-wide programme of centres promoting health and well-being, targeted at the most deprived communities. They are expected to influence the wider determinants of health, such as exclusion, poor access to

services and the social and economic aspects of deprivation that can contribute to inequalities in health. The programme is one of the largest single public health community-based projects anywhere in the world, with a broad interpretation of health and well-being.

48. HLCs are intended to reach 20 per cent of the United Kingdom population, targeting deprived areas in particular. The HLC initiative was launched in 1999 and is managed by the New Opportunities Fund (NOF). NOF have so far approved and announced 140 schemes in England totalling just over £109.6 million (May 2002).

49. The NOF expects to distribute £218 million in England, with most grants spread over five years. Analysis indicates that approximately £250 million of additional funding will be provided from other sources such as local statutory bodies and the private sector.

Health Action Zones

50. Health Action Zones (HAZs) were set up to address health inequality issues in some of the most deprived parts of the country through partnership working. HAZs have successfully developed partnerships between the NHS, local authorities, the community, and the voluntary and private sectors to tackle health inequalities and the wider determinants of health and to modernise services. HAZs have been led by a partnership comprising stakeholders from the partnership bodies to oversee and agree HAZ activities and to enable those to proceed in a joined up way.
51. In line with our policy of moving decision making closer to service delivery⁹ HAZs have begun the process of aligning with their local health systems, which will increase the capacity of Primary Care Trusts to tackle health inequality issues. It will also ensure that the HAZ way of working and HAZ learning are mainstreamed and disseminated to support the new systems that are being put into place.

A better place to live

52. Everyone needs somewhere safe and comfortable to live – and a place where they can be free of the fear of crime. But too often the problems of poverty and social exclusion are compounded by an inability to meet these basic requirements. Our strategy to ensure a decent home and to tackle crime is focused on helping those most in need.
53. In Northern Ireland, Scotland and Wales, housing is the responsibility of the Devolved Administrations – who publish separate reports on their social inclusion strategies (see **Chapter Six**). Our strategy in England is based on:
- tackling homelessness and rough sleeping;
 - improving social housing – investment and progress;
 - housing for older people/Home Improvement Agencies; and
 - the Home Energy Efficiency Scheme/ action to tackle fuel poverty.

Homelessness

54. The lack of settled accommodation can seriously harm a child's chance of a good education and present difficulties for people of working age in trying to find employment.

55. In England, we are investing £125 million in 2002/03 to tackle homelessness. Specific measures include:

- a commitment that by March 2004 local authorities will ensure that homeless families with children will only have to live in a bed and breakfast hotel in an emergency and then for no more than six weeks;
- inviting local authorities to apply for £10 million funding for homelessness strategies, to commence in July 2002;
- ensuring that the success in meeting the Prime Minister's target of reducing rough sleeping by two-thirds by 2002 is sustained; and
- investigating underlying homelessness causes and trends, collecting information more effectively, testing new and innovative approaches to prevent and reduce homelessness, and promote good practice.

56. The Homelessness Act 2002 and the Priority Need Order which came into force at the end of July 2002 strengthened the protection available to people who are homeless or threatened with homelessness. It requires all housing authorities in England to have a homeless strategy for their districts. This legislation also forms the basis for a more strategic approach to tackling homelessness, as set out in the report *More than a Roof*.¹⁰

57. This approach tackles poverty and social exclusion amongst homeless people by helping them:

- rebuild relationships with their family;
- access training or employment;
- overcome debt; or
- tackle their drug addiction.

Case study

A 16-year-old was still at school studying for her GCSEs when she was thrown out by her parents when they found out she was pregnant. After spending a night in a mixed hostel, she was referred to a local Nightstop who placed her with a family in a home environment. She moved on into a more appropriate hostel and from there into her own accommodation where she is now living happily with her baby. She plans to go back and continue with her education.

Rough sleeping

58. Regrettably, all too often rough sleeping can be the result of a lack of support through difficult transitions. Young people with problems at home may leave only to find themselves in greater peril on the streets with the associated problems this brings. And we know that some

rough sleepers are former prisoners or military personnel who have found the transition too difficult to handle. Although we have already met our target to reduce rough sleeping by two-thirds by 2002, we must keep up our efforts.

59. To ensure that the reduction in the number of people sleeping rough is maintained, the former Rough Sleepers Unit (RSU – now part of the Homelessness Directorate) is supporting a number of innovative approaches:

- over 20 Contact and Assessment Teams (CATs) around the country have helped rough sleepers off the streets;
- beds are being provided to help rough sleepers. This includes hostel beds, specialist beds, and permanent homes for former rough sleepers with help to access education, training and employment;
- £1 million from the RSU and the United Kingdom Anti-Drugs Co-ordination Unit for London has funded over 50 specialist substance misuse workers, new substance misuse units in hostels and extra detox and rehab places for rough sleepers;
- the Department for Work and Pensions has set up a new outreach team to go into shelters, hostels and day centres to help homeless people establish benefit claims effectively;

- in London 6 Tenancy Sustainment Teams (TSTs) have given over 2,500 rough sleepers the help they need to keep their new home. Now, as in London, 17 areas across the country have adopted the TST approach routing former rough sleepers into education, training and employment;
- the two leaflets that the RSU piloted giving housing, benefits and employment advice are now being made available by the Prison Service to all short-term and remand prisoners. In partnership with the RSU, the Department for Work and Pensions is providing an enhanced benefits and employment service in 10 prisons across the country; and
- the Ministry of Defence is ensuring that Unit Commanders help prevent homelessness by providing effective advice before service personnel are discharged.

Bed and breakfast

60. To help local authorities meet the commitment to reduce the risk of families with children ending up in bed and breakfast (B&B) accommodation, we have:

- held a number of regional good practice conferences on reducing the use of B&B hotels;
- required high-using B&B authorities to produce B&B Reduction Action Plans, backed up by £35 million of new resources;

- issued new guidance to local authorities to ensure that all babies and young children placed in B&B hotels or other forms of temporary accommodation have the opportunity to receive health and developmental checks from health visitors and/or primary health care professionals; and
- improved the collection of information from local authorities to monitor the number of homeless families with children living in B&B hotels and to record the length of time they stay there.

Improving social housing

61. Decent housing gives people a stronger sense of identity and security and is an important part of our wider strategy for building more sustainable communities. We are determined to ensure that social housing provides a decent standard of accommodation. Our target is to bring all social housing up to a decent standard by 2010.
62. In order to monitor progress against this target, a definition of what constitutes a decent home has been established. A decent home is one which:
- is above the current statutory minimum standard for housing;
 - is in a reasonable state of repair;
 - has reasonably modern facilities and services; and

- provides a reasonable degree of thermal comfort.
63. An estimated 1.7 million social rented homes (42 per cent of the social sector stock) did not meet acceptable standards in April 2001.¹¹ On current plans we believe we are on track to meet the 2004 milestone target to reduce this number by a third. In line with the National Strategy for Neighbourhood Renewal, most of the improvements in housing quality will take place in the most deprived areas.
64. In July 2000, we announced a significant increase in resources for social housing. By 2003/04, £2.6 billion a year will have been made available for local authority capital investment, almost three times the amount allocated in 1997/98. Elimination of social housing that is not of a decent standard will be delivered through investment by local authorities and housing associations. Local authorities must set out how they will eliminate non-decent housing in their business plans.

Improving the quality of private sector housing

65. We have recently expanded our social housing target to cover the private sector. In addition to delivering decent social housing by 2010, we are committed to increasing the proportion of private housing in decent condition occupied by vulnerable groups. To meet this target, extra resources for housing have been secured through the 2002 Spending

Review. Local authorities have also been given more effective powers to deal with private sector conditions. We also remain committed to a system of licensing Houses in Multiple Occupation, which will help to address poor conditions in the private rented sector.

66. Housing associations invest in their stock using resources raised through rent. Those with stock condition problems are required to put in place performance improvement plans, progress against which is monitored by the Housing Corporation.
67. When combined with the other policies set out in our Housing Green Paper,¹² we hope that decent housing will enable people to make real choices about their homes, support them moving into work and self-dependence, and protect the vulnerable. In accordance with the National Strategy for Neighbourhood Renewal, most of the improvements in housing quality will take place in the most deprived areas.

Home Improvement Agencies

68. Our overall housing policy objective is to offer everyone the opportunity to have a decent, affordable and appropriate home. Where and how people live is an important ingredient in promoting independence in old age. As older people become frailer, the location of their home – and certain physical characteristics of the accommodation – together with the availability of care and support services

become particularly important. The solutions of the past – standard forms of sheltered housing and residential care for example – are no longer appropriate for older people.

69. Tangible evidence of our commitment to finding new solutions in this area is the establishment of a Cabinet Committee for Older People and the publication in 2001 of *Quality and Choice for Older People's Housing: A Strategic Framework*. The focus of the framework is on enabling older people to stay in their own homes wherever possible (if this is their choice) tailoring their care needs accordingly over time.
70. Older people form the largest client group for services under the Supporting People integrated budget. The programme will enable local authorities to provide user-centred, flexible services where need is greatest, allowing older people to maintain their independence in their own home for as long as possible. Supporting People aims to improve the standard of provision of older people's support services.
71. Home Improvement Agency services will form part of the Supporting People programme from 2003/04. Agencies help elderly, disabled and vulnerable people to remain independent in their own homes by helping them through the process of arranging repairs and adaptations. This includes checking contractors' work and helping with applications for grant and other funding sources.

72. There are around 230 agencies in England, for which the Office of the Deputy Prime Minister currently provides £8.5 million a year towards their running costs. Many agencies now offer a wide range of services that can help meet the health needs of their communities. That focus on health-related housing needs is a distinctive feature of the sector.

Home Energy Efficiency Scheme

73. As discussed in more detail in **Chapter Three** our Fuel Poverty Strategy¹³ (published in November 2001) sets out a commitment to tackling fuel poverty across all housing, together with details of the main programmes for achieving this. Initiatives introduced since 1997 include:
- Winter Fuel Payments and reducing the VAT on domestic fuel; these are discussed in **Chapter Three**;
 - a new Home Energy Efficiency scheme in England from June 2000 (now marketed as Warm Front Team) to provide insulation and new central heating for eligible low income households; and
 - a thermal comfort element in the Decent Homes Standards for social housing.
74. The Warm Front scheme has assisted in the region of 400,000 householders, with over 30,000 new gas central heating systems installed. By 2004, it is expected

that the scheme will be helping around 800,000 vulnerable households in England – including 480,000 pensioner households – at a cost of more than £600 million. Scotland, Wales, and Northern Ireland have their own equivalent schemes.

75. The thermal comfort element of the Decent Homes Standards, which requires a home to have efficient insulation, is considered to be the most effective way of increasing the energy efficiency of a home. It will contribute to reducing the level of fuel poverty in the social sector.
76. For the three years from 2001/02, some £2.5 billion is being provided to local authorities to tackle the backlog of renovation work needed in social housing, with a particular view to tackling fuel poverty.

Tackling crime and deprivation in communities

77. Crime impacts disproportionately on deprived areas and compounds existing disadvantage. Three-quarters of the areas that we target due to their high deprivation also have crime rates significantly above the national average. And the chance of being burgled is typically three times as high for people living on council estates than those living in affluent suburban areas. In short, failure to tackle crime and disorder hits hardest at those that can afford it least.

78. We recognise that tackling crime is a key step in helping deprived areas. This is why we have a range of local initiatives—working with local residents and partners to tackle crime, deprivation, drug misuse and anti-social behaviour and to make communities a safer place to live. These local initiatives empower communities to implement the solutions they need to tackle local problems. Local services such as police, schools and housing are an important part of the fabric of local societies, but the people themselves must come together to tackle crime and disorder. A greater sense of order creates a greater sense of trust and people are more likely to participate in community activity and further build the social capital of their neighbourhood.

Safer Communities Initiative

79. The Safer Communities Initiative (SCI) will provide targeted funding for communities to tackle crime, with high crime areas receiving the largest funding boost. SCI will support the existing 376 Crime and Disorder Reduction Partnerships in delivering their strategies to reduce crime through:

- targeted police activity, including special operations, mobile police stations and high visibility policing in crime hotspots;
- anti-burglary projects to tackle repeat victimisation;
- targeting prolific offenders and improving security to tackle persistent offending;
- interventions such as pub watch schemes, approved tenancy schemes and anti-social behaviour orders to tackle anti-social behaviour; and
- youth inclusion work, including support programmes for young people at risk, youth diversion schemes and work with schools to reduce truancy.

Communities Against Drugs

80. All 376 crime-fighting partnerships in England and Wales receive funding to tackle drug-related crime, drug misuse and to strengthen communities. High crime areas with the worst drugs problems will receive the largest funding. To ensure local priorities are tackled, crime-fighting partnerships will be able to decide for themselves how the extra funds will be spent. Examples of the type of community-backed initiatives that could be supported include:

- providing a more visible police presence in drug hotspots;
- supporting neighbourhood wardens;
- recruiting additional housing managers;
- support for community and parents' groups;
- CCTV, better security lighting and other improvements;
- measures to tackle burglary, robbery and shoplifting; and

- dealing with anti-social behaviour associated with drugs.
81. These initiatives should contribute to two of our **indicators of progress** – fear of crime and a reduction in the gap in the burglary rate between deprived areas and the national average.
82. Older people are particularly susceptible to suffering fear of crime that can significantly affect their day-to-day lives. Among older people women are more likely to report fear of crime than men (see Table 5.2). There has been some progress in this indicator since 1998 but there is still a way to go.
83. Our second crime indicator monitors the rate of domestic burglary and the gap between rates in the Crime and Disorder Reduction Partnerships with the highest rates of domestic burglary and the national average. Recorded burglary rates in England and Wales have fallen from 22.0 per thousand households in 1998/99 to 19.4 per thousand households in 2001/02 (though there was a slight increase between 2000/01 and 2001/02). In 2001/02, 11 Crime and Disorder Reduction Partnerships had a domestic burglary rate that was between two and three times the overall rate and one had a rate more than three times the overall rate. We have set ourselves a Public Service Agreement target to ensure future progress.

Table 5.2: Percentage of older people reporting fear of crime (England and Wales)

<i>Percentages</i>	1998	2000	2001	2001/02
All	10	10	8	8
Male	5	7	3	6
Female	14	12	12	10

Source: British Crime Survey.

Note: Older people are those aged 60 and over.

Tackling discrimination

84. Laws that provide protection against discrimination on the grounds of gender, race and disability are well established in this country. However, people who are most at risk of discrimination are still more likely to suffer social exclusion and we need to ensure that others are protected from prejudice in the labour market and in society more widely. This means not only having in place the right legal structure but also creating a culture that questions attitudes and ensures that people can prosper because of their skills and abilities.

A legal framework that promotes opportunity

The European Convention on Human Rights

The Human Rights Act 1998 came fully into force across the United Kingdom on 2 October 2000 (it had been incorporated into Scottish law in 1998). It gives further effect in United Kingdom law to the rights and freedoms contained in the European Convention on Human Rights. It places a duty on all public authorities, including government departments, to act in a way compatible with the Convention rights.

In preparation for the Act coming into force, all government departments developed training programmes for their staff which covered not just the facts about the Act but the culture and philosophy behind it. By providing a set of basic values we can all sign up to, the Act also plays an important part in the agenda of social inclusion.

Tackling racial discrimination

85. We are committed to making sure that all our programmes and public services are sensitive to and address the needs of, ethnic minority people. A significant development for the promotion of race equality in the public sector will be the revised legislative framework currently being put in place as a result of the Race Relations (Amendment) Act 2000.
86. Employment rates for ethnic minority people are still lower than the overall employment rate. **Chapter Two** sets out details of how we are addressing this. As mentioned in previous reports, ethnic minority people face other problems. They are more likely than white people to live in deprived areas, to have low incomes, to suffer ill health and to live in unpopular housing. Strategies to tackle these aspects of social exclusion therefore need to take full account of the needs of ethnic minority people.

Tackling discrimination against people with disabilities

87. We have made good progress on our programme to secure comprehensive and enforceable civil rights for people with disabilities. This includes ending many of the anomalies and weaknesses in the Disability Discrimination Act (DDA) by, for example, establishing the Disability Rights Commission in 2000 and introducing the Special Educational Needs and Disability Act, which provides civil rights protections for children with disabilities and adults seeking access to education.

Disability Rights Commission

The Disability Rights Commission was set up in April 2000. Its function is to work towards the elimination of discrimination and promote equality of opportunities for people with disabilities, promote good practice to employers and service providers, provide information and advice about the DDA and advise the Government on a range of policy issues within its remit.

In 2001/02, the Disability Rights Commission responded to over 80,000 calls to its helpline, developed its caseworker service and assisted in 2,800 cases and provided legal representation and support in 60 cases.

88. We are continuing to promote awareness of the DDA among people with disabilities, employers, service providers and the general public. We know that many service providers are making reasonable adjustments for people with disabilities without incurring substantial costs¹⁴ and that the number of cases brought by people with disabilities using the DDA legislation is increasing.¹⁵ We are also undertaking awareness-raising campaigns to identify the problems many people with disabilities face and demonstrate how they can be overcome.

Tackling discrimination on grounds of age

89. We have made a commitment to introduce legislation to tackle age discrimination in employment by 2006. In the meantime we are strongly promoting our Code of Practice on Age Diversity in Employment. The Code is promoted through the Age Positive campaign,¹⁶ which works to change employer's attitudes towards age by raising awareness of the benefits, to both business and individuals, of an age diverse workforce. We have worked with social partners such as trade unions, business leaders, Age Concern, Employers Forum on Age and the Chartered Institute of Personnel and Development among others, to develop a voluntary Code of Practice on Age Diversity in Employment. The Code, which provides detailed guidance and illustrative case studies for employers, was published in June 1999.

90. We have also commissioned a major piece of research to evaluate the effectiveness of the Code. The research was carried out in three waves over 20 months, to track changes in employer practices, with 800 employers and 500 older people being interviewed at each wave. The final report on the evaluation has now been published.¹⁷ It confirms initial findings that use of age as a criterion in recruitment has halved from 27 per cent to 13 per cent over the period. Overall, 37 per cent of employers were aware of the Code, with 6 out of 10 large companies reporting awareness.

Support through legal services

91. Legal rights and justice are illusory if a person does not know what those rights are; does not know how to exercise them; or does not know where to turn for advice if they need expert help to enforce their rights. Legal advice and support is crucial in helping people from disadvantaged backgrounds access the services to which they are entitled. This section explains progress in improving the services in this area.

Community Legal Service

92. The Community Legal Service (CLS) was launched in April 2000, replacing the Legal Aid Scheme introduced in the 1940s. It is run by the Legal Services Commission (LSC). The focus of the CLS

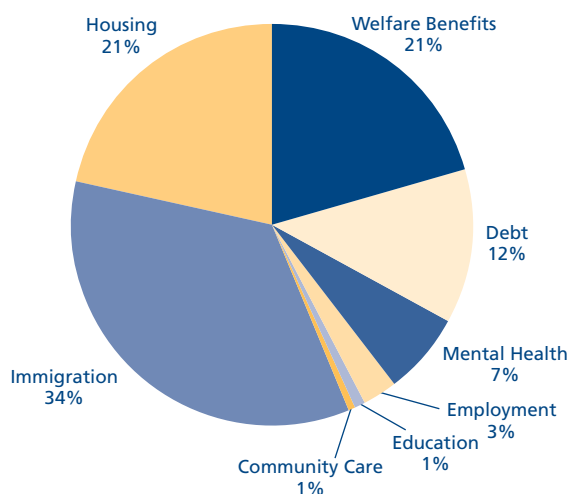
is on improving access to the type of legal needs that most affect people's lives (for example, in social welfare categories of law such as housing, debt, employment, welfare benefits, community care, discrimination, immigration and mental health).

93. Poor access to legal and advice services has meant that many people have suffered because they have been unaware of their legal rights or unable to enforce them effectively. This can have particularly serious consequences for those who are most vulnerable and can lead to the inheritance of poverty throughout their lives, by subsequent generations and by their localities.

94. The CLS makes it easier for the public to know where to turn for advice allowing individuals to access help and advice much earlier than might have otherwise been the case. This means that problems can be tackled before they escalate and thus help to promote early resolution and prevent the inheritance of poverty.

95. Over 200 local CLS Partnerships (CLSPs) provide the framework for local networks of legal and advice services. At present (July 2002), 213 partnerships cover 99 per cent of the population of England and Wales. Complete coverage will be achieved in the next few months. As both funders and providers, local authorities play an active role in CLSPs. Eight councils (Barnsley, Camden, Darlington, Derby, East Riding of Yorkshire, Liverpool, Tameside and Wirral)

Chart 5.3: Community Legal Services – new cases in 2001/02
(England and Wales)



Source: Lord Chancellor's Department.

have been awarded Beacon status under the CLS theme, in the current round of the Beacon Council Scheme. They will be responsible for disseminating good practice to other councils/CLSPs in the year ahead.

96. Overall, nearly half of all people bringing cases in England and Wales qualify for either full or partial representation. Each year about 400,000 such cases are taken up – representing over a million people if families are taken into account.

Innovation and development

97. The Partnership Innovation Budget (PIB) aims to encourage CLSPs to deliver advice and guidance in new and innovative ways, in order to develop links with communities badly served by existing services and to reach those who do not know their rights or how to enforce them. £15 million has been allocated to 76 projects under round one of the PIB. And two-thirds of these are located within the 88 Neighbourhood Renewal Areas. This includes a successful bid from Wansbeck District Council, a member of the Northumberland CLSP, that has launched a one-stop advice shop, with additional support from the Neighbourhood Renewal Fund.

Website success and access for remote or hard-to-reach groups

The CLS has fully embraced information technology as a way of enabling disadvantaged groups and individuals to access advice and guidance. The CLS 'Just Ask' website provides information in six languages other than English and averages 1,200 page impressions a day. 'Just Ask' contains an online version of the CLS Directory allowing the public to quickly identify local advice providers able to deal with their specific problems. This directly addresses the issue of access to advice for people in rural or remote communities, to people with disabilities, or with responsibilities such as caring that make it hard for them to leave their home during office hours. For those without internet access, the Directory and an orderline for CLS leaflets are also available from dedicated local rate phone lines.

The Telephone Advice pilot provides specialist level advice and casework to eligible clients who cannot easily access face-to-face advice. The organisations selected to deliver the telephone services include local Citizens Advice Bureaux, private law firms and a private sector commercial call centre organisation. The service is not nation-wide, but is instead promoted in parts of the country where a particular need has been identified.

The Citizenlink project takes this process one stage further by using video links, sited in village locations, to connect rural communities to its customer service centres and to help and advice under the CLS scheme.

Targeting need

98. The National Periodic Survey, commissioned by the Lord Chancellor's Department, will deliver the first comprehensive national picture of unmet legal need in respect of social welfare and family problems. In addition the gap analysis contained within each CLSP's strategic plan, has resulted in more effective local planning and funding of advice and guidance services. Thus from September 2002 the LSC will be able for the first time to base its funding upon both national and local models, targeting resources where they are most needed and helping to prevent the inheritance of poverty and social exclusion.
99. The advice and guidance already offered by the CLS addresses many of the social exclusion/poverty issues associated with long-term unemployment and links in with targets set for the Department for Work and Pensions to promote wider access to debt counselling through Jobcentre Plus. CLSPs are also making links with Local Strategic Partnerships and helping to bring together a range of organisations and initiatives in the local area, so as to work more effectively in partnership on the social exclusion agenda.

100. As well as providing guidance and information to individuals the CLS also helps to establish new sources of help for people, as the following example shows.

Case study – Partnership Innovation Budget (Liverpool)

The HABIT project in Liverpool is one of 76 projects funded by the Partnership Innovation Budget (Liverpool), part of the Community Legal Service Fund set aside for new and innovative ways of delivering advice and help. Led by Age Concern, the project targets people over 75 years old through a number of methods. One of the most successful has been found to be where doctors send out letters to patients offering the services of a Welfare Benefits Adviser in the surgery or by home visit. Many of the people helped live alone; some are extremely isolated and may never have come forward without encouragement from health professionals. Already nearly £1 million in benefits has been generated by the project along with increased access to other services such as free locks, smoke alarms, free central heating and other energy efficiency measures, telephone lifelines, support at home and access to information on active ageing and falls prevention. HABIT is helping to tackle the effects of poverty and social exclusion by enabling older people to have more money, warmer, safer homes and appropriate support to remain independent.

Introduction

1. We recognise that the United Kingdom Government cannot tackle poverty and social exclusion alone. We need to share responsibility and work with all sectors of society and elected government.
2. Devolution has now been in place for three years and the partnerships formed between the United Kingdom Government and the Devolved Administrations in Northern Ireland, Scotland and Wales are crucial to delivering on our shared social inclusion agenda.
3. In broad terms in Great Britain, the United Kingdom Government continues to have responsibility for employment, fiscal and economic policy, taxation, benefits and pensions, all of which impact on poverty and social exclusion.
4. The Devolved Administrations, in varying degrees, have responsibility for health, education and training, law and order, housing and economic development. These are all fundamental to tackling poverty and social exclusion and creating opportunity for all.
5. The Devolved Administrations produce their own reports, covering devolved issues. These reports should be read in conjunction with *Opportunity for all*, which concentrates only on those matters which continue to be reserved to the United Kingdom Parliament. The following is just a very brief reflection of the social inclusion strategies of the Devolved Administrations.

Northern Ireland

6. The Northern Ireland Executive's *Programme for Government* sets out its priorities for 2002–05. The *Programme for Government* details a range of priorities and measures that the Executive is committed to taking to tackle poverty and other forms of inequality.¹
7. The Executive's main strategy for tackling poverty is its New Targeting Social Need (New TSN) policy. This is a mechanism through which all departments will target a greater share of resources on the most disadvantaged people, groups and areas.
8. All departments have developed and published *New TSN Action Plans – Making it Work*.² These Action Plans detail how each department will implement New TSN within its area of responsibility up to March 2003. These Action Plans are updated each year and progress is reported in New TSN Annual Reports.³
9. New TSN focuses on employment, education, health, housing and other aspects of life.
 - Employment – New TSN Action Plans include measures to increase job opportunities where they are needed most. These cover, for example, attracting inward investment projects to disadvantaged areas, and encouraging companies involved in these projects to recruit from the unemployed, utilising programmes such as New Deal and Bridge to Employment.

- Education – Initiatives undertaken to address inequalities include increased access to pre-school education, improving the performance of lower achieving schools, and better access to further and higher education.
 - Health – A new public health strategy, *Investing for Health*,⁴ commits all departments to working to improve the health of all people and reduce health inequalities. The strategy recognises that health improvement is largely about acting before people need medical care, and it initiates a long-term process of improvement to bring health standards in Northern Ireland up to those of the best regions in Europe.
 - Housing and communities – An urban regeneration strategy, entitled *Neighbourhood Regeneration Strategy*,⁵ provides a strategic approach to regeneration in areas of greatest social need across Northern Ireland.
10. The Executive recognises that factors that cause social need and social exclusion do not always fit comfortably within the areas of responsibility of individual government departments. The Promoting Social Inclusion initiative encompasses all New TSNs and involves departments working together and with their partners outside government in a co-ordinated way to improve and enhance the circumstances of those at risk of social exclusion.
11. Initiatives to date have focused on travellers, ethnic minority people, and teenage parenthood. As strategies and action plans have been finalised for those groups, new priority areas have been identified. These include older people, disabled people, homelessness, carers and mental health. Work on these priorities commenced in 2002.
- ## Scotland
12. Social Justice is at the core of what the Scottish Executive stands for. The Executive recognises that there is a need to close the opportunity gap and improve the legacy for the future. *Social Justice...a Scotland where everyone matters* (November 1999) set out the Executive's long-term strategy for tackling poverty and injustice in Scotland.⁶
13. The strategy provides the framework to achieve the Executive's goals.
- The elimination of child poverty.
 - Full employment by providing opportunities for all those who can work.
 - Securing dignity in old age.
 - Building strong, inclusive communities.

14. The strategy includes 10 long-term targets, underpinned by 29 milestones covering a wide range of issues at different life stages.
15. The second Social Justice Annual Report (SJAR), published in November 2001, set out progress on the milestones and explored key themes of the social justice agenda.⁷ SJAR 2002 will take account of ongoing work to improve the Executive's ability to measure across all facets of poverty and deprivation, to show more clearly where policies are working and where extra effort is required.
16. The Scottish Executive published, in 2002, a Community Regeneration Statement for Scotland – *Better Communities in Scotland: closing the gap*.⁸ This set out its strategy for improving the quality of life in Scotland's deprived communities and closing the gap between them and the rest of the country.
17. Community Planning Partnerships, comprising a range of public, private and community and voluntary bodies, are responsible for working with communities to determine local priorities and putting together a strategic planning framework for the delivery of change.
18. The Scottish Executive continues to provide resources for targeted support to the most disadvantaged areas through the Social Inclusion Partnership programme and is investing £169 million over three years.
19. The new executive agency, Communities Scotland, which works on behalf of Scottish Ministers to support community regeneration at local level, is developing its own work plan to produce guidance and best practice to support the delivery of regeneration outcomes through the community planning process.
20. The Scottish Executive is committed to providing responsive and flexible services offering people and communities what they want and need. A consultation exercise in 2002 formed the basis for the development of guidelines for the distribution of the Community Budgeting Grant. The grant is set at £5 million over 2002–04 and is to assist in the set up costs for putting in place community budgeting models.
21. Another significant development in Scotland was the report of the Homelessness Task Force, published in February 2002. The Scottish Executive has accepted and pledged to ensure delivery of all of the Task Force's 59 recommendations. These include legislative change on homelessness eligibility criteria, a new focus on preventing homelessness, wider access to housing and more effective responses for people experiencing homelessness. A Homelessness Bill will be introduced to the Scottish Parliament in 2002.

Wales

22. *Plan for Wales 2001* sets out the values and vision of the Welsh Assembly Government. It provides both the strategic direction and a reiteration of the Welsh Assembly Government's commitment to delivering improved public services within the framework of its guiding principles – sustainable development, equal opportunities and social inclusion.⁹
23. The Welsh Assembly Government is determined to tackle poverty and social disadvantage throughout Wales and to bring the more disadvantaged communities up to the levels of those that are better off.
24. Major steps have already been taken to address the root causes of poverty and social disadvantage in Wales.
 - Launching the Communities First programme in Spring 2001 – a unique long-term programme aimed at ensuring a cross-cutting approach to tackling poverty and social disadvantage in the most deprived areas of Wales.
 - Establishing the Communities Directorate within the Welsh Assembly Government, to drive forward Communities First and to ensure an integrated approach to the problems.
- Setting up a Community Regeneration and Social Inclusion Policy Board to give strategic direction to the Welsh Assembly Government's social inclusion agenda and the Communities First programme in particular.
25. The Welsh Assembly Government recognises that the challenge of increasing wealth and improving the quality of life throughout Wales can only be addressed through sustained and long term action undertaken with its local partners, relevant agencies and United Kingdom government departments such as the Department for Work and Pensions.
26. The Welsh Assembly Government publishes an *Annual Report on Social Inclusion in Wales* that sets out how it is taking forward its social inclusion agenda in all its relevant policies and programmes, including Communities First, and in those of the bodies it sponsors. The latest report was published in March 2002.¹⁰

Working with the European Union

27. We are committed to playing an active role in action taken across the European Union (EU) to tackle social exclusion. European heads of government have set the EU a goal of achieving a significant reduction in poverty and social exclusion by 2010. This is for Member States to take forward.

28. But there is an important role for co-operation across Europe, in particular through producing biennial National Action Plans (NAPs), in the proper use of the European Social Fund (ESF) and through transnational co-operation supported by the Action Programme to tackle social exclusion.¹¹
29. The next round of NAPs on social exclusion is due for completion in July 2003. We will work closely with people experiencing poverty, non-government organisations, local authorities and the Devolved Administrations in preparing the United Kingdom NAP. We will seek to produce a transparent and informative plan with clear national targets set in the light of the EU-wide indicators of social exclusion.
30. Some £626 million will be allocated in England through the ESF to reduce unemployment and help develop skills for the six-year period to 2006. The NAP offers an opportunity to ensure that ESF spending also supports our objectives in tackling poverty and social exclusion.
31. Similarly, the Action Programme will allow us to develop a better understanding of the ways that social exclusion are tackled across Europe. We are working with the European Commission – and with organisations across the United Kingdom, including the Local Government Association – to ensure that this Action Programme is used effectively to address the social exclusion problems that are of particular concern in the United Kingdom.

Annex: Indicators of progress

Introduction

1. This annex contains information on the indicators used to monitor our strategy to tackle poverty and social exclusion. These indicators were established in 1999, when we published our first annual *Opportunity for all* report.
2. We review the indicators annually to ensure that they capture our evolving strategy and utilise the best available information. Consequently, the original set of indicators has been added to and some definitions have been refined. We always welcome feedback on the indicators and have actively encouraged debate, for example at a workshop we hosted in July 2000¹ and more recently as part of our consultation *Measuring Child Poverty*.²
3. As in previous reports the indicators are organised according to stages of the lifecycle. There is a set for children and young people, working-age people and older people. A set of communities' indicators monitors the progress of our strategy to narrow the gap between areas with the worst performance and other areas.
4. The geographical coverage of the indicators is clearly stated. For example, some indicators (such as those for education and health) cover England only whilst others (such as those for employment and low income) cover Great Britain. The indicators reported here concentrate on those matters which continue to be reserved to the United Kingdom Parliament. The Devolved Administrations of Northern Ireland, Scotland and Wales produce their own reports covering devolved issues (see **Chapter Six**).

Measuring child poverty

5. In April 2002, we launched our consultation *Measuring Child Poverty*. As well as issuing a consultation document asking for written responses, we have been engaged in a number of activities to encourage debate and to listen to the views of interested parties. These events include:
 - workshops in London and Edinburgh with academics and members of organisations representing children;
 - workshops with families who experience poverty in Everton, Glasgow and Belfast; and
 - workshops organised in partnership with Barnardo's, The Children's Society and Children in Wales to hear the views of children and young people in a range of locations around the United Kingdom.
6. We are currently considering feedback from all these sources and will announce our next steps in due course.

Indicator summary table

The table below provides a summary of the direction of movement of the data underlying the indicators. It assesses overall progress by looking at the trend since the baseline. It also shows the direction of movement of the most recent data. It is important to note that, because many of the indicators draw on data from sample surveys, small changes in data could be attributed to sampling variability. Most recent data reported ranges from 1996 to 2002 depending on the data source. Full details for each indicator can be found later in the Annex.

✓ data moving in right direction

✗ data moving in wrong direction

≈ data shows broadly constant trend or no significant movement

▲ only baseline data available or insufficient data available to determine a trend

Children and young people

Indicator	Coverage	Trend since baseline	Direction of latest data
Children in workless households	GB	✓	≈
Low income:			
Relative	GB	✓	✓
Absolute	GB	✓	✓
Persistent	GB	≈	≈
Teenage pregnancy:			
Teenage conceptions	England	✓	✓
Teenage parents not in education, employment or training	England	✓	✓
Key Stage 1 (7-year-olds) attainment in Sure Start areas	England	▲	▲
Key Stage 2 (11-year-olds) attainment	England	✓	≈
16-year-olds with at least one GCSE	England	✓	≈
19-year-olds with at least a Level 2 qualification	England	✓	≈
Truancies	England	≈	≈
School exclusions	England	✓	✗
Educational attainment of children looked after by local authorities	England	✓	✓
16–18-year-olds in learning	England	≈	≈
Infant mortality	England	▲	≈
Serious unintentional injury	England	✓	✓
Smoking rates for:			
Pregnant women	England	▲	▲
Children aged 11–15	England	✓	≈
Re-registrations on Child Protection Register	England	✓	≈
Housing that falls below the set standard of decency	England	▲	▲

People of working age

Indicator	Coverage	Trend since baseline	Direction of latest data
Employment rate	GB	✓	≈
Employment rates of disadvantaged groups:			
People with disabilities	GB	✓	✓
Lone parents	GB	✓	✓
Ethnic minority people	GB	✓	≈
Older workers	GB	✓	≈
Working-age people in workless households	GB	✓	≈
Working-age people without a qualification	England	✓	≈
Long periods on income-related benefits	GB	✓	≈
Low income:			
Relative	GB	≈	≈
Absolute	GB	✓	✓
Persistent	GB	≈	≈
Smoking rates:			
All adults	England	≈	✓
Manual socio-economic groups	England	✓	✓
Death rates from suicide and undetermined injury	England	✗	✗
Rough sleepers	England	✓	✓
Use of Class A drugs	England & Wales	≈	≈

Older people

Indicator	Coverage	Trend since baseline	Direction of latest data
Low income:			
Relative	GB	≈	≈
Absolute	GB	✓	✓
Persistent	GB	≈	≈
People contributing to a non-state pension	GB	≈	≈
Amount contributed to non-state pensions	UK	▲	▲
People making continuous contributions to a non-state pension	GB	✓	✓
Healthy life expectancy at age 65	England	▲	≈
Being helped to live independently:			
Receiving intensive home care	England	✓	✓
Receiving any community-based service	England	≈	✗
Housing that falls below the set standard of decency	England	▲	▲
Fear of crime	England & Wales	✓	≈

Communities

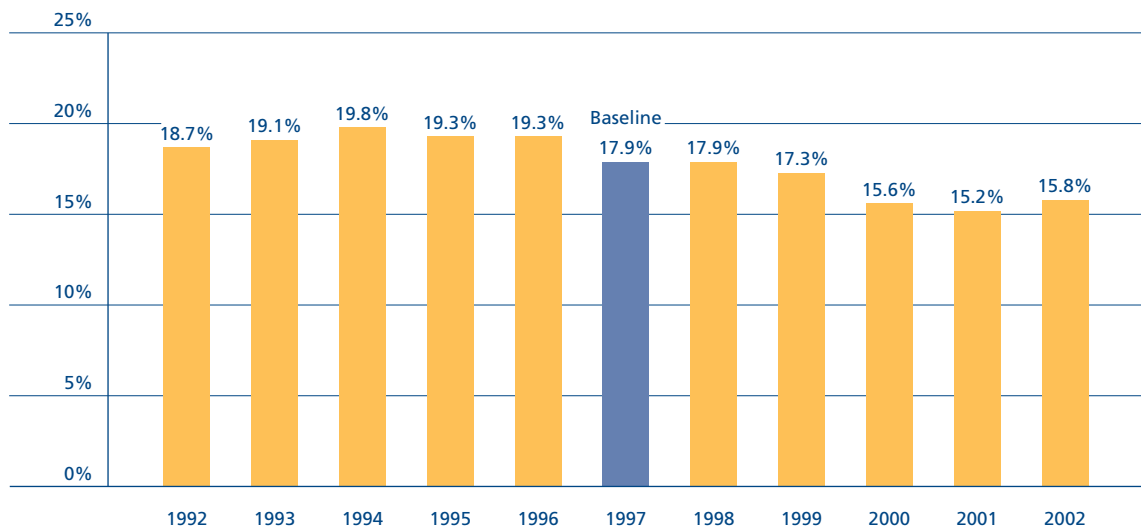
Indicator	Coverage	Trend since baseline	Direction of latest data
Employment rates in deprived areas	GB	✓	✓
Rate of domestic burglary	England & Wales	✓	✗
Housing that falls below the set standard of decency	England	▲	▲
Life expectancy at birth	England	▲	≈
Attainment gap at Key Stage 2 (11-year-olds)	England	✓	≈

Indicators for children and young people

A reduction in the proportion of children living in working-age workless households, for households of a given size, over the economic cycle (Great Britain).

Baseline and trends: Baseline year – 1997. Between 1992 and 1995 the proportion of children living in working-age workless households was broadly constant at around 19 per cent. Since then, the proportion has fallen to 17.9 per cent in 1997 (baseline year) and stands at 15.8 per cent in 2002.

Percentage of children living in workless households (Great Britain)



Source: Labour Force Survey, Spring quarters.

Definition: Percentage of children aged under 16 in a working-age household where no adult works. A working-age household is a household that includes at least one person of working age (a woman aged between 16 and 59 or a man aged between 16 and 64). Workless individuals are those who are either International Labour Organisation unemployed or economically inactive (that is not in employment).

Data source: Labour Force Survey, spring quarters.

Linked to Department for Work and Pensions PSA targets: To reduce the number of children living in workless households over the three years to 2004, and to reduce the proportion of children in households with no one in work over the three years from Spring 2003 to Spring 2006 by 6.5 per cent.

Low-income indicators (Great Britain):

- a) A reduction in the proportion of children living in households with relative low incomes.
- b) A reduction in the proportion of children living in households with low incomes in an absolute sense.
- c) A reduction in the proportion of children living in households with persistent low incomes.

Baseline and trends: Baseline year – 1996/97. Data for the three indicators is presented in the chart and tables below, though information for the persistent low-income indicator is only shown in the table. Whilst the tables aim to provide a comprehensive picture of progress by including data for a range of low-income thresholds, the chart focuses on the 60 per cent of median income threshold for the relative and absolute indicators.

The proportion of children living in households with relative low incomes fell between 1996/97 and 2000/01, from 34 per cent to 31 per cent on the after housing costs measure and 26 per cent to 21 per cent on the before housing costs measure. The proportion of children living in households with absolute low incomes showed a large fall from 34 per cent to 23 per cent on the after housing costs measure and 26 per cent to 16 per cent on the before housing costs measure. 16 per cent of children lived in a household with a low income in at least three out of four years between 1997 and 2000.

Percentage of children living in low-income households (Great Britain)



Notes: (1) Low-income threshold – 60 per cent of median.

(2) Relative low income – low-income threshold moving each year.

Absolute low income – low-income threshold fixed at 1996/97 levels in real terms.

Percentage of children living in low-income households (Great Britain)

		Relative low income			Absolute low income			
		Low-income threshold	50% of median	60% of median	70% of median	50% of median	60% of median	70% of median
Before housing costs	1996/97		13	26	36	13	26	36
	1997/98		13	25	36	12	24	35
	1998/99		12	24	35	11	22	33
	1999/00		11	23	36	9	19	21
	2000/01		11	21	33	8	16	26
After housing costs	1996/97		23	34	42	23	34	42
	1997/98		23	33	41	22	32	40
	1998/99		23	33	41	20	31	39
	1999/00		22	32	41	17	28	37
	2000/01		19	31	39	13	23	32
Persistent low income								
		1991–94	1992–95	1993–96	1994–97	1995–98	1996–99	1997–00
Below 60% of median in 3 out of 4 years		20	17	17	16	16	16	16
Below 70% of median in 3 out of 4 years		30	29	28	26	26	26	26

Definition: Low-income thresholds are 50, 60 and 70 per cent of median household income (before and after housing costs):

- relative low income – median income moving each year;
- absolute low income – median income fixed at 1996/97 levels in real terms; and
- persistent low income – low incomes (before housing costs only) in three out of last four years (60 and 70 per cent of median only).

Data for thresholds of mean income and full definitions are available in *Households Below Average Income 1994/5–2000/01*. Methodological improvements have led to some amendments to the data for the persistent low-income indicator, though the trend has not changed.

Data source: Households Below Average Income information based on Family Resources Survey and British Household Panel Survey data.

Linked to joint Department for Work and Pensions and Her Majesty's Treasury PSA target: 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 (baseline for target is 1998/99).

Teenage pregnancy indicators (England):

a) a reduction in the rate of conceptions for those aged under 18; and

b) a reduction in the proportion of teenage mothers who are not in education, employment or training.

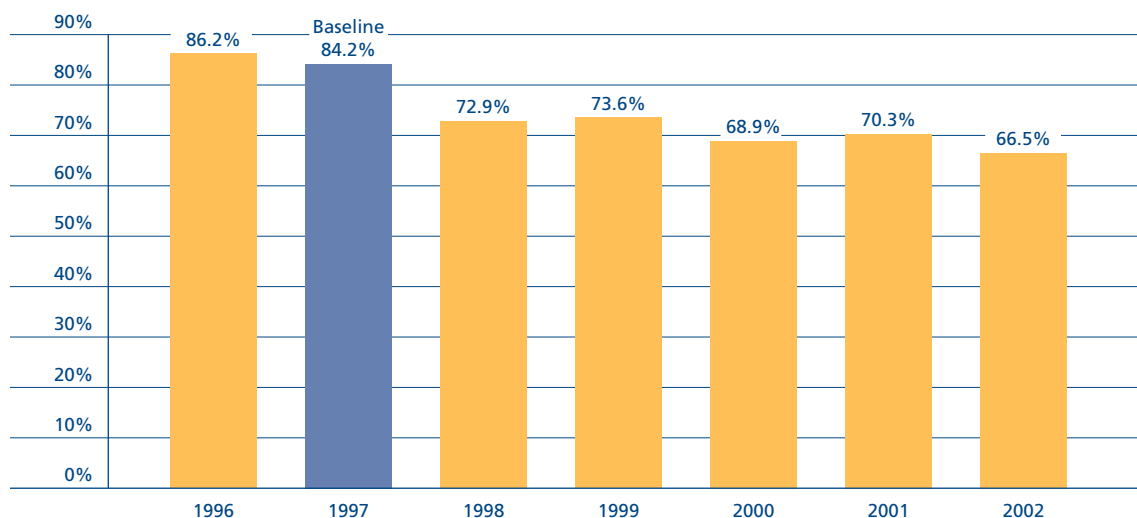
Baseline and trends: Baseline year – 1998. The under-18 conception rate fell between 1971 and 1981 and then rose between 1981 and 1991. Since then rates have fluctuated. The rate fell again until 1995 but then rose following a contraceptive pill scare, reaching a peak in 1998. The rate for the year 2000 is 43.6 per thousand, the lowest since 1995, and over 6 per cent lower than in 1998.

The proportion of teenage mothers not in education, employment or training in England has fallen from 84.2 per cent in 1997 to 66.5 per cent in 2002. There was a large fall between 1997 and 1998. Since then the figures have fluctuated year-on-year but over the whole period appear to show a modest downward trend.

Under-18 conception rates per thousand females aged 15–17 (England)

	1971	1981	1991	1995	1996	1997	Baseline 1998	1999	2000
Under-18 conception rate	54.7	38.7	45.5	41.6	45.9	45.5	46.5	44.7	43.6

Percentage of teenage mothers who are not in education, employment or training (England)



Definition: The under-18 conception rate is the number of conceptions (resulting in one or more live births and legal abortions) to females under 18, per thousand females aged 15 to 17. The figures on teenage mothers not in education, employment or training are for the 16–19-year-old age range.

Data source: Office for National Statistics Birth Statistics (England) and Labour Force Survey, spring quarters (England). Data for England is reported to reflect the coverage of the Teenage Pregnancy Strategy. In last year's report data for Part b of the indicator covered Great Britain.

Linked to Teenage Pregnancy Strategy goals: (1) To halve the rate of teenage conceptions among under-18s by 2010 (in relation to a 1998 baseline); (2) To reduce the risk of long-term social exclusion by getting more teenage parents into education, training or employment, and specifically to increase the proportion of teenage mothers in education, training or employment to 60 per cent by 2010.

Linked to Department of Health PSA target: To improve life chances for children by reducing the under-18 conception rate by 50 per cent by 2010.

An increase in the proportion of 7-year-old children in Sure Start areas achieving Level 2 or above in the Key Stage 1 tests/tasks for reading, writing and mathematics (England).

Baseline and trends: Sure Start aims to promote better outcomes for young children aged 0–3. Therefore the data shown below for 7-year-olds will not yet capture the first cohort of children participating in Sure Start programmes. However, this data provides early baseline information, highlighting the initial gap between performance in Sure Start areas and overall performance in England.

Percentage of children achieving Level 2 or above in Key Stage 1 tests

		Reading	Writing	Maths
2000	All schools in rounds 1–4 Sure Start areas (1063)	75	77	85
	All schools in England	83	84	90
2001	All schools in rounds 1–4 Sure Start areas (1079)	76	78	86
	All schools in England	84	86	91

Definition: The proportion of 7-year-olds achieving Level 2 or above in the Key Stage 1 tests/tasks in schools in Sure Start areas.

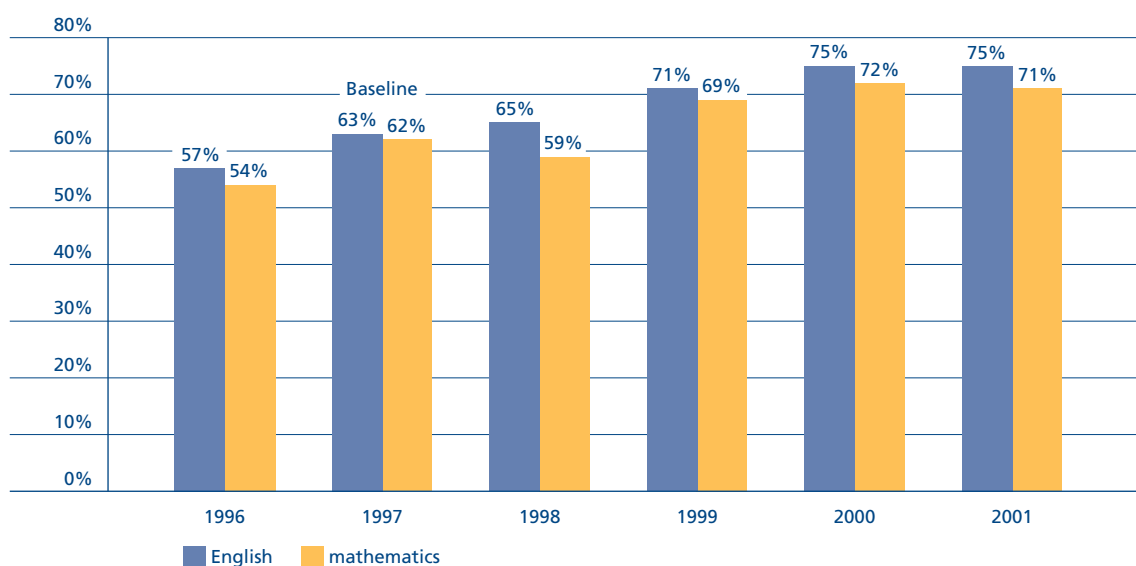
Data source: Department for Education and Skills.

Linked to Sure Start Output and Performance Analysis.

An increase in the proportion of 11-year-olds achieving Level 4 or above in the Key Stage 2 tests for English and mathematics (England).

Baseline and trends: Baseline year – 1997. Between 1997 and 2001 there has been an overall increase in the proportion of 11-year-olds achieving Level 4 or higher in the Key Stage 2 tests for both English and mathematics – from 63 per cent to 75 per cent for English and from 62 per cent to 71 per cent for mathematics.

Percentage of 11-year-olds achieving Level 4 or above in the Key Stage 2 tests for English and mathematics (England)



Definition: Level 4 or above for 11-year-olds in Key Stage 2 English and mathematics tests.

Data source: National Curriculum Assessments, Key Stage 2, Department for Education and Skills. New data for 2002 will be published later in 2002.

Linked to Department for Education and Skills PSA targets: To raise standards in English and mathematics so that by 2004, 85 per cent of 11-year-olds achieve Level 4 or above and 35 per cent achieve Level 5 or above with this level of performance sustained to 2006.

An increase in the proportion of 16-year-olds with at least one GCSE at grade A*–G (England).

Baseline and trends: Baseline year – 1997. The proportion of 16-year-olds with at least one GCSE has increased from 92.3 per cent in 1997 to 94.5 per cent in 2001.

Percentage of 16-year-olds achieving at least one GCSE at grade A*–G

	Baseline 1997	1998	1999	2000	2001
1996	92.3	93.4	94.0	94.4	94.5

Definition: Percentage of 15-year-olds (at the start of the academic year) with one or more GCSEs at grade A*–G or GNVQ equivalents in all schools in England.

Data source: GCSE/GNVQ and GCE A/AS level and advanced GNVQ examination results.

Linked to Department for Education and Skills National Learning target: By 2002 to increase the proportion of 16-year-olds achieving at least one GCSE to 95 per cent.

An increase in the proportion of 19-year-olds with at least a Level 2 qualification or equivalent (England).

Baseline and trends: Baseline year – 1996. There has been an overall increase in the percentage of 19-year-olds with at least a Level 2 qualification from 69.7 per cent in 1996 to 74.8 per cent at the end of 2001.

Percentage of 19-year-olds with at least a Level 2 qualification (England)

Baseline						
1996	1997	1998	1999	2000	2001	
69.7	72.3	73.9	74.9	75.3	74.8	

Definition: Percentage of 19-year-olds with a Level 2 qualification or above. Examples of a Level 2 qualification are: one A level, NVQ Level 2, GNVQ intermediate, five or more GCSEs at grade A*–C or any equivalent qualifications.

Data source: Labour Force Survey, autumn quarters.

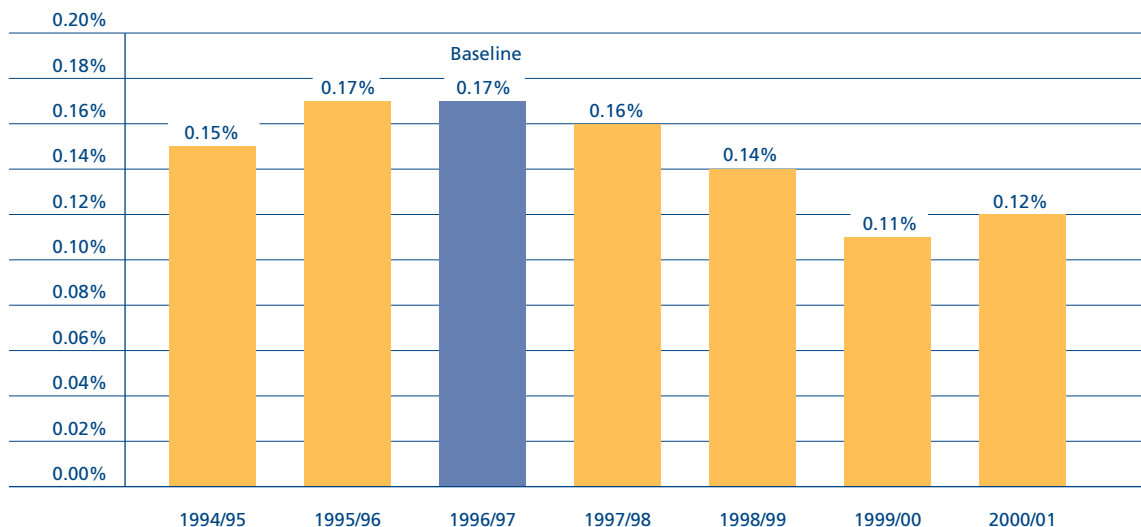
Linked to Department for Education and Skills PSA targets: National Learning Target for England for 2002 is that 85 per cent of 19-year-olds should have at least a Level 2 qualification. By 2004, increase by three percentage points the proportion of 19-year-olds achieving a qualification equivalent to NVQ Level 2 compared to 2002, with a further increase of three percentage points by 2006.

This is also one of the headline indicators in the UK Sustainable Development Strategy.

A reduction in the proportion of truancies and exclusions from school (England).

Baseline and trends: Baseline year – 1996/97. The chart below shows that the proportion of students permanently excluded from school has fallen significantly from 0.17 per cent in the baseline year to 0.11 per cent in 1999 and risen to 0.12 per cent in 2000/01. The latest truancy data for 2000/01 show that truancies have been broadly constant since records began in the early 1990s at 0.7 per cent of half days missed per year through unauthorised pupil absence.

Percentage of students excluded from school (England)



Definition: Truancies: proportion of half days missed a year through unauthorised absence.
Exclusions: proportion of students excluded.

Data source: National Pupil Absence Tables and Form 7 published in *Permanent Exclusions from Schools*, School Census, England.

Linked to Department for Education and Skills PSA targets: To cut truancy and exclusion by a third by 2002. By 2004 reduce school truancies by 10 per cent compared to 2002, sustain the new lower level, and improve overall attendance levels thereafter.

An improvement in the educational attainment of children looked after by local authorities (England).

Baseline and trends: Baseline – 1999/2000. Between 1999/2000 and 2000/01 the proportion of young people leaving care in England with one or more GCSEs or GNVQs increased from 31 per cent to 37 per cent.

Definition: Percentage of young people leaving care with one or more GCSEs (grade A*–G) or a vocational qualification – examinations sat during the care period are included even if results were announced after leaving care.

Data source: The Personal Social Services Performance Assessment Framework Indicators, 2000/01.

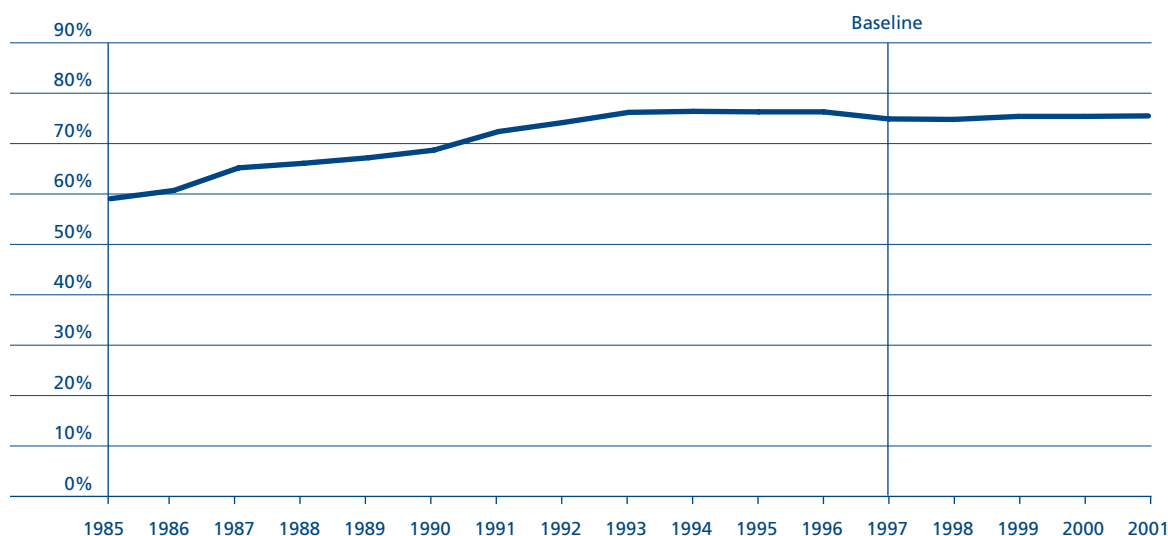
Linked to National Priorities Guidance target: To increase the proportion of children leaving care aged 16 or over who have at least one GCSE or GNVQ to 50 per cent by 2000/01 and 75 per cent by 2002/03.

Linked to Department of Health PSA target: To increase from 6 per cent in 1998/99 to 15 per cent in 2003/04 the proportion of children leaving care aged 16 and over with five GCSEs at grade A*–C.

An increase in the proportion of 16–18-year-olds in learning (England).

Baseline and trends: Baseline year – 1997. The proportion of 16–18-year-olds in learning increased from 59 per cent to 76 per cent between 1985 and 1993 then remained broadly constant until 1996. Since then it has been broadly constant at around 75 per cent and stands at 75.5 per cent in 2001.

Percentage of 16–18-year-olds in learning (England)



Percentage of 16–18-year-olds in learning (England)

1985	1986	1987	1988	1989	1990	1991	1992	1993
59.0	60.7	65.2	66.1	67.2	68.7	72.4	74.2	76.2
Baseline								
1994	1995	1996	1997	1998	1999	2000	2001	
76.4	76.3	76.3	74.9	74.8	75.4	75.4	75.5	

Definition: Percentage of 16–18-year-olds in learning – defined as being in education or training.

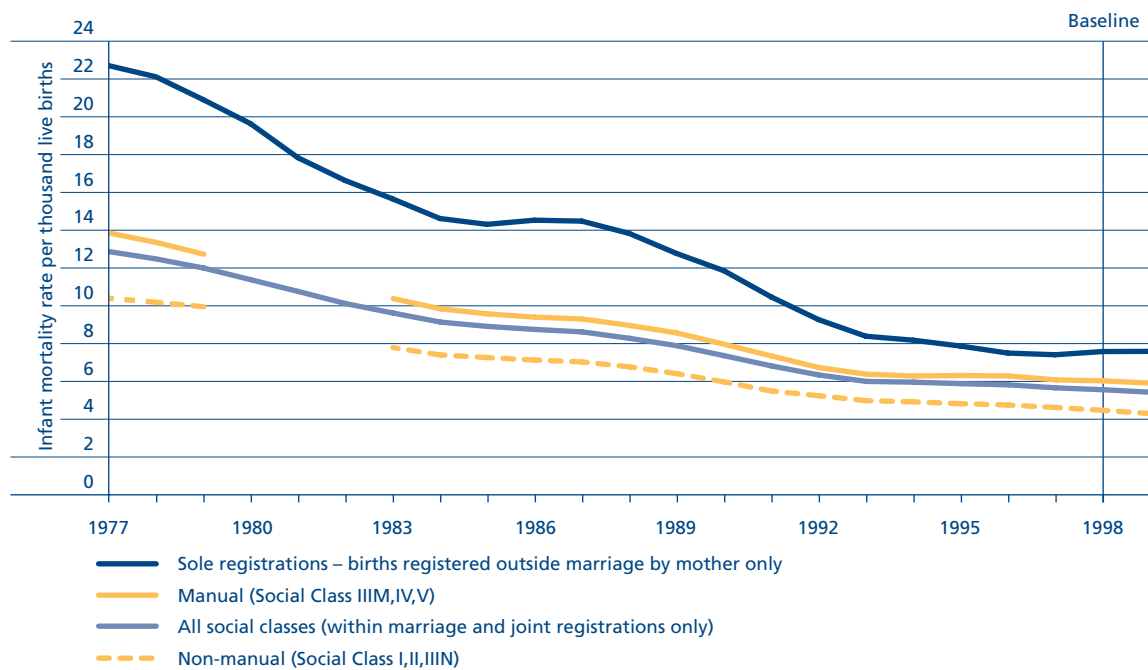
Data source: School, college and trainee records, Labour Force Survey.

Linked to Department for Education and Skills PSA target: National Learning Target for England for 2002 is that 85 per cent of 19-year-olds should have at least a Level 2 qualification. By 2004, increase by 3 percentage points the proportion of 19-year-olds achieving a qualification equivalent to NVQ Level 2 compared to 2002.

A reduction in the gap in mortality for children under one year between manual groups and the population as a whole (England).

Baseline and trends: Baseline data – 1998 (based on the three years 1997–99). There is insufficient data available at present to determine a trend. The gap between the mortality rate for manual groups and the whole population did not change significantly between 1998 and 1999.

Infant mortality rate per thousand live births (England and Wales)



Definition: Infant mortality rate per thousand live births, England and Wales.

The indicator is linked to the PSA target, which has been built around manual groups to encompass the substantial majority of births (and infant deaths) in disadvantaged groups. The figures are for live births within marriage and joint registrations only, as social class can only be allocated to those groups where the father's occupation is identified. Therefore, information on infant mortality by the father's social class is not available for sole registrations. Although information is sought on the mother's occupation it is very incomplete, hence social class is routinely determined by the father's occupation. It is intended to monitor all social groups (including sole registrations) – as shown in the chart – to ensure that trends are improving and the gaps in mortality are narrowing.

Manual and non-manual groups are currently formulated using the former social class groups, as this is the form in which data is available. In 2003, as data becomes available using the new National Statistics socio-economic classification, it will be possible to reset the indicator based on the new groupings.

Infant mortality rate per thousand live births (England and Wales)

	All social classes (within marriage and joint registrations only)	Non-manual social classes (I, II, IIIN)	Manual social classes (IIIM, IV, V)	Sole registrations – births registered outside marriage by mother only
1977	12.87	10.40	13.85	22.71
1978	12.48	10.19	13.35	22.12
1979	12.00	9.95	12.73	20.91
1980	11.38	–	–	19.64
1981	10.76	–	–	17.84
1982	10.12	–	–	16.63
1983	9.62	7.79	10.38	15.66
1984	9.14	7.40	9.84	14.62
1985	8.91	7.26	9.57	14.31
1986	8.75	7.13	9.40	14.53
1987	8.62	7.03	9.30	14.48
1988	8.28	6.77	8.96	13.83
1989	7.89	6.41	8.56	12.77
1990	7.36	5.97	7.96	11.86
1991	6.82	5.49	7.34	10.47
1992	6.34	5.24	6.73	9.27
1993	6.00	4.98	6.38	8.39
1994	5.96	4.92	6.29	8.18
1995	5.88	4.82	6.31	7.87
1996	5.82	4.75	6.29	7.50
1997	5.66	4.62	6.08	7.41
1998	5.56	4.47	6.03	7.58
1999	5.43	4.30	5.91	7.59

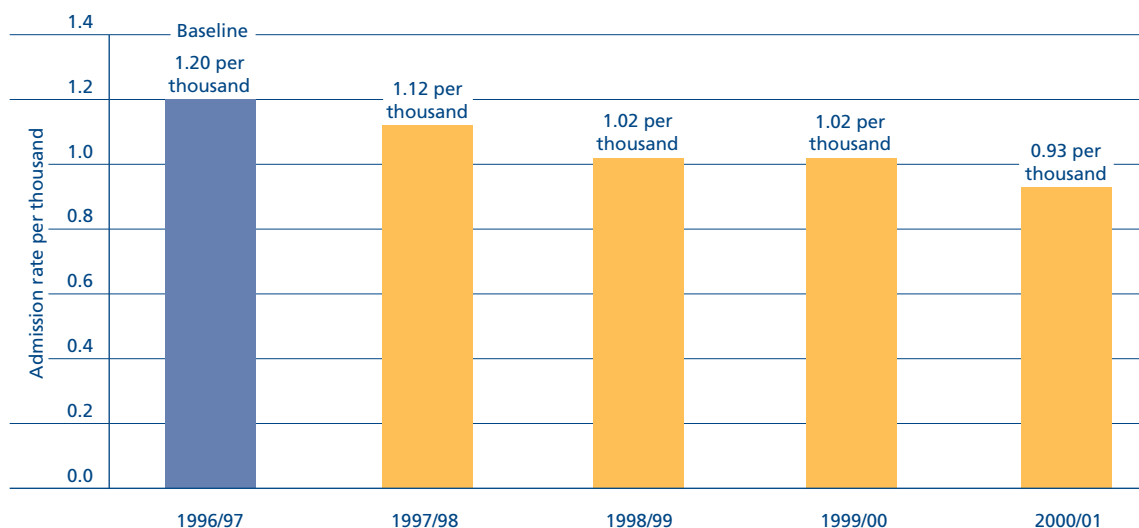
Data source: Office for National Statistics (data covers England and Wales). Linked file, linking information on birth and death registrations.

Linked to Department of Health PSA target on health inequalities: Starting with children under one year, by 2010 to reduce by at least 10 per cent the gap in mortality between manual groups and the population as a whole.

A reduction in the rate at which children are admitted into hospital as a result of unintentional injury resulting in a hospital stay of longer than three days (England).

Baseline and trends: Baseline year – 1996/97. Figures for 1990/91 to 1994/95 (not comparable with recent estimates) show a reduction over time in the admission rate per thousand. Decline has continued in recent years with a fall in the admission rate from 1.20 per thousand to 0.93 per thousand between 1996/97 and 2000/01.

Admission rate to hospital as a result of an unintentional injury resulting in a hospital stay of longer than three days for children aged under 16 (England)



Definition: Children aged under 16 whose injury is sufficiently serious to require a hospital stay exceeding three days.

Data source: Hospital Episode Statistics, Department of Health, and Office for National Statistics population estimates.

Linked to Department of Health Our Healthier Nation target: To reduce the rate of serious injury from accidents for all ages by at least 10 per cent by 2010 (baseline for target is 1995/96).

A reduction in smoking rates: (a) during pregnancy; and (b) among children (England).

(a) A reduction in smoking rates during pregnancy

Baseline and trends: Baseline year – 1995 – 23 per cent for England. Estimates are produced from the Infant Feeding Survey, carried out every five years. The most recent survey reported that in 2000, 19 per cent of women continued to smoke during pregnancy in England. (Owing to some changes in the survey design in 2000, data from 1995 and 2000 are not directly comparable.)

Results for Great Britain from 1985, 1990, 1995 indicate that rates of smoking during pregnancy decreased from 30 per cent in 1985 to 23 per cent in 1995.

Definition: Proportion of women who continued to smoke throughout pregnancy. This includes all women who smoke at all during their pregnancy or in the year before conception, and who were smokers at the time of the baby's birth.

Data source: Department of Health Infant Feeding Surveys, 1985, 1990, 1995 and 2000 (data for Great Britain only is available from the 1985 and 1990 surveys).

Linked to Smoking Kills White Paper target: To reduce the percentage of women in England who smoke during pregnancy from 23 per cent in 1995 to 15 per cent by the year 2010, with a fall to 18 per cent by the year 2005.

(b) A reduction in smoking rates among children

Baseline and trends: Baseline year – 1996 – 13 per cent. Smoking prevalence has fluctuated between 13 per cent and 8 per cent since 1982, with no clear trend over time. The most recent estimate is 10 per cent in 2001.

Prevalence of smoking cigarettes among children aged 11-15 (England)

Percentages							Baseline				
1982	1984	1986	1988	1990	1992	1994	1996	1998	1999	2000	2001
11	13	10	8	10	10	12	13	11	9	10	10

Definition: Percentage of children aged 11–15 in England smoking cigarettes regularly. Regular smokers are defined as those who smoke at least one cigarette a week on average.

Data source: Department of Health Statistical Press Release: *Drug use, smoking and drinking among young people in 2001*.

Linked to Smoking Kills White Paper target: To reduce smoking among children in England from 13 per cent in 1996 to 9 per cent or less by the year 2010, with a fall to 11 per cent by the year 2005.

A reduction in the proportion of children registered during the year on the Child Protection Register who had been previously registered (England).

Baseline and trends: Baseline year – 1997/98. Re-registrations on the Child Protection Register fell from 19 per cent to 14 per cent between 1997/98 and 1999/00. Re-registrations remained at 14 per cent in 2000/01.

Definition: Percentage of under-18s registered who had previously been registered.

Data source: The Personal Social Services Performance Assessment Framework Indicators 2000/01.

Linked to Department of Health PSA target, National Priorities Guidance: By 2002 to reduce by 10 per cent the proportion of children who are re-registered on the Child Protection Register from the baseline of the year ending March 1997.

A reduction in the proportion of children who live in a home that falls below the set standard of decency (England).

Baseline and trends: In 1996, 36 per cent of children lived in a home that did not meet the set standard of decency.

Definition: The proportion of dependent children (aged 0–15 or 16–18 in full-time education) who live in a home that does not meet the set standard of decency. The definition of a decent home is one that meets all of the following criteria:

- it is above the current statutory minimum standard for housing;
- it is in a reasonable state of repair;
- it has reasonably modern facilities and services; and
- it provides a reasonable degree of thermal comfort.

The detailed definition of the thermal comfort component of the decent home standard has been changed in light of an Office of the Deputy Prime Minister (ODPM) consultation. The new definition of thermal comfort will take account of a property's heating and insulation. This has increased the proportion of people living in non-decent housing. Prior to the revision 23 per cent of children lived in homes that did not meet the decent home standard in 1996. The change maintains the link between the indicator and the ODPM's PSA.

Data source: The English House Condition Survey until recently was undertaken every five years. The last English House Condition Survey was conducted in 2001 and the results will be available in late 2002. The survey is now being conducted on a continuous basis.

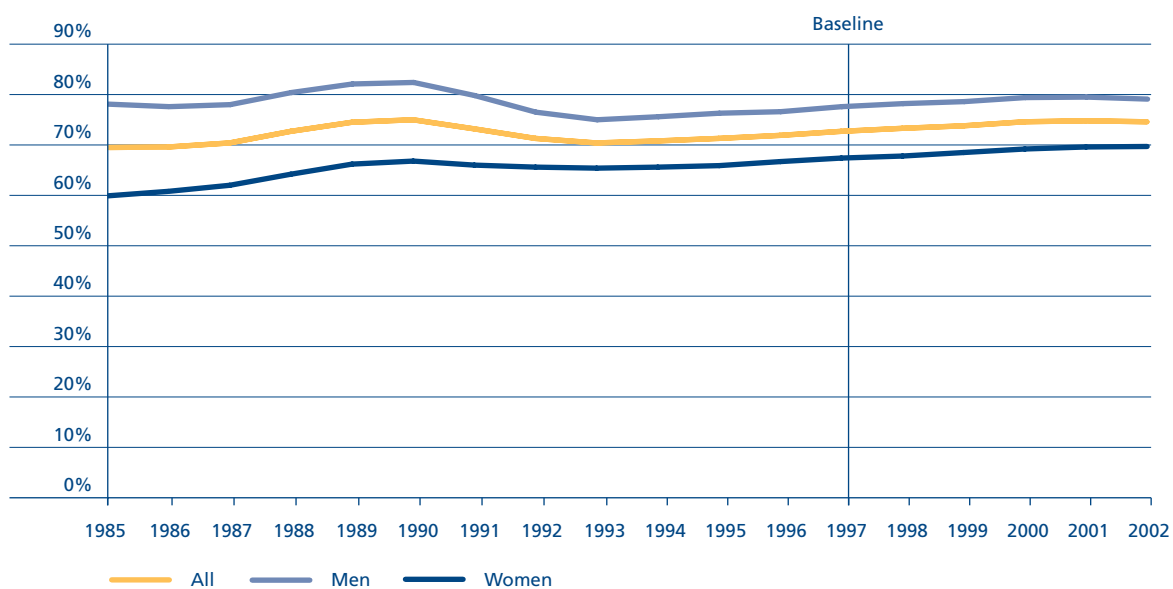
Linked to Office of the Deputy Prime Minister PSA target: By 2010, bring all social housing into decent condition with most of this improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.³

Indicators for people of working age

An increase in the proportion of working-age people in employment, over the economic cycle (Great Britain).

Baseline and trends: Baseline year – 1997. The proportion of the working-age population in employment increased to a peak of 75.0 per cent in 1990, falling subsequently to 70.4 per cent in the early 1990s during the recession. The proportion in employment has since risen to 72.7 per cent in 1997 (the baseline year) and to 74.6 per cent in 2002. Employment rates for men have been around ten percentage points higher than for women during the last ten years.

Percentage of working-age people in employment (Great Britain)



The percentage of working-age people in employment (Great Britain)

	1985	1986	1987	1988	1989	1990	1991	1992	1993
All	69.5	69.6	70.4	72.7	74.5	75.0	73.2	71.3	70.4
Men	78.1	77.6	78.0	80.4	82.1	82.4	79.8	76.5	75.0
Women	59.9	60.8	62.0	64.2	66.2	66.8	66.0	65.6	65.4
	Baseline								
	1994	1995	1996	1997	1998	1999	2000	2001	2002
All	70.8	71.3	71.9	72.7	73.3	73.8	74.6	74.8	74.6
Men	75.6	76.3	76.6	77.6	78.2	78.6	79.4	79.5	79.1
Women	65.6	65.9	66.7	67.4	67.8	68.5	69.2	69.6	69.7

Definition: Proportion of working-age people in employment. Working age is 16 to 59 for women and 16 to 64 for men.

Data source: Labour Force Survey, spring quarters.

Linked to joint Department for Work and Pensions and Her Majesty's Treasury PSA targets: To demonstrate progress by 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle.

This is one of the headline indicators in the UK Sustainable Development Strategy.

An increase in the employment rates of disadvantaged groups – people with disabilities, lone parents, ethnic minority people and older workers – and a reduction in the difference between their employment rates and the overall rate (Great Britain).

Baseline and trends: Baseline year – 1997 for lone parents and older workers, 1998 for people with disabilities and ethnic minority people. The employment rates for all these groups are lower than the overall employment rate. Between 1997 and 2002 there has been a rise in the employment rates of older workers from 64.7 per cent to 68.1 per cent and of lone parents from 45.6 per cent to 53.6 per cent. The employment rate of people with disabilities increased from 43.5 per cent in 1998 to 48.0 per cent in 2002 and the employment rate of ethnic minority people increased from 57.3 per cent to 58.3 per cent over the same period.

Employment rates of disadvantaged groups (Great Britain)



Note: Data for ethnic minority people from 1998 onwards is not directly comparable with earlier years.

Employment rates (Great Britain)

<i>Percentages</i>	1987	1988	1989	1990	1991	1992	1993	1994
All	70.4	72.7	74.5	75.0	73.2	71.3	70.4	70.8
Older workers	62.8	63.4	64.8	65.5	64.7	63.4	62.1	62.6
Ethnic minority people	55.0	60.0	62.0	61.0	57.0	55.0	54.1	52.0
Lone parents	–	–	–	–	–	40.9	41.0	42.0
People with disabilities	–	–	–	–	–	–	–	–

<i>Percentages</i>	1995	1996	1997	1998	1999	2000	2001	2002
All	71.3	71.9	72.7	73.3	73.8	74.5	74.8	74.6
Older workers	63.3	63.8	64.7	65.7	66.3	66.9	68.3	68.1
Ethnic minority people	53.1	53.5	55.1	–	–	–	–	–
Ethnic minority people*	–	–	–	57.3	57.6	58.9	58.6	58.3
Lone parents	42.5	44.4	45.6	46.9	48.6	51.5	51.7	53.6
People with disabilities	–	–	–	43.5	46.3	46.8	47.4	48.0

Employment rate gaps (Great Britain)

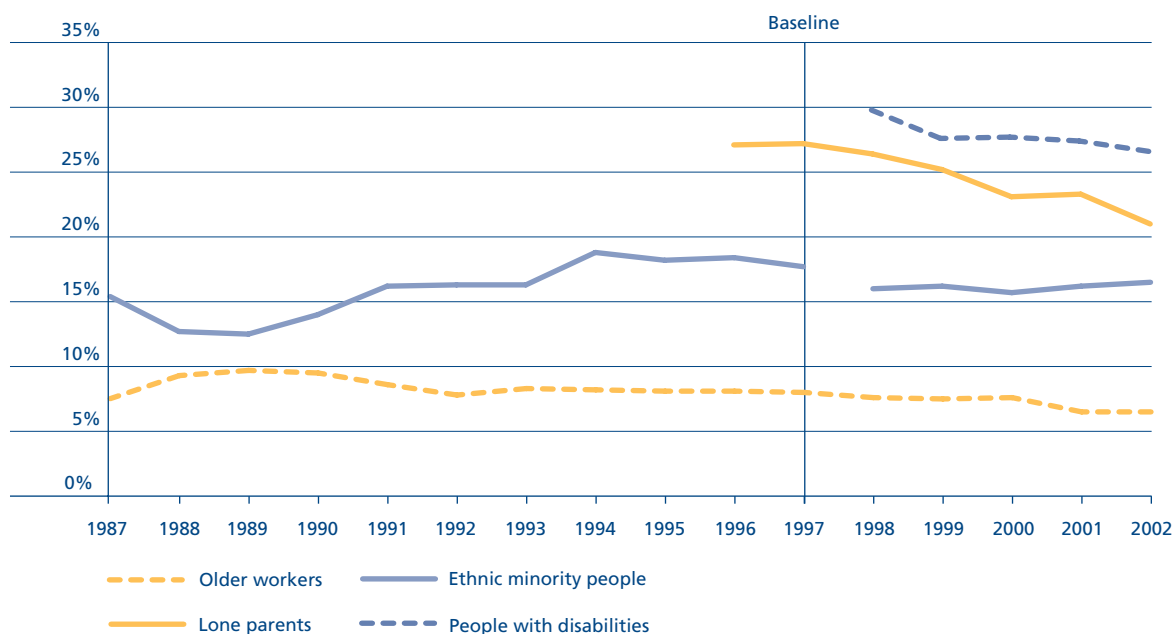
<i>Percentage points</i>	1987	1988	1989	1990	1991	1992	1993	1994
Older workers	7.5	9.3	9.7	9.5	8.6	7.8	8.3	8.2
Ethnic minority people	15.4	12.7	12.5	14.0	16.2	16.3	16.3	18.8
Lone parents	–	–	–	–	–	30.4	29.4	28.8
People with disabilities	–	–	–	–	–	–	–	–

<i>Percentage points</i>	1995	1996	1997	1998	1999	2000	2001	2002
Older workers	8.1	8.1	8.0	7.6	7.5	7.6	6.5	6.5
Ethnic minority people	18.2	18.4	17.7	–	–	–	–	–
Ethnic minority people*	–	–	–	16.0	16.2	15.7	16.2	16.3
Lone parents	28.8	27.5	27.2	26.4	25.2	23.0	23.1	21.0
People with disabilities	–	–	–	29.8	27.6	27.7	27.4	26.6

*Note: Data from 1998 onwards for ethnic minority people is not comparable to earlier years.

The gap between the employment rate for three of these groups and the overall rate has narrowed since the baseline – from 8.0 to 6.5 percentage points for older workers, 27.2 to 21.0 percentage points for lone parents and 29.8 to 26.6 percentage points for people with disabilities. The employment rate gap for ethnic minority people has been fairly flat since 1998 and stands at 16.3 per cent in 2002.

Employment rate gaps: the difference between employment rates of disadvantaged groups and the overall rate (Great Britain)



Note: Date for ethnic minority people from 1998 onwards is not directly comparable with earlier years.

Definition: People with disabilities consist of those covered by the provisions of the Disability Discrimination Act 1995 (their day-to-day activities are substantially limited by a long-term current disability) or those with a work-limiting disability (the kind or amount of work is affected by a long-term disability – long-term is over 12 months). Data for lone parents is based on lone parents with dependent children aged 0–18 years. Older workers are defined as those aged 50 and over and below state pension age (that is, 50–59 for women and 50–64 for men). Ethnic minority people are all those respondents to the Labour Force Survey who classify themselves to an ethnic minority background. Data is aggregated. Note that the disadvantaged groups covered in this indicator (people with disabilities, lone parents, ethnic minority people and the older workers) are not mutually exclusive.

Data source: People with disabilities – Labour Force Survey (LFS) spring quarters 1998 onwards. Lone parents – LFS spring quarters. Ethnic minority people – LFS annual 1987–1991, spring quarter 1992 and averaged summer/spring quarters 1993–2002. Data from 1998 onwards is based on the new ethnicity variable ethcen15 and is not directly comparable with previous years. Older workers – LFS annual 1987–1991, spring quarters 1992–2002. Working-age employment rates except older workers, which are defined as aged 50 and over.

Linked to Department for Work and Pensions PSA targets: Over the three years to 2004, increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle – people with disabilities, lone parents, ethnic minorities and the over 50s – and reduce the difference between their employment rates and the overall rate.

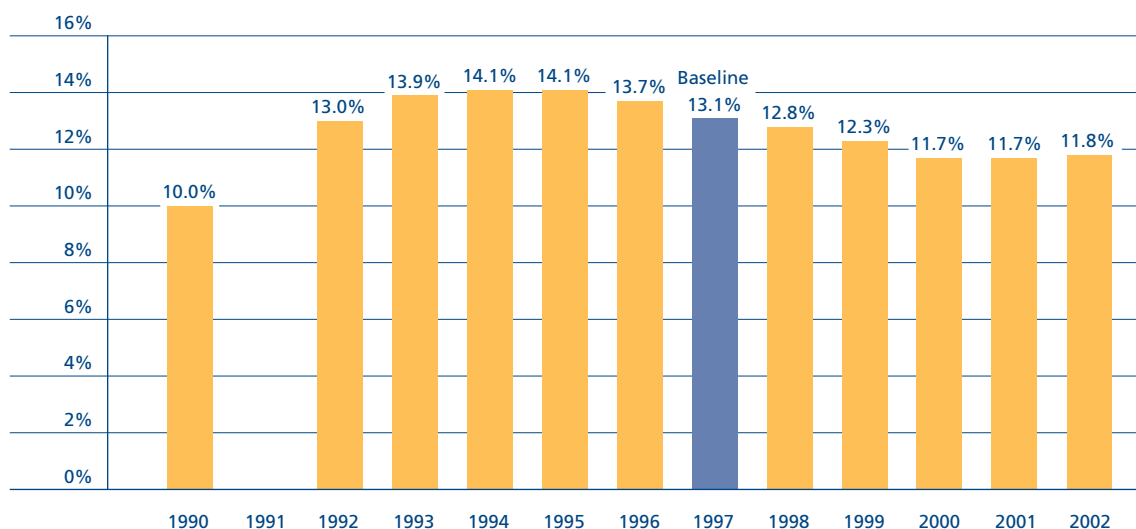
Over three years to 2006, increase the unemployment rates of disadvantaged areas and groups, taking account of the economic cycle – lone parents, ethnic minorities, people aged 50 and over – and significantly reduce the difference between their employment rates and the overall employment rate.

In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate. Work to improve the rights of disabled people and to remove barriers to their participation in society.

A reduction in the proportion of working-age people living in workless households, for households of a given size over the economic cycle (Great Britain).

Baseline and trends: Baseline year – 1997. The proportion of working-age people living in workless households rose from 10.0 per cent in 1990 to 14.1 per cent in 1995. Since then it fell gradually to 13.1 per cent in 1997 (the baseline year) and to 11.7 per cent in 2000. Since then the rate has remained broadly constant and stands at 11.8 per cent in 2002.

Percentage of working-age people living in workless households (Great Britain)



Note: Date for 1991 is not available.

Definition: Proportion of working-age people living in working-age households where no one works. Working age is 16–59 for women and 16–64 for men. Workless individuals are those who are either International Labour Organisation unemployed or economically inactive (that is not in employment).

Data source: Labour Force Survey, spring quarters.

Linked to joint Department for Work and Pensions and Her Majesty's Treasury PSA

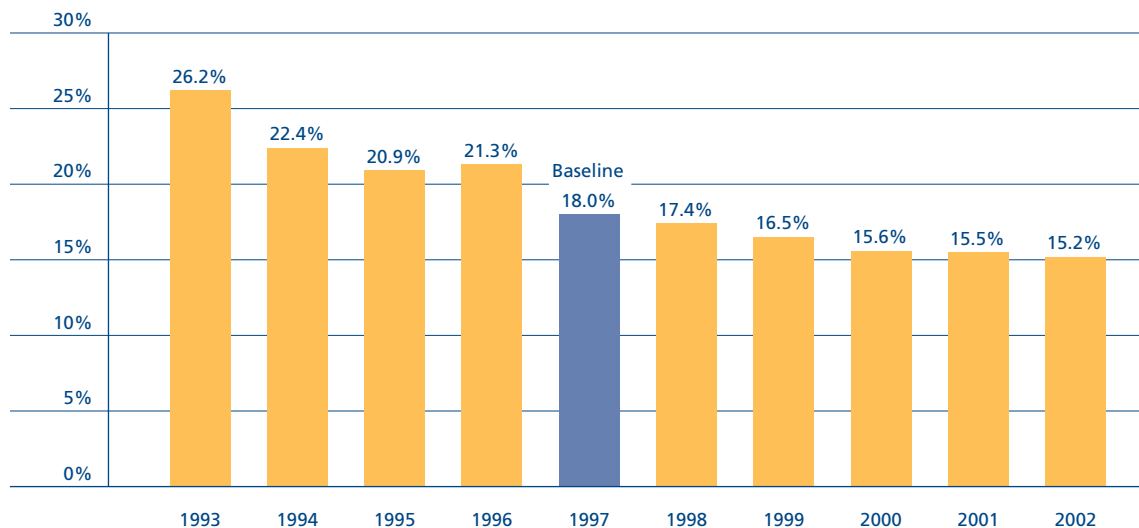
target: To demonstrate progress by 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle.

This is one of the headline indicators in the UK Sustainable Development Strategy.

A reduction in the proportion of working-age people without a qualification (England).

Baseline and trends: Baseline year – 1997. The proportion of working-age people without a qualification has been falling from 26.2 per cent in 1993 to 18.0 per cent in the baseline year and to 15.2 per cent in 2002.

Percentage of working-age people without a qualification (England)



Definition: Proportion of working-age adults with no qualifications.

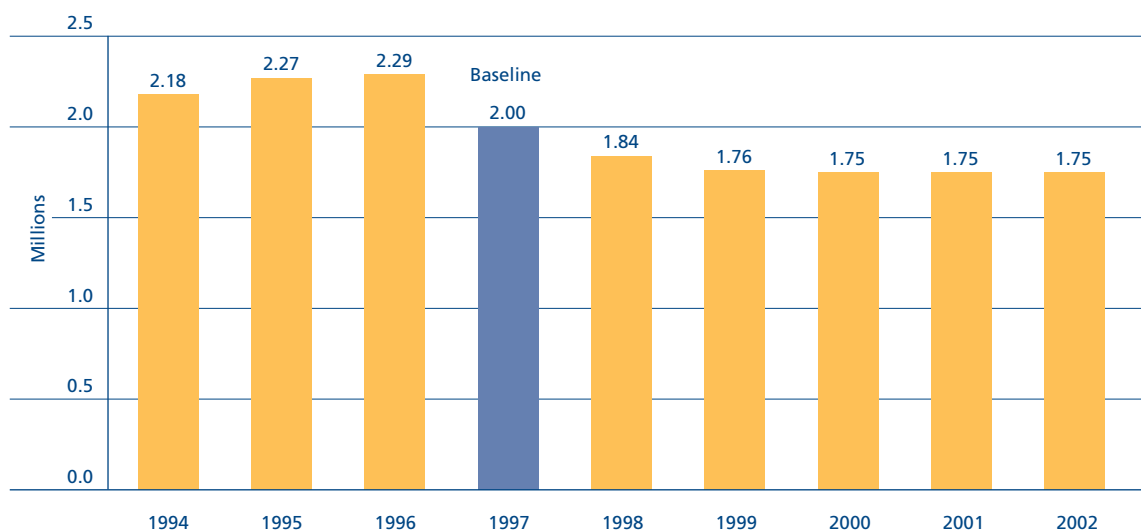
Data source: Labour Force Survey, spring quarters.

Linked to Department for Education and Skills PSA target: Improve the basic skill levels of 1.5 million adults between the launch of Skills for Life in 2001, and 2007, with a milestone of 750,000 by 2004.

A reduction in the number of working-age people living in families claiming Income Support or income-based Jobseeker's Allowance who have been claiming these benefits for long periods of time (Great Britain).

Baseline and trends: Baseline year – 1997. The number of people living in families in receipt of Income Support or income-based Jobseeker's Allowance for two years or more peaked at around 2.3 million in 1996. Since then the numbers have fallen to 2.0 million in 1997 (the baseline) and to 1.75 million in 2000 and subsequent years.

Number of working-age people living in families in receipt of Income Support or income-based Jobseeker's Allowance for two years or more (Great Britain)



Definition: Number of adults aged under 60 in families that have been claiming Income Support or income-based Jobseeker's Allowance for two years or more (claimants and partners).

Data source: Income Support and Jobseeker's Allowance Quarterly Statistical Enquiry, May quarters.

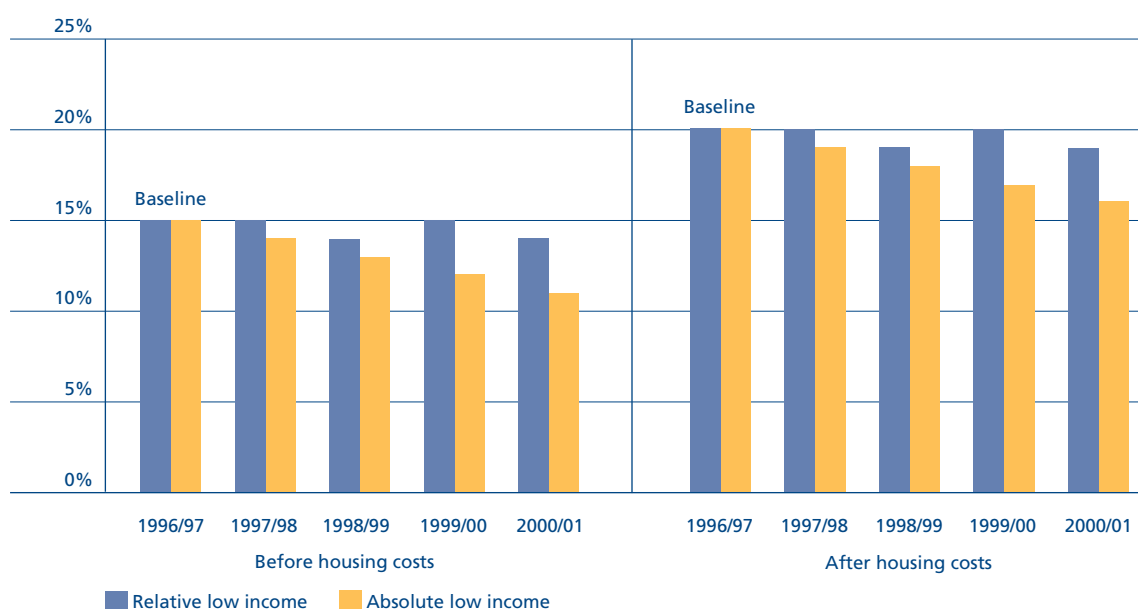
Low-income indicators (Great Britain):

- a) A reduction in the proportion of working-age people living in households with relative low incomes.
- b) A reduction in the proportion of working-age people living in households with low incomes in an absolute sense.
- c) A reduction in the proportion of working-age people living in households with persistent low incomes.

Baseline and trends: Baseline year – 1996/97. Data for the three indicators is presented in the chart and tables below, though information for the persistent low-income indicator is only shown in the table. Whilst the tables aim to provide a comprehensive picture of progress by including data for a range of low-income thresholds, the chart focuses on the 60 per cent of median income threshold for the relative and absolute indicators.

The proportion of working-age people living in households with relative low incomes remained broadly constant between 1996/97 and 2000/01, on both before and after housing costs measures. The proportion of working-age people living in households with absolute low incomes showed a fall from 20 per cent to 16 per cent on the after housing costs measure and 15 per cent to 11 per cent on the before housing costs measure. Seven per cent of working-age people lived in a household with a low income in at least three out of four years between 1997 and 2000.

Percentage of working-age people living in low-income households (Great Britain)



Notes: (1) Low-income threshold – 60 per cent of median.

(2) Relative low income – low-income threshold moving each year.

Absolute low income – low-income threshold fixed at 1996/97 levels in real terms.

Percentage of working-age people living in low-income households (Great Britain)

		Relative low income			Absolute low income			
		Low-income threshold	50% of median	60% of median	70% of median	50% of median	60% of median	70% of median
Before housing costs	1996/97		8	15	22	8	15	22
	1997/98		8	15	21	8	14	21
	1998/99		8	14	21	7	13	19
	1999/00		8	15	21	7	12	19
	2000/01		9	14	21	7	11	17
After housing costs	1996/97		15	20	26	15	20	26
	1997/98		14	20	25	14	19	24
	1998/99		14	19	24	13	18	23
	1999/00		14	20	25	12	17	22
	2000/01		14	19	25	11	16	20
Persistent low income								
		1991–94	1992–95	1993–96	1994–97	1995–98	1996–99	1997–00
Below 60% of median in 3 out of 4 years		8	7	7	7	7	7	7
Below 70% of median in 3 out of 4 years		13	13	13	12	12	12	12

Definition: Low-income thresholds are 50, 60 and 70 per cent of median household income (before and after housing costs):

- relative low income – median income moving each year;
- absolute low income – median income fixed at 1996/97 levels in real terms; and
- persistent low incomes – low incomes (before housing costs only) in three out of last four years (60 and 70 per cent of median only).

Data for thresholds of mean income and full definitions are available in *Households Below Average Income 1994/5–2000/01*. Methodological improvements have led to some amendments to the data for the persistent low-income indicator, though the trend has not changed.

Data source: Households Below Average Income information based on Family Resources Survey and British Household Panel Survey data.

A reduction in adult smoking rates and in particular a reduction in adult smoking rates in manual socio-economic groups (England).

Baseline and trends: Baseline year for adult smoking prevalence – 1996 – 28 per cent smoking prevalence for all adults. Baseline year for manual socio-economic group – 1998 – 32 per cent smoking prevalence in manual groups (compared to 27 per cent for all adults and 21 per cent in non-manual groups). Smoking prevalence fell steadily from 1974 to 1992, and has remained broadly flat between 1992 and 1998. Between 1998 and 2000, smoking prevalence among manual groups fell by more than smoking prevalence in the adult population as a whole (see table).

Smoking rates (England)

<i>Percentages</i>	1988	1990	1992	1994	Baseline	
					1996	1998
All adults	31	29	28	26	28	27
Non-manual groups	25	24	23	21	22	21
Manual groups	37	35	33	32	34	32

<i>Percentages</i>	1998*	2000*
All adults	28	27
Non-manual groups	22	23
Manual groups	33	31

Note: * General Household Survey data was weighted in 2000 and retrospectively for 1998 for comparative purposes. Weighted data cannot be reliably compared with unweighted data. See definition for full explanation.

Definition: Percentage of all adults and adults in manual socio-economic groups aged 16 and over in England smoking cigarettes. Socio-economic group corresponds to the present job of those currently working and to the last job of those not currently working. Married women whose husbands are in the household are classified according to their husband's occupation. Members of the Armed Forces, persons in inadequately described occupations and all persons who have never worked have not been shown in the manual category but are included in the figures shown as totals. The manual socio-economic group category includes skilled manual (including foremen and supervisors) and own account non-professional, semi-skilled manual and personal service and unskilled manual workers.

The General Household Survey is a continuous survey that has been running since 1971 and is based each year on a sample of the general population resident in private households in Great Britain. In surveys prior to 2000, the results have been presented as unweighted data. However, in 2000 the decision was made by the Office for National Statistics to weight the data to compensate for under-representation of people in some groups (for example young men), and the 2000 results are only provided based on weighted data. The weighted data provide more reliable estimates than the unweighted data.

The weighting of the data gives a break in the series. To give reliable comparisons, trends up to and including 1998 must be based on unweighted data and trends for 1998 onwards (that is comparing 1998 and 2000) must be based on weighted data.

Data source: Office for National Statistics *General Household Survey, Living in Britain, 1988–2000*, analysed for England.

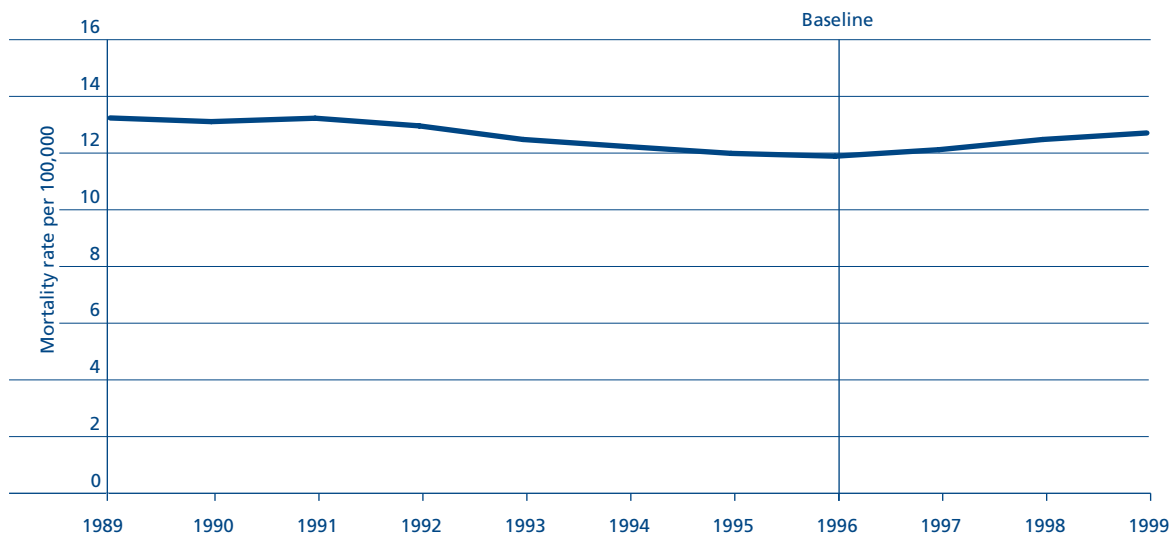
Linked to Smoking Kills White Paper target: To reduce adult smoking in all social classes so that the overall rate falls from 28 per cent to 24 per cent or less by the year 2010; with a fall to 26 per cent by the year 2005.

Linked to NHS Cancer Plan target: To reduce smoking rates among manual groups from 32 per cent in 1998 to 26 per cent by 2010, so that we can narrow the gap between manual and non-manual groups.

A reduction in the death rates from suicide and undetermined injury (England).

Baseline and trends: Baseline year – in 1996 suicide plus undetermined injury rate for England was around 12 per 100,000 working-age adults. Suicide rates, whilst fluctuating year-on-year, showed a downward trend during the first half of the 1990s. There were modest increases in 1997, 1998 and 1999 but the rate is still down compared to 1991 and earlier years.

Mortality rates per 100,000 working-age adults from suicide and undetermined injury (England)



Mortality rates per 100,000 working-age adults

	Baseline										
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	13.25	13.11	13.23	12.96	12.48	12.23	11.99	11.89	12.12	12.48	12.71

Definition: Suicides (three-year average rate). See Appendix 2 of *Saving Lives: Our Healthier Nation*, Department of Health White Paper. The indicator presented here is for 16–64-year-olds rather than the whole population.

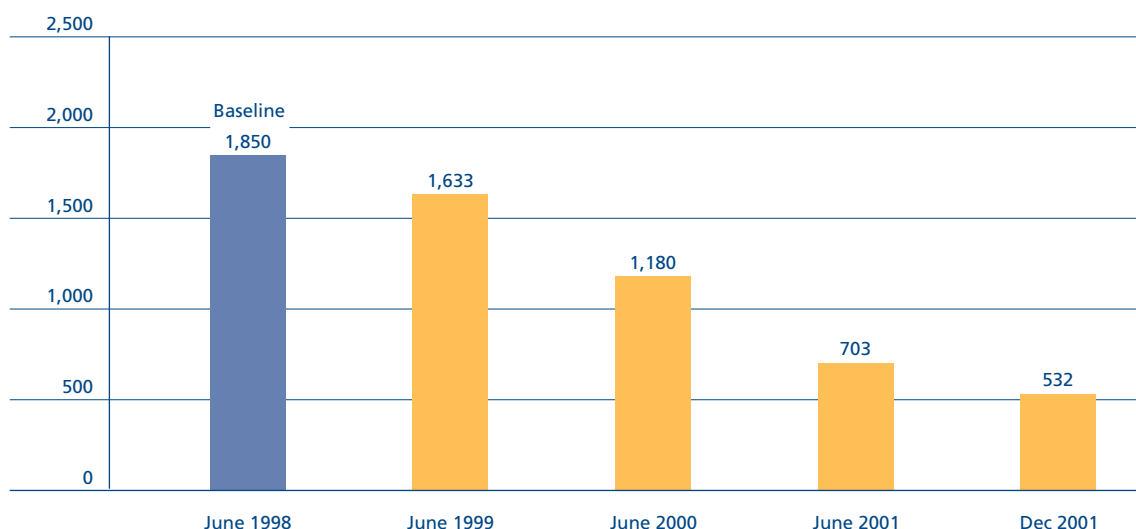
Data source: Office for National Statistics, death registrations.

Linked to Department of Health PSA target: Improve life outcomes of adults and children with mental health problems through year-on-year improvements in access to crisis and CAMHS services, and reduce the mortality rate from suicide and undetermined injury by at least 20 per cent by 2010.

A reduction in the number of people sleeping rough (England).

Baseline and trends: In June 1998, the baseline year, 1,850 people were estimated to be sleeping rough. The estimated number had fallen by 71 per cent to 532 by December 2001, meeting the target of a two-third reduction by 2002.

Estimated number of rough sleepers (England)



Definition: Figures based on single-night street counts.

Data source: Housing Investment Programme data, supplied by local authorities.

Linked to Office of the Deputy Prime Minister PSA target: To reduce the number of people sleeping rough to as near to zero as possible and by at least two-thirds by 2002 (baseline for target is 1998).

From April 2002 the Homelessness Directorate brought together the Rough Sleepers Unit, the Bed and Breakfast Unit and a new team to advise local authorities on tackling homelessness. The Directorate aims to:

- sustain the success of the Prime Minister's target of reducing rough sleeping by two-thirds by 2002; and
- ensure that by March 2004 no homeless families with children are living in bed and breakfast hotels except in an emergency and even then for no more than six weeks.

A reduction in the proportion of young people reporting the use of Class A drugs during the last month and the last year (England and Wales).

Baseline and trends: Baseline year – 1998. The British Crime Survey (BCS) asks whether respondents have used drugs ever, in the last year and in the last month. There has been no significant change in the proportion of 16–24-year-olds reporting the use of Class A drugs between 1994 and 2000. The latest information for 2000 shows 9 per cent reporting use during the last year and 5 per cent during the last month. Figures for 1998 were 8 per cent and 3 per cent respectively.

Class A drug use among 16–24-year-olds (England and Wales)

<i>Percentages</i>	1994	1996	Baseline	
			1998	2000
Use in the last year	9	9	8	9
Use in the last month	3	4	3	5

Definition: The drug misuse self-completion component of the BCS asks about use over their lifetime, in the last year and in the last month – this indicator is for 16–24-year-olds. The data presented covers England and Wales. Class A drugs asked about in the BCS are cocaine, crack, ecstasy, heroin, LSD, magic mushrooms and methadone. (There are other Class A drugs but their use is comparatively rare.)

Information on drug use among children aged 11–15 is monitored using an annual survey of smoking, drinking and drug use among secondary school children. This provides a cross-check on progress towards the target.

Data source: British Crime Survey (covers England and Wales).

Linked to Home Office PSA target: To reduce the proportion of people aged under 25 reporting the use of Class A drugs by 25 per cent by 2005 and 50 per cent by 2008 (baseline for target is 1998).

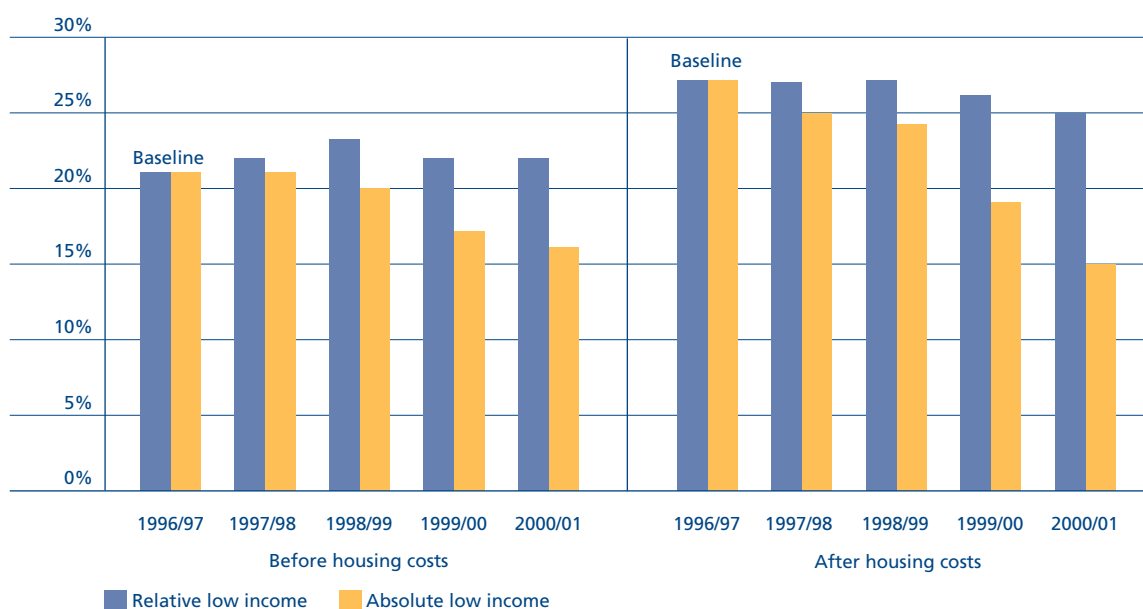
Indicators for older people

Low-income indicators (Great Britain):

- a) A reduction in the proportion of pensioners living in households with relative low incomes.
- b) A reduction in the proportion of pensioners living in households with low incomes in an absolute sense.
- c) A reduction in the proportion of pensioners living in households with persistent low incomes.

Baseline and trends: Baseline year – 1996/97. Data for the three indicators is presented in the chart and tables, though information for the persistent low-income indicator is only shown in the table. Whilst the tables aim to provide a comprehensive picture of progress by including data for a range of low-income thresholds, the chart focuses on the 60 per cent of median income threshold for the relative and absolute indicators.

Percentage of pensioners living in low-income households (Great Britain)



Notes: (1) Low-income threshold – 60 per cent of median.
 (2) Relative low income – low-income threshold moving each year.
 Absolute low income – low-income threshold fixed at 1996/97 levels in real terms.

The proportion of pensioners living in households with relative low incomes fluctuated between 1996/97 and 2000/01 showing no clear trend, on both before and after housing costs measures. The proportion of pensioners living in households with absolute low incomes showed a large fall from 27 per cent to 15 per cent on the after housing costs measure and 21 per cent to 16 per cent on the before housing costs measure.

Seventeen per cent of pensioners lived in a household with a low income in at least three out of four years between 1997 and 2000.

Percentage of pensioners living in low-income households

		Relative low income			Absolute low income			
		Low-income threshold	50% of median	60% of median	70% of median	50% of median	60% of median	70% of median
Before housing costs	1996/97		10	21	35	10	21	35
	1997/98		11	22	36	10	21	34
	1998/99		12	23	37	10	20	34
	1999/00		11	22	35	8	17	29
	2000/01		11	22	35	7	16	26
After housing costs	1996/97		11	27	39	11	27	39
	1997/98		12	27	38	11	25	37
	1998/99		12	27	38	10	24	36
	1999/00		12	26	37	8	19	31
	2000/01		11	25	36	6	15	27
Persistent low income								
		1991–94	1992–95	1993–96	1994–97	1995–98	1996–99	1997–00
Below 60% of median in 3 out of 4 years		16	16	16	17	17	18	17
Below 70% of median in 3 out of 4 years		33	31	32	33	33	34	34

Definition: Low-income thresholds are 50, 60 and 70 per cent of median household income (before and after housing costs):

- a) relative low income – median income moving each year;
- b) absolute low income – median income fixed at 1996/97 levels in real terms; and
- c) persistent low incomes – low incomes (before housing costs only) in three out of last four years (60 and 70 per cent of median only).

Data for thresholds of mean income and full definitions are available in *Households Below Average Income 1994/5–2000/01*. Methodological improvements have led to some amendments to the data for the persistent low-income indicator, though the trend has not changed.

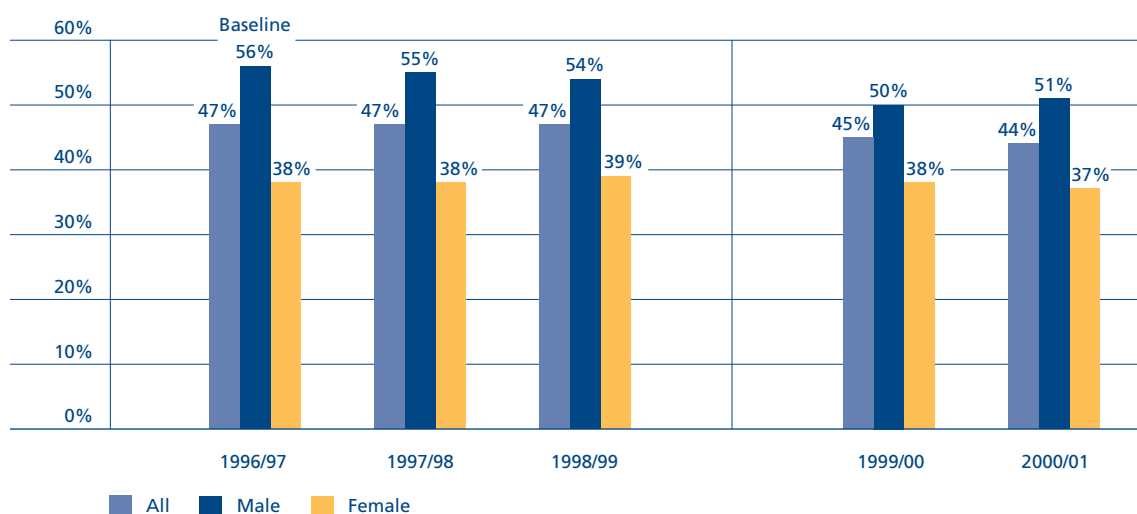
Data source: Households Below Average Income information based on Family Resources Survey and British Household Panel Survey data.

Linked to Department for Work and Pensions PSA target: By 2006, be paying Pension Credit to at least 3 million pensioner households.

An increase in the proportion of working-age people contributing to a non-state pension (United Kingdom).

Baseline and trends: Baseline data – 1996/97. Between 1996/97 and 1998/99 the proportion contributing to a non-state pension remained broadly constant. Data for 1999/00 and 2000/01 is not comparable with earlier data (see note in definition). Between 1999/00 and 2000/01 the proportion contributing remained broadly constant. More men are contributing than women, 51 per cent compared to 37 per cent in 2000/01.

Percentage of working-age people contributing to a non-state pension (Great Britain)



Note: Data from 1999/00 onwards is not comparable with earlier data.

Definition: Percentage of those aged 20 to state pension age who are contributing to a non-state pension in at least three out of four years. Includes people in an employees occupational scheme and/or personal pension scheme. Methodological work conducted by the Office for National Statistics and Social and Community Planning Research (now the National Centre for Social Research) in 1996/97 resulted in a number of recommendations for improving pension questions across government surveys. These proposals were implemented on the Family Resources Survey in 1999/2000 and have led to a discontinuity in the series for pension contributions.

Data source: Family Resources Survey (covers Great Britain).

Linked to Department for Work and Pensions PSA target: By 2004, 14 million low and moderate earners will have started to build up a better second pension than would be possible under the State Earnings Related Pension Scheme.

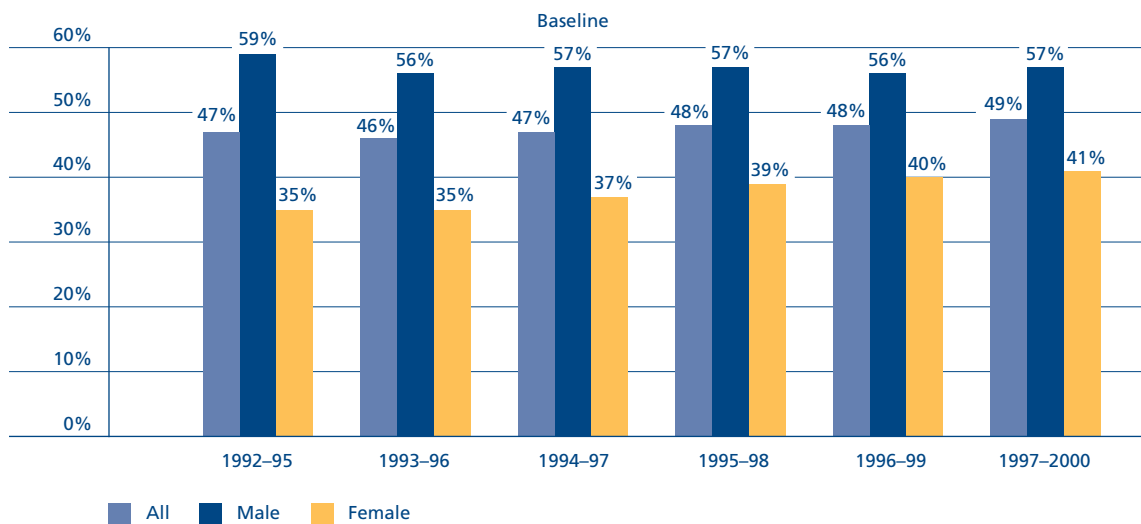
An increase in the amount contributed to non-state pensions (United Kingdom).

The data underlying this indicator is currently being reviewed by the Office for National Statistics. Findings from this review will be published in due course.

An increase in the proportion of working-age people who have contributed to a non-state pension in at least three years out of the last four (United Kingdom).

Baseline and trends: Estimates for the periods 1994–1997 (the baseline) and 1997–2000 show an increase from 47 per cent to 49 per cent in the proportion of people contributing to a non-state pension in at least three out of four years. Men are more likely to be consistently contributing than women (57 per cent compared to 41 per cent in the period 1997–2000). Improvements in the overall rate since the baseline have been driven by improvements for women rather than men. The gap between the proportion of men and women making consistent contributions has narrowed from 20 percentage points to 16 percentage points since the baseline.

Percentage of working-age people who have contributed to a non-state pension in at least three out of four years (Great Britain)



Definition: Proportion of those aged 20 to state pension age who have contributed to a non-state pension in at least three out of four years. Includes people in an employees' occupational scheme and/or personal pension scheme. The figures are lower than those previously reported because the definition has been aligned with the Family Resource Survey indicator.

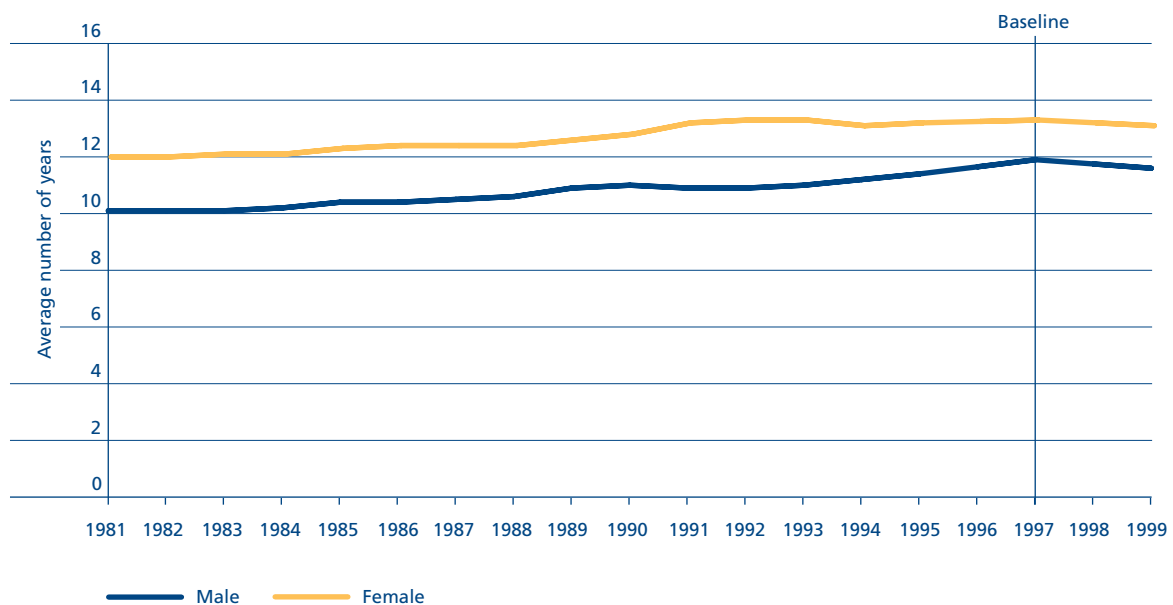
Data source: British Household Panel Survey (data for Great Britain).

Linked to Department for Work and Pensions PSA targets: To reform second tier pension provision, working with providers and employers so that: by 2004 stakeholder pensions have given more people access to good value funded second pensions; 14 million low and moderate earners have started to build up a better second pension than would be possible under the State Earnings Related Pension Scheme.

An increase in healthy life expectancy at age 65 (England).

Baseline and trends: Baseline data is for 1997 (based on General Household Survey data for 1996 and 1998). Healthy life expectancy at age 65 (based on self-reported health assessments) is higher for women than for men. The gap in healthy life expectancy at age 65 between men and women has narrowed slightly in recent years. Healthy life expectancy at age 65 for men has risen from 10.1 years in 1981 to 11.9 in 1997 (the baseline) and for women from 12.0 in 1981 to 13.3 in 1997 (the baseline). Changes between 1997 and 1999 are small.

Healthy life expectancy at age 65 (England)



Healthy life expectancy at age 65 (England)

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Male	10.1	10.1	10.1	10.2	10.4	10.4	10.5	10.6	10.9
Female	12.0	12.0	12.1	12.1	12.3	12.4	12.4	12.4	12.6

	1990	1991	1992	1993	1994	1995	1996	Baseline 1997	1998	1999
Male	11.0	10.9	10.9	11.0	11.2	11.4	–	11.9	–	11.6
Female	12.8	13.2	13.3	13.3	13.1	13.2	–	13.3	–	13.1

Note: Data for 1996 and 1998 is not available.

Definition: Average number of years that a person aged 65–69 can expect to live in good or fairly good health based on people’s own assessment of their general health. All data except the final point are three-year moving averages plotted on the central year (for example, 1995 uses data for 1994–1996). Data for 1996 and 1998 is not available because the General Household Survey was not undertaken in 1997.

Data source: Estimates from Office for National Statistics.

Linked to Department of Health PSA target: To reduce substantially the mortality rates from major killer diseases by 2010:

- from heart disease by at least 40 per cent in people under 75; and
- from cancer by at least 20 per cent in people under 75.

The actions required to achieve the mortality targets should also bring about an improvement in healthy life expectancy for people of all ages.

An increase in the proportion of older people being helped to live independently (England):

a) receiving intensive home care; and

b) receiving any community-based service.

Baseline and trends: Baseline – 1998/99.

a) The number of households receiving intensive home care per thousand population aged 65 and over was 9.3 per thousand in 2000/01, up from 7.8 per thousand in 1998/99.

b) The number of people receiving any community-based service per thousand population aged 65 and over was 83 per thousand in 2000/01, a small decrease from 85 per thousand in 1999/00 but still up on the baseline of 82 per thousand in 1998/99.

Proportion of older people being helped to live independently (England)

a. Receiving intensive home care

Number of households per thousand population aged 65 and over	
1998/99	7.8
1999/00	8.8
2000/01	9.3

b. Receiving any community-based service

	People per thousand population aged 65 and over	
	Old basis	New basis
1996/97	83	
1997/98	81	
1998/99	71	82
1999/00		85
2000/01		83

Definition: a) The number of households receiving more than ten hours contact and six or more visits during the survey week per thousand population aged 65 and over.

b) The number of people receiving any community-based services per thousand population aged 65 and over. There was a change in definitions in 1998/99. The new basis covers a wider variety of services to be counted as helping people to live at home, therefore the indicator is higher than previously. Additionally, measurement has changed slightly to include people on the books whereas previously it only included those actually in receipt of such services during a sample week.

Data source: The Personal Social Services Performance Assessment Framework Indicators 2000/01.

Linked to Department of Health PSA target: Improve the quality of life and independence of older people so that they can live at home wherever possible, by increasing by March 2006 the number of those supported intensively to live at home to 30 per cent of the total being supported by social services at home or in residential care.

A reduction in the proportion of older people who live in a home that falls below the set standard of decency (England).

Baseline and trends: In 1996, 44 per cent of older people lived in a home that did not meet the set standard of decency.

Definition: The proportion of older people (aged 60 and over) who live in a home that is not decent. The definition of a decent home is one that meets all of the following criteria:

- it is above the current statutory minimum standard for housing;
- it is in a reasonable state of repair;
- it has reasonably modern facilities and services; and
- it provides a reasonable degree of thermal comfort.

The detailed definition of the thermal comfort component of the decent home standard has been changed in light of an Office of the Deputy Prime Minister (ODPM) consultation. The new definition of thermal comfort will take account of a property's heating and insulation. This has increased the proportion of people living in non-decent housing. Prior to the revision 38 per cent of older people lived in homes that did not meet the decent home standard in 1996. The change maintains the link between the indicator and the ODPM's PSA.

Data source: The English House Condition Survey until recently was undertaken every five years. The last English House Condition Survey was conducted in 2001 and the results will be available later in 2002. The survey is now being conducted on a continuous basis.

Linked to Office of the Deputy Prime Minister PSA target: By 2010, bring all social housing into decent condition with most of the improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.⁴

A reduction in the proportion of older people whose lives are affected by fear of crime (England and Wales).

Baseline and trends: Baseline year – 1998. In 1998, 10 per cent of those aged 60 and over said that their life was greatly affected by fear of crime. By 2001/02 this figure had dropped to 8 per cent. Trends further back in time are not available. More women than men report that their lives are greatly affected by fear of crime.

Percentage of older people reporting fear of crime (England and Wales)

	Baseline 1998	2000	2001	2001/02
All	10	10	8	8
Male	5	7	3	6
Female	14	12	12	10

Definition: Proportion of those aged 60 and over who report that their lives are greatly affected by a fear of crime. The respondents who are greatly affected by fear of crime constitute those responding 8, 9 or 10 on a scale of 1 to 10 of how much fear of crime affects quality of life, where 1 is no effect and 10 is total effect.

Data source: British Crime Survey (England and Wales).

Linked to Home Office Criminal Justice System PSA target: Ensure by 2004 that the levels of fear of crime in the key categories of violent crime, burglary and car crime, reported in the British Crime Survey, are lower than the levels reported in the 2001 British Crime Survey.

Indicators for communities

A reduction in the difference between employment rates in the most deprived local authority areas and the overall employment rate, over the economic cycle (Great Britain).

Baseline and trends: Baseline year – 2000. The table below shows a rise in the employment rate for the 30 most deprived local authority areas from 62.1 per cent in 2000 to 63.7 per cent in 2002. The overall employment rate was relatively stable over this period and consequently the employment rate gap narrowed from 12.4 to 11.2 percentage points.

Employment rates in the most deprived local authority districts compared to the overall employment rate (Great Britain)

	Employment rate for the 30 most deprived areas (per cent)	Great Britain employment rate (per cent)	Employment rate gap (percentage points)
2000	62.2	74.6	12.4
2001	63.2	75.0	11.8
2002	63.7	74.8	11.2

Definition: Employment rates are for working-age people, aged 16–59 for women and 16–64 for men. The 30 most deprived areas are the local authority areas with the worst initial labour market position (the areas do not change). The employment rates for the 30 areas is the total number of working-age people in employment in all 30 areas as a proportion of the total working-age population in all 30 areas (so it is calculated as a total not an average).

The 30 local authority areas with the worst initial labour market position are: Tower Hamlets; Merthyr Tydfil; Knowsley; City of Glasgow; Easington; Hackney; Blaenau Gwent; Liverpool; Manchester; Newham; Middlesbrough; Neath Port Talbot; South Tyneside; Islington; Sunderland; Halton; East Ayrshire; Redcar and Cleveland; Southwark; Rhondda, Cynon, Taff; Kingston upon Hull, City; Hartlepool; Caerphilly; Newcastle upon Tyne; North Lanarkshire; Nottingham; West Dunbartonshire; Pembrokeshire; Salford; Dundee.

Data source: Labour Force Survey, average of summer–spring quarters.

Linked to Department for Work and Pensions PSA target: Over the three years to 2006 increase the employment rates of disadvantaged areas, taking account of the economic cycle – the 30 local authority districts with the poorest initial labour market position – and significantly reduce the difference between this employment rate and the overall employment rate.

A reduction in the national rate of domestic burglary and a reduction in the gap between the rates in the Crime and Disorder Reduction Partnerships with the highest rates of domestic burglary and the national average (England and Wales).

Baseline and trends: Baseline year – 1998/99 – 22.0 per thousand households. In 2001/02, the burglary rate for England and Wales was 19.4 per thousand households, 11 Crime and Disorder Reduction Partnerships had a domestic burglary rate that was between two and three times the overall rate and one had a rate more than three times the overall rate. The rise in recorded crime between 2000/01 and 2001/02 can partially be explained by a change in crime recording standards.

Recorded burglary rates (England and Wales)

	Rate per thousand households
1998/99	22.0
1999/00	20.7
2000/01	18.4
2001/02	19.4

Definition: Recorded burglaries per thousand households. Burglary is defined by the Theft Act 1968 Sections 9 and 10 comprising both burglary in a dwelling and aggravated burglary in a dwelling. Crime and Disorder Reduction Partnerships are, in most cases, closely linked to local authority areas.

Data source: Recorded Crime Statistics, Home Office – covers England and Wales. Crime and Disorder Reduction Partnerships data has been collected centrally for the period from 1 April 2000. Population data from Office for National Statistics.

Linked to Home Office Objective: To reduce residential burglary and the fear of burglary.

Linked to Home Office PSA target: Reduce crime and the fear of crime; improve performance overall, including by reducing the gap between the highest Crime and Disorder Reduction Partnership areas and the best comparable areas; and reduce:

- vehicle crime by 30 per cent from 1998–99 to 2004;
- domestic burglary by 25 per cent from 1998–99 to 2005;
- robbery in the ten Street Crime Initiative areas by 14 per cent from 1999–2000 to 2005;

and maintain that level.

A reduction in the proportion of households who live in a home that falls below the set standard of decency (England).

Baseline and trends: In 1996, 41 per cent of households lived in a home that did not meet the set standard of decency.

Definition: The proportion of households who live in a home that did not meet the set standard of decency. The definition of a decent home is one that meets all of the following criteria:

- it is above the current statutory minimum standard for housing;
- it is in a reasonable state of repair;
- it has reasonably modern facilities and services; and
- it provides a reasonable degree of thermal comfort.

The detailed definition of the thermal comfort component of the decent home standard has been changed in light of the Office of the Deputy Prime Minister's (ODPM) consultation. The new definition of thermal comfort will take account of a property's heating and insulation. This has increased the proportion of households living in non-decent housing. Prior to the revision 32 per cent of households lived in homes that did not meet the decent home standard in 1996. The change maintains the link between the indicator and the ODPM's PSA.

Data source: The English House Condition Survey until recently was undertaken every five years. The last English House Condition Survey was conducted in 2001 and the results will be available later in 2002. The survey is now being conducted on a continuous basis.

Linked to Office of the Deputy Prime Minister PSA target: By 2010, bring all social housing into decent condition with most of this improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.

To reduce the gap between the fifth of health authorities with the lowest life expectancy at birth and the population as a whole (England).

Baseline and trends: Baseline data is for 1998 (based on the three years 1997–99). There is insufficient data at present to determine a trend.

Life expectancy for males and females in England compared with the fifth of health authorities with the lowest life expectancy (England)

		1992	1993	1994	1995	1996	1997	1998	1999
Males	Lowest fifth of health authorities	71.8	72.0	72.1	72.3	72.5	72.8	73.0	73.3
	Total population in England	73.7	74.0	74.1	74.4	74.6	74.9	75.1	75.4
	Difference	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1
Females	Lowest fifth of health authorities	77.4	77.6	77.8	78.1	78.2	78.2	78.3	78.5
	Total population in England	79.2	79.3	79.4	79.6	79.7	79.9	80.0	80.2
	Difference	1.8	1.7	1.6	1.5	1.5	1.7	1.7	1.7

Definition: Expectation of life data is based on population estimates and deaths data. The data presented for life expectancy is based on three-year averages for England. The target has been set initially in terms of the fifth of health authorities with the lowest life expectancy. Existing health authorities were abolished on 1 April 2002. These have been replaced by 28 new health authorities, which are expected to become Strategic Health Authorities by October 2002, with different functions from those currently undertaken. Consequently the target is being amended and new trends will be presented in the next publication.

The target, and consequently the indicator, has been chosen to monitor an overall reduction in inequality – it is not just a measure of improvement in disadvantaged groups. It is planned to be linked to a second layer of targets/activities relating to all health authorities and taken forward by way of Health Improvement Programmes, Local Strategic Partnerships, etc.

Progress towards the target will not be assessed simply in terms of the targets as formulated. We are developing a basket of supplementary indicators to support the national targets and to ensure that all key aspects of the inequality agenda are kept under review. The basket of indicators will be wide ranging and cover the full spectrum of indicators relevant to health inequality including wider determinants of health and relevant factors within and outside the NHS.

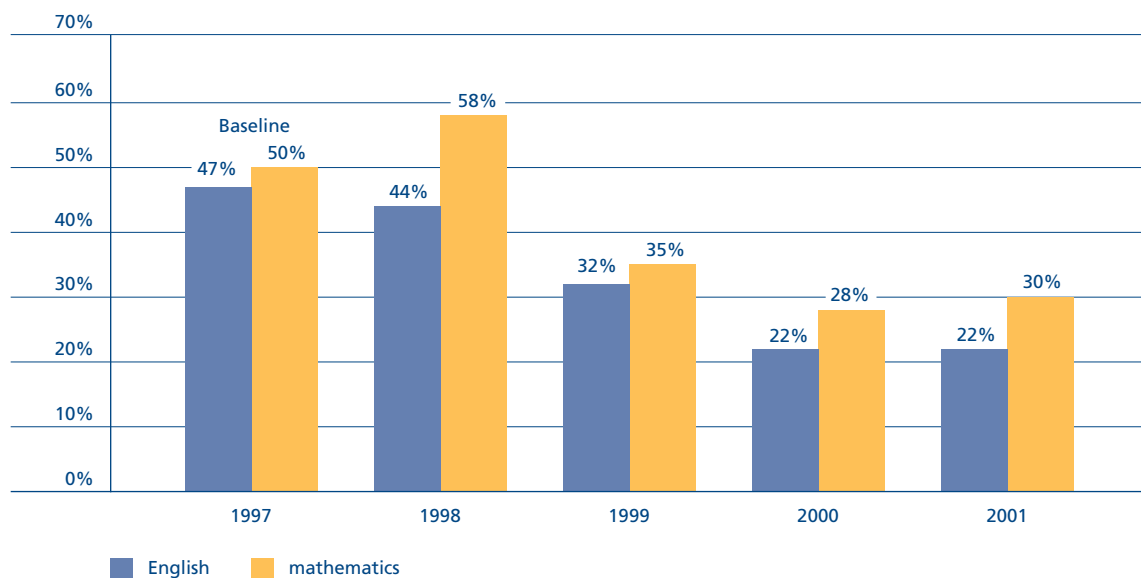
Data source: Government Actuary's Department – total population life expectancy figures. Office for National Statistics – figures for the fifth of health authorities with lowest life expectancy figures (data for England).

Linked with Department of Health PSA target: Starting with health authorities, by 2010 to reduce by at least 10 per cent the gap between the fifth of areas with the lowest life expectancy at birth and the population as a whole.

A reduction in the proportion of schools in which fewer than 65 per cent of pupils achieve Level 4 or above in the Key Stage 2 tests for English and mathematics (England).

Baseline and trends: Baseline – 1997. Between 1997 and 2001 there has been an overall decrease in the proportion of schools in which fewer than 65 per cent of pupils achieve Level 4 or higher in the Key Stage 2 tests for English and mathematics.

Percentage of mainstream schools with fewer than 65 per cent of pupils achieving Level 4 or above in the Key Stage 2 tests for English and mathematics (England)



Definition: Proportion of schools in which fewer than 65 per cent of 11-year-olds achieve Level 4 or above in Key Stage 2 English and mathematics tests. Does not include schools with ten or fewer eligible pupils.

Data source: National Curriculum Assessments, Key Stage 2, Department for Education and Skills.

Linked to PSA target: To raise standards in English and mathematics for 11-year-olds so that by 2006:

- the number of schools in which fewer than 65 per cent of pupils achieve Level 4 or above is significantly reduced; and
- all local education authorities should have at least 78 per cent of their 11-year-olds at Level 4 or above in English and mathematics.

Useful links

We would like to draw your attention to a number of official websites that we believe are key to the Government's poverty and social exclusion agenda. These links will enable you to pursue in greater detail the issues raised in *Opportunity for all*.

The Children and Young People's Unit

The Children and Young People's Unit was established to join up policy making across Whitehall, promote young people's participation in policy design and service delivery, and co-ordinate the Government's overarching strategy for children and young people.
www.cypu.gov.uk

Child Support Agency

Established in April 1993, the Child Support Agency seeks to assess, collect and pay child support maintenance, ensuring that parents who live apart meet their financial responsibilities to their children.
www.csa.gov.uk

Connexions

Connexions offers a range of guidance and support for 13–19-year-olds to help in their transition to adult life.
www.connexions.gov.uk

Her Majesty's Treasury

Her Majesty's Treasury (HMT) is responsible for the United Kingdom Government's financial and economic policy. HMT's aim is to raise the rate of sustainable growth, and achieve rising prosperity through creating economic and employment opportunities for all.
www.hm-treasury.gov.uk

Jobcentre Plus

In 17 areas, Jobcentre Plus pathfinder offices are already offering a fully integrated work and benefit service and there are plans to open further fully integrated Jobcentre Plus offices from October 2002.
www.jobcentreplus.gov.uk

learndirect

Ufi/**learndirect** aims to boost people's employability and improve organisations' productivity and effectiveness by inspiring existing learners to develop their skills further, attract new and excluded learners, and transform the accessibility of learning in everyday life and work.
www.learndirect.co.uk

National Statistics

National Statistics provides a comprehensive and meaningful description of the United Kingdom's economy and society. National Statistics covers government data produced to the high professional standards set out in the Official Statistics Code of Practice.
www.statistics.gov.uk

Neighbourhood Renewal Unit

A National Strategy Action Plan was launched by the Prime Minister on 15 January 2001. The Strategy under the guidance of the Neighbourhood Renewal Unit, sets out the Government's vision for narrowing the gap between deprived neighbourhoods and the rest of the country.

www.neighbourhood.gov.uk

Open Government

Open Government is the easiest way to access government information and services on line. This site provides links to over 1,000 government websites.

www.open.gov.uk

The Pension Service

The Pension Service is part of the Department for Work and Pensions. The Pension Service website provides information and services for everyone whether they are planning for retirement or about to retire.

www.thepensionservice.gov.uk

Quality Protects

Quality Protects a key part of the Government's wider strategy for tackling social exclusion. It focuses on working with some of the most disadvantaged and vulnerable children in our society: those children in local authority care; children in the child protection system; and other children in need.

www.doh.gov.uk/qualityprotects

Social Exclusion Unit

The Social Exclusion Unit was set up to tackle problems people or areas may face through a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown.

www.cabinet-office.gov.uk/seu

Sure Start

Sure Start aims to improve the health and well-being of families and children before and after birth so children are ready to flourish when they go to school.

www.surestart.gov.uk

UK Online

The UK Online centres aim to provide people from disadvantaged communities with access to ICT in order to encourage them into learning and to give them the skills necessary for the evolving knowledge-based economy, thus providing them with opportunities they may not have had otherwise.

www.ukonline.co.uk

Warm Front

The Warm Front scheme (previously Home Energy Efficiency Scheme) provides grants up to the value of £1,500 towards a package of energy efficiency insulation and heating measures tailored to the needs of the property.

www.eaga.co.uk

www.txuenergi.co.uk

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