



Opportunity for all

Sixth Annual Report 2004

DWP

Department for
Work and Pensions



Opportunity for all

Sixth Annual Report 2004

Presented to Parliament by
the Secretary of State for Work and Pensions
by Command of Her Majesty
September 2004

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Foreword



Winning the battle against poverty is a central aim of this Government. In this, the sixth *Opportunity for all* report, we review the progress our investment and reforms are making and how our strategy is evolving, so that we can go even further.

The poverty we inherited in 1997 denied people opportunity, limited potential and stored up economic costs and social problems for the future. Disadvantaged children fell into poverty as adults and then into poverty in retirement. By addressing the causes of poverty as well as the symptoms, we have started to break this vicious cycle.

We know that for many the best route out of poverty will be work, so over the last seven years we have invested in and transformed the welfare system to make it active rather than passive, pluralist not monolithic, and based on responsibilities as well as rights. By investing in the New Deal we have got a million people working again, enabling us to increasingly focus support on the most disadvantaged groups – lone parents and people written off on incapacity benefits.

Our approach, combined with a strong and stable economy, is working. In 1997, there were more than 1.6 million people

unemployed, of whom over a third had been unemployed for over a year. Today, unemployment is at its lowest level for 30 years and employment is at record levels – up nearly 2 million since 1997. Employment has risen and unemployment fallen fastest in the areas where it was previously worst, with long-term unemployment down by three-quarters and long-term youth unemployment virtually eradicated. Lone parent employment is above 50 per cent for the first time ever, and we have stabilised the numbers on Incapacity Benefit after a three-fold increase between 1979 and 1997.

We are making work possible through intensive support and a focus on removing barriers to work. This means tailoring our approach to individuals' needs – like investing in childcare to help lone parents back to work, or investing in health and rehabilitation support for people on incapacity benefits.

We are also making work pay. As a result of our tax and benefit reforms, including the Working Tax Credit and Child Tax Credit, a couple with one child and a parent working full time at the National Minimum Wage is now £38 a week better off in work than on benefits.

We are also providing security for those who cannot work. In Spending Review 2004 we reaffirmed our commitment to halving child poverty by 2010 on the way to eradicating it by 2020. We are making good progress, with over half a million children lifted out of relative low income since 1997.

Pensioner poverty is also down – by 1.8 million, or two-thirds, in absolute terms since 1998. Pension Credit is now reaching over 3 million pensioners and boosting their household incomes by over £40 a week.

Poverty is not just about incomes. We must also help build safer, better communities. This report sets out how sustained investment in our public services has enabled us to deliver lasting improvements in health and education, make a million homes decent, tackle crime, and invest in the environment and transport infrastructure.

A handwritten signature in black ink that reads "Alan Johnson". The signature is written in a cursive style with a long horizontal stroke extending from the top of the "J" across the "o" and "n".

Rt Hon ALAN JOHNSON MP
Secretary of State for Work and Pensions
September 2004

We recognise that there is always more that we must do to tackle poverty and social exclusion, and this report also sets out the challenges we face in the future and the steps we will take to reduce poverty even further. Our investment and reform of public services will continue so that we meet the needs of the most disadvantaged individuals, areas and groups.

The report sets out the 58 indicators against which we will continue to be judged. We are making good progress. Through *Opportunity for all* we will continue to monitor and benchmark our steps towards our historic goal of a fairer, more inclusive society where nobody is held back by disadvantage or lack of opportunity.

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 a set of indicators for measuring our progress and the effectiveness of our strategy. We deliberately set indicators that would be challenging: indicators that would show what we had achieved but that would not disguise poor progress.

In subsequent annual reports we have detailed our strategy and reported on progress against these indicators. This year, in our sixth report, we continue that model. But we also focus, in particular, on one aspect of the poverty and social exclusion agenda which we believe is important and which generates much attention, both in the research arena and in the media – namely, area-based disadvantage.

Deprived areas

Over the past 20 years, hundreds of poor neighbourhoods have become stuck in a spiral of decline, with people just streets apart separated by a gulf in prosperity and opportunity. **Chapter two** provides analysis of area-based disadvantage and our strategy for tackling it.

Analysis shows that there is no simple North–South divide – there are rich and poor areas in every region, city or town, although the problems facing these areas may vary. Similarly, there is no straightforward urban–rural divide. Some rural areas have better education and employment rates than urban areas, and vice-versa. And even within cities or local authorities, there can be extremes of high and low levels of deprivation.

Accordingly, as would be expected, differences between wards – and even more localised areas – account for more variation than differences between local authority areas or regions.

Our priority is to provide opportunities for all to escape poverty, wherever they live. Central government cannot tackle this alone, and an effective strategy is based on partnership working – central, devolved and local government in conjunction with voluntary and community sectors.

Our strategy for tackling poverty and social exclusion is based on a dual approach, combining policies which target both disadvantaged people and disadvantaged areas. As set out in Chapter two, it includes:

- the National Strategy for Neighbourhood Renewal (paragraph 43);
- a broad programme for tackling rural deprivation (paragraph 46);
- specific programmes led by the devolved administrations (paragraph 57);
- local programmes such as Sure Start (paragraph 93); and
- the New Deal for Communities (paragraph 118).

As these initiatives demonstrate, we are tackling poverty and social exclusion in every region head-on, through a combination of national policies and area-based initiatives. The vision for the National Strategy is that within 10–20 years, no-one will be disadvantaged by where they live.

The sixth annual report

The rest of *Opportunity for all* follows a similar structure to recent reports. The overall Government strategy on poverty and social exclusion is well established and many elements are reported on separately. For example, in July we published the *Child Poverty Review* and in September we published *Breaking the Cycle: taking stock of progress and priorities for the future*. This latter report provides a comprehensive analysis of the impact of Government policy after seven years of the Social Exclusion Unit.

Throughout this report, *Opportunity for all* refers you to more detailed source material where appropriate. In particular, it focuses only on those matters that continue to be the responsibility of the United Kingdom Parliament, with the devolved administrations producing their own reports on social inclusion.

A summary of *Opportunity for all – Sixth Annual Report 2004* is published to accompany this full report. It includes a summary of the indicators of progress and is also available in Welsh. Braille and audiocassette versions are available on request from 020 7712 2108.

The website of the Department for Work and Pensions, as well as displaying online versions of both the full *Opportunity for all* report and the summary, contains a section on the indicators. This includes more detailed information and is updated as new data becomes available. The website can be accessed at www.dwp.gov.uk/ofa

This report is split into three chapters and is followed by an annex containing the indicators of progress.

Our strategy

Chapter one adopts a life-cycle approach to our strategy for alleviating poverty and social exclusion, with sections covering:

- child poverty (paragraph 5);
- people of working age (paragraph 116);
- older people (paragraph 224); and
- public services (paragraph 283).

Child poverty

We are committed to halving child poverty by 2010 and eradicating it by 2020. This means improving not just the current well-being of children, but also transforming their future prospects. The aim is to ensure that, in future, all children are able to lead fulfilling lives in childhood and to realise their potential as adults.

Progress so far

We have made steady progress towards our overall aim, with key changes including:

- between 1998/99 and 2002/03, the number of children in low-income households fell by 600,000 after housing costs and by 500,000 before housing costs;

- the proportion of children living in workless households has fallen by around 300,000 since 1997; and
- the level of financial support for families with children has increased significantly as a result of tax and benefit reforms, with families with children in the poorest fifth of the population on average £3,000 a year better off in real terms.

Looking forward

We will continue to build on this successful strategy over the next few years, including by:

- continuing to expand the provision of childcare through programmes such as the Extended Schools Childcare Pilots (paragraph 27);
- establishing the Child Trust Fund (paragraph 46);
- taking forward the programme set out in *Every Child Matters*, including setting the legislative framework in the Children Bill (paragraph 52); and
- improving educational opportunities to ensure all children get the best possible chance of realising their full potential (paragraph 65).

People of working age

We have a clear strategy to provide work for those who can and support for those who cannot, recognising that worklessness is the main reason for poverty in working age. Our strategy is

based on creating employment opportunity for all, by providing people with the support they need to find employment and develop skills.

Progress so far

Since 1997, we have made good progress. Some key areas have been:

- an increase of 1.9 million people in employment since 1997. The United Kingdom employment rate is now the highest of the seven major industrialised countries;
- the New Deal programmes have resulted in the virtual eradication of youth long-term claimant unemployment and the reduction in adult long-term unemployment by around three-quarters since 1997;
- the launch of Jobcentre Plus in October 2001, extending work-focused support to all those on out-of-work benefits; and
- making work pay, through the introduction of the National Minimum Wage and tax and benefit reforms.

Looking forward

Despite the progress made, we are not complacent and will continue to enhance our overall strategy. This will include:

- *Building on New Deal*, which announced plans to build on progress made so far, by introducing greater flexibility into employment programmes (paragraph 129);

- piloting a new intervention regime for those claiming incapacity benefits, to more actively support those who are able to work (paragraph 134);
 - helping people in low-paid jobs and those without work to gain new skills, through a variety of programmes (paragraph 150);
 - continuing to make work pay, through improving work incentives and supporting job retention and advancement (paragraph 164);
 - Housing Benefit reform, including continuing to improve administration and piloting a flat rate local housing allowance (paragraph 200); and
 - tackling disadvantage in the labour market through targeted initiatives (paragraph 215).
- Pension Credit was successfully introduced in October 2003, giving a guaranteed minimum income for pensioners, with a simplified application process;
 - we have introduced the Pension Bill, aimed at providing a balanced package of measures to ease the financial and administrative burden on employers of occupational pension schemes, while offering a sustainable system of protection to individuals;
 - we reformed the State Second Pension, to provide a more generous additional pension for low and moderate earners;
 - we increased the Winter Fuel Payment to help combat fuel poverty; and
 - we have established The Pension Service, dedicated to meeting the needs of pensioners of both today and the future.

Older people

We believe that everyone should be able to look forward to a secure and fulfilling life in retirement. We need to ensure that older people have a secure income, that they have the tools to be able to plan for retirement, and that those who wish to remain in work are able to do so.

Progress so far

We have already introduced a number of measures to tackle poverty among older people. In particular:

- the number of pensioners in absolute low income has fallen by 1.8 million between 1996/97 and 2002/03;

Looking forward

We will continue to tackle poverty among older people, including by:

- tackling fuel poverty (paragraph 235);
- taking forward the measures contained in the Pension Bill (paragraph 258);
- increasing the choices and opportunities available to people aged 50 and over to remain in, or rejoin, the labour market (paragraph 262);
- providing integrated support for older people (paragraph 273); and

- continuing to promote take-up of Pension Credit (paragraph 280).

Public services

Delivering high-quality public services is a key part of our overall strategy to tackle poverty and social exclusion, particularly in the key areas of health, housing, crime reduction and legal services. We need to ensure that services are tailored to the needs of clients, fully accessible and culturally appropriate.

Progress so far

We have made progress in a number of areas, including:

- publishing *Tackling Health Inequalities: A Programme for Action*, setting out a three-year plan reflecting cross-government initiatives aimed at reducing gaps in life expectancy and infant mortality rates;
- setting out a range of policies to modernise housing, so that everyone has the opportunity of a decent home;
- substantially reducing the number of families with children who stay in B&B accommodation for more than six weeks; and
- launching our campaign to tackle anti-social behaviour.

Looking forward

We still have much to do. Our efforts will include focusing on:

- taking forward the health inequalities programme for action (paragraph 287);
- progressing the Sustainable Communities Plan, including significant increases in social housing (paragraph 297);
- implementing strategies to reduce the number of families with children who are placed in temporary accommodation (paragraph 311); and
- ensuring that the poor, the vulnerable and the victimised have ready access to the justice system (paragraph 334).

Working in partnership

We recognise that the multi-dimensional nature of poverty and social exclusion means that effective strategies need to make maximum use of the widest possible range of participants. **Chapter three** sets out how we are working across government and with other people and organisations, including devolved governments and regional and local government, to tackle poverty and social exclusion.

Progress so far

There are a large number of examples of where we have already made a difference by adopting the partnership approach. These include:

- developing local Public Service Agreements in English local authorities, to deliver services in response to local need;

- working with local authorities through Sure Start programmes, to deliver the early years agenda;
- establishing a range of locally-tailored programmes in the devolved administrations;
- expanding the Government Offices for the Regions in England, to tackle issues of high priority on a local basis;
- establishing local Crime and Disorder Reduction Partnerships, providing funding through the Safer Communities initiative;
- investing in the voluntary and community sector infrastructure; and
- working with providers to supply a range of employment programmes.

Looking forward

However, if we are to attain our long-term aims on poverty and social exclusion we will need to continue and expand our partnership working. In particular, we will:

- support the strategies adopted by the devolved administrations for tackling poverty and social exclusion in their areas (paragraph 5);
- work closely with a range of partners on tackling the problems of crime and disorder (paragraph 61); and
- support the role of the voluntary and community sector in service delivery (paragraph 65).

Annex: Indicators of progress

We continue to report on the indicators of progress that we established in 1999. The format of the indicators remains the same, including a summary table of overall progress (page 142). This year we are adding to our set of indicators, and we are also including additional data to help understand what is underlying these headline indicators.

Our indicators are also updated online throughout the year as data become available on www.dwp.gov.uk/ofa

Chapter one: Our strategy

Overview

1. Tackling poverty and social exclusion requires a focus on the causes as well as the symptoms. Our strategy tackles worklessness, addressing the causes of low income and financial insecurity, breaking cycles of deprivation and ensuring access to decent services. The strategy also recognises that people are vulnerable to poverty and social exclusion in different ways at different points in their lives. We also address disadvantage associated with where people live.

2. This chapter will present our strategy through a 'life-cycle'-based approach. This will include:

- for children and families, focusing on the child poverty strategy, with the key objective of abolishing child poverty by 2020;
- for people of working age, creating employment opportunities for all and support for those who cannot work; and
- for older people, tackling pensioner poverty and ensuring a secure and fulfilling life in retirement by encouraging people to plan for retirement and ensuring they have opportunities to remain in work as long as they choose to do so.

3. Our strategy for tackling area-based disadvantage will be addressed in Chapter two.

4. The approach of Chapter one is:

- to set out key strategic objectives (including Public Service Agreement targets);
- to analyse progress against these objectives and to present any other related trends or analysis; and
- to present recent developments in policies and programmes relevant to each objective.

Section one: Our child poverty strategy

Introduction

5. We are committed to halving child poverty by 2010 and eradicating it by 2020. This means improving not just the current well-being of children, but also transforming their future prospects. The aim is to ensure that, in future, all children are able to lead fulfilling lives in childhood and to realise their potential as adults.

6. Poverty and social exclusion are widely recognised as complex and multi-dimensional problems. As a result, our strategy is multi-faceted in its approach, to tackle the root causes of poverty. The key elements of our strategy are to ensure decent family incomes by making

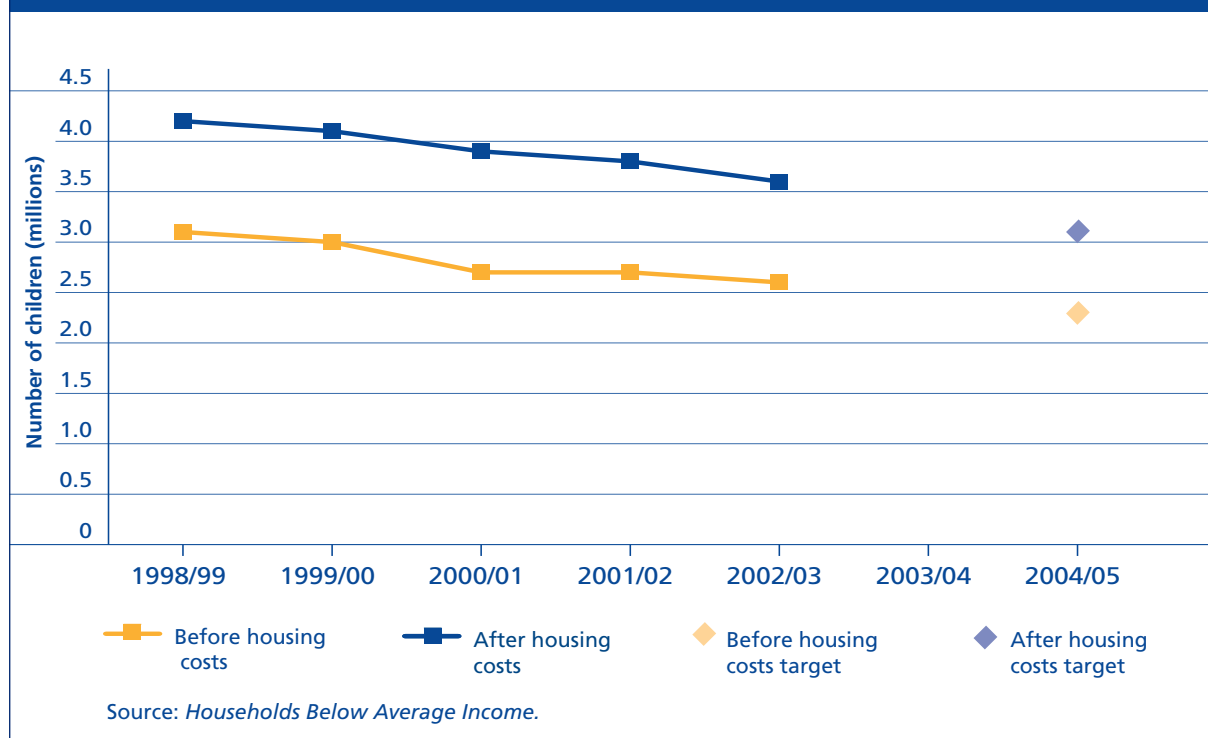
work possible, providing financial support, supporting parents in their parenting role, delivering high-quality public services to break cycles of deprivation, and utilising the expertise of the voluntary and community sectors, covered in Chapter three.

Progress so far

7. As a first step towards eradicating child poverty, the Department for Work and Pensions and Her Majesty's Treasury share a Public Service Agreement target to reduce the number of children in low-income households by at least a quarter by 2004.

8. Steady progress has been made towards this target, despite strong growth in average incomes. Between 1998/99 and 2002/03 (see Chart 1.1),

Chart 1.1: Number of children in households with equivalised incomes below 60 per cent of the median, progress since 1998/99



the number of children in low-income households fell by 600,000 after housing costs and by 500,000 before housing costs from a base of 4.2 million and 3.1 million respectively.¹ Our investment in financial support for families, combined with continued progress against our employment targets, means that we are broadly on course to meet this target.

9. Our achievement in reversing a long-running trend of increasing numbers of children in relative low income is widely acknowledged. The assessment in the Institute for Public Policy Research’s report, *The State of the Nation*,² is that, “The Government’s commitment to reducing child poverty has thus far been successful with tax credits and the importance of work forming the central planks of policy”.

Measuring child poverty

10. We published the results and final conclusions of our consultation, *Measuring Child Poverty*,³ in December 2003. This outlines our measure of poverty for the long term, which will be used to assess progress towards our goal to eradicate child poverty.

11. The new measure adopts a tiered approach which uses a set of inter-related indicators capturing different aspects of poverty while respecting the finding of the consultation that income is at the core of people’s perceptions of poverty. Each tier has significance in its own right and our objective is to make progress against all indicators.

12. The new measure consists of:

- absolute low income – to measure whether the poorest families are seeing their incomes rise in real terms;
- relative low income – to measure whether the poorest families are keeping pace with the growth of incomes as a whole; and
- material deprivation and low income combined – to provide a wider measure of people’s living standards.

13. So our measure will continue to focus on income, but we have extended our ambition to include new aspects of poverty. Child poverty will be falling when all three indicators are moving in the right direction. Success in eradicating child poverty might be judged as being among the best in Europe on relative low incomes.

Child poverty target

14. The new child poverty target, announced in the 2004 Spending Review,⁴ is to *halve the number of children in relative low income households between 1998/99 and 2010/11, on the way to eradicating child poverty by 2020*.

15. We will also set an additional target in the 2006 Spending Review to *halve by 2010/11 the number of children suffering a combination of material deprivation and relative low income*. The target for absolute low income is to make further progress so that there are fewer than 1 million children in absolute low income by 2010/11.⁵

16. In Budget 2003,⁶ the Chancellor announced the Child Poverty Review, to examine the welfare reform and public services changes necessary to advance towards our long-term goal of halving and then eradicating child poverty. The review's findings include both medium-term plans emerging from the 2004 Spending Review, and an assessment of the longer-term direction which policy needs to take in order to meet our new child poverty target.

17. The Child Poverty Review consulted 220 organisations and concluded that our multi-faceted strategy remains the most sustainable way of tackling child poverty. The review report⁷ was published alongside the 2004 Spending Review White Paper and includes a range of measures to reduce child poverty and improve poor children's life chances, thus breaking cycles of deprivation.

Worklessness

18. Children in workless families are much more likely to be in low income than those in families with one or more adults in full-time work. Nearly half of all children in workless households live in low income, compared with around a quarter of children in households containing one or more workers.⁸ Non-working families are four times more likely to experience severe hardship than those working.⁹

19. Finding work is the most important route out of poverty, with changes in labour-market earnings accounting for roughly two-thirds of exits from low income.¹⁰ Moving into employment

reduces levels of material deprivation independent of any simultaneous increase in income.¹¹

20. Improvements in employment have made a significant contribution to reductions in child poverty. There are now 1.9 million more people in employment than in 1997¹² and as one of our indicators of progress shows, around 300,000 fewer children in workless households. Our strategy for increasing the employment of parents is based on making work possible, making work pay and making work skilled and is detailed in the working age section of this chapter.

Childcare

21. A lack of childcare is often perceived as a major barrier to work, training and education for many parents. Suitable childcare is also an important route out of poverty, vital to parents – particularly lone parents – so they can work, learn and train with confidence. Parents need to be able to access childcare at various times of the day because of school hours and their own working and personal commitments.

22. The National Childcare Strategy (now part of the Sure Start initiative) was established in 1998 to ensure that accessible, affordable and quality childcare for children up to the age of 14, or 16 for those with special needs, is available in every area. Efforts have been concentrated on disadvantaged areas where research showed that the need was most acute. Sure Start Local Programmes Neighbourhood Nurseries and the new

Children's Centres are closing the childcare gap between disadvantaged areas and more affluent ones.

23. More than 1 million new registered childcare places have been created since 1997, benefiting well over 1.8 million children.¹³ This means that the target of creating 1.6 million new childcare places by March 2004 has been met, and we are on track to create places for over 2 million children by 2006. The extra Sure Start funding announced in Spending Review 2004 will enable us to continue the expansion of childcare, with provision increasingly available alongside early education and a range of health and family support services.

24. There is now a registered childcare place for one in four children aged under 8, compared with places for one in eight in 1997. Over the last year there has been strong growth in the daycare, out of school and childminder sectors.¹⁴

25. Furthermore, our *Five Year Strategy for Children and Learners*¹⁵ includes a commitment to make full, daytime hours, childcare provision increasingly available across the country by encouraging schools and early years centres to offer parents greater flexibility by linking their childcare with their early education entitlement.

26. We are providing substantial support for childcare costs through the Working Tax Credit – a total of over £700 million a year, double the amount under Working Families' Tax Credit and 14 times the amount under Family Credit. The childcare element of the Working Tax Credit provides up to 70 per cent of

eligible childcare costs of up to £200 a week, or up to £135 a week for families who pay for childcare for one child. Around 340,000 working families were benefiting from help with their childcare costs through the childcare element of the Working Tax Credit in July 2004,¹⁶ in turn making childcare provision more sustainable.

Extended Schools Childcare Pilot

27. The Extended Schools Childcare Pilots were launched in Bradford, Haringey and Lewisham in April 2004. From October 2004, the pilots will be rolled out to four additional local authority areas in England (Greenwich, Leicester, Leicestershire and Sandwell), two in Scotland (Aberdeenshire and Fife) and one in Wales (Torfaen). The pilots will run in all ten areas until March 2006.

28. The purpose of these pilots is to provide lone parents with the childcare they need, thus removing a barrier to work. This is done by providing enough affordable childcare for lone parents, many of whom will be on Income Support and have school-age children, to enable them to enter employment. It will help us to understand whether the childcare barrier is real or perceived and whether, if it is removed, other barriers then come to the fore as being the main obstacles stopping lone parents working.

29. The pilots have been designed to ensure that appropriate childcare is available when required by parents, in particular lone parents, with school-age children. The main aim is to help lone parents to start work, confident that their children will be well cared for. School-age

children in this context means children aged 5 to 14 (16 for children with special needs).

30. The pilots are co-ordinated at local level by the local authority, working in partnership with Jobcentre Plus, local schools and other local stakeholders. Close management of local vacancies ensures that the most is made of existing childcare provision and an assessment of likely demand enables any areas of under-provision to be identified.

31. Each pilot is managed strategically and operationally in ways which best reflect local needs and circumstances. It is envisaged that any new provision will be based on networks centred on secondary schools, which will work together with their feeder primaries or other natural groups. Each network will consist of six or seven schools. The schools could either provide the childcare themselves on site or work with other local providers, such as out-of-school clubs, childminders, nurseries and playgroups, in line with the Extended School concept. Other delivery models, for example childcare provision which is not based on site in schools, may also be supported where this would better meet local need.

32. The pilots are being developed to link, where possible, with other relevant local initiatives such as Extended Schools, Children's Centres, Discovery Weeks, Childcare Tasters and the Work Search Premium and In-Work Credit pilots. The pilots also link to national programmes such as New Deal for Lone Parents and Work-focused Interviews, the lone parent mentoring service, an

enhanced national telephone and information service for parents and extended debt counselling. New childcare places will be responsive to local needs and in most cases will be available throughout the year, covering full daytime working hours, and will be accessible for all local families, with the emphasis on lone parents.

Flexible working

33. Flexible working patterns are important in helping to lift children out of poverty, particularly for lone parent families. Parents are more likely to be able to return to work if they are able to do so in a way that enables them to balance work and family life.

34. We are committed to helping parents into work and working in ways that enable individuals to realise their personal aspirations and potential and at the same time enhance business efficiency. New legislation introduced on 6 April 2003 provides parents with more opportunities than ever before to balance their work and childcare responsibilities to the benefit of employers, employees and their children.

35. This year saw the first anniversary of: paid paternity leave; the biggest increase to statutory maternity pay since it was introduced in 1948; maternity leave extended to up to a year; and the right to request flexible working – for fathers, as well as for mothers. We will allow the new legislation to become established and will not make changes before 2006 after it has been reviewed.

36. In April 2004, we opened a debate with parents and employers to enable us to hear directly from parents about how they balance work and family life; and from employers about the drivers and barriers to meeting parents' needs and the needs of their business.

37. In June and July, a series of ten round tables were held across England, Wales and Scotland, giving Ministers and officials the opportunity to hear from parents, carers and employers about their experiences. In addition, 16 people in Nottingham were brought together to form a 'Citizens' Jury'. They were asked to consider how we can support parents and carers to juggle family responsibilities and work. They heard from a range of witnesses representing parents, carers, business, unions and the Government.

38. We will consider these views in developing future flexible working and work-life balance policy and in the ongoing monitoring of the laws.¹⁷

39. Overall, we have provided financial assistance for the spread of best practice in flexible working of around £10.5 million to just under 450 employers (representing 1.2 million employees), averaging around £27,000 per project. We remain committed to the spread of best practice and the growth of flexible working opportunities across the United Kingdom.

Transport and access to services

40. Tackling transport and access issues is vital to ensure that poor children have access to the services they need to benefit them in childhood and later life,

including getting to school and accessing healthcare (our strategy for tackling health inequalities is detailed in the Public Services section). Effective public transport is also vital for those parents seeking employment. Problems with transport and access to services can impact more heavily on people living in deprived and rural communities. Chapter two looks at this in detail.

41. We are committed to a transport system that ensures mobility and access for all. We have made progress on widening access to services, both through the location and delivery of these services and through improvements to public transport.

42. We are also working to reduce the number of children killed or injured in road accidents. Through Dealing with Disadvantage, an initiative aimed at tackling the road-safety implications of disadvantage from a wide perspective, 15 councils with high child pedestrian casualty rates have each received funding of between £300,000 and £1.2 million.

Financial support

43. The reduction in the number of children in low-income households has been built on tax and benefit reforms that have rewarded work and increased the incomes of families. By 2004/05 total spending on financial support for children will have gone up by over £10 billion in real terms since 1997, a rise of 72 per cent. As a result of personal tax and benefit changes since 1997, by October 2004:

- families with children will be on average £1,350 a year better off in real terms; and
- families with children in the poorest fifth of the population will be on average £3,000 a year better off in real terms.

Child Tax Credit

44. The introduction of tax credits is at the heart of our strategy to tackle child poverty. Child Tax Credit provides a single, seamless system of support for families with children which, together with Child Benefit, is worth £3,030 a year for the first child for the 30 per cent of families with an income of less than £13,480 a year. Over 6 million families are now benefiting from the Child and Working Tax Credits, including families receiving support for their children through Income Support or Jobseeker's Allowance. Over 20 million people, including 10.5 million children, are benefiting from tax credits.

45. In April 2004, the child element of the Child Tax Credit was increased by £180 to £1,625 a year, equivalent to a weekly increase of £3.50, benefiting 7.2 million children.

Child Trust Fund

46. We are committed to strengthening the savings habits of future generations and ensuring that all children start their adult lives with access to financial assets. Budget 2003 announced the introduction of the Child Trust Fund, a universal investment and savings account for children born from September 2002. The

account will provide an endowment for every child both at birth and at age seven, with those from poorest families receiving the largest amounts. Accounts are expected to be available in April 2005.

Child support reform

47. Every child has a right to a decent start in life, whether their parents live together or apart. Children are entitled to care and support and both parents are responsible for providing it. The system of child support introduced in 1993 was excessively complex and failed children and parents. This is why we have reformed child support.

48. The formula for assessing levels of maintenance in the old child support scheme was very complicated. In particularly complex cases, over 100 separate pieces of information could be required to make an assessment. This made it difficult for the Child Support Agency to calculate liabilities accurately and left the process open to abuse by unco-operative non-resident parents. Only 25 per cent of parents with care on Income Support received any maintenance. And nearly half of all applications that reached assessment were taking over 20 weeks, resulting in huge maintenance debts for non-resident parents.

49. The new child support scheme, introduced for new cases in March 2003, puts children at the centre of child support and will get money, more quickly, to more children. As a result of these reforms, 600,000 children in the poorest families stand to gain a total of over £150 million a year and, overall, more than a million children will see the

benefits of child maintenance for the first time. We have taken action to remedy system problems which have affected the early operation of the new scheme. We are committed to increasing the proportion of parents with care on Income Support (and in contact with the Child Support Agency) who are in receipt of maintenance to 65 per cent by 2008.

Breaking cycles of deprivation

50. Support for families with children is critical to breaking the transmission of disadvantage across generations. Preventative policies to break the intergenerational link include effective nurturing in the early years, a school system that promotes opportunities, and effective support in the transition from school to further and higher education and work.

51. The Social Exclusion Unit's report, *Breaking the cycle*,¹⁸ shows how we have had a major impact on transforming the lives of vulnerable children and families. New research shows how policies in different spheres have worked well as a package to produce positive impacts, particularly for lone parents.¹⁹

52. We are working across government to design and implement a long-term programme for transforming local services for children, young people and families. It will bring them together to provide personalised learning, care and support for every child and young person, whether they are already thriving or whether they are in vulnerable circumstances. The key elements of this programme were set out in the Children's Green Paper, *Every Child Matters*.²⁰ The

Children Bill, which is being considered by Parliament, will provide the legislative framework for the programme.

Early years

53. Children need the best possible start in life so they can flourish when they go to school and in later years. Research shows that the signs of disadvantage can be seen in children as young as 20 months.²¹ We know, however, that support for children and their families in these early years can help alleviate the effects of poverty and make a difference in improving outcomes for children, especially the most disadvantaged, in both the short and longer term.²² This has been reflected in the Department for Education and Skills' *Five Year Strategy for Children and Learners*, which emphasises our commitment to extending the reach of good quality childcare and early education across England, by ensuring they are delivered in a way which is more joined up and responsive to the needs of children and families.

Sure Start

54. The 524 Sure Start Local Programmes in England bring together childcare, health and family support services, to promote the physical, intellectual and social development of young children – particularly those who are disadvantaged – so that they can fulfil their potential at home, when they get to school and during later life. Sure Start Local Programmes operate in small catchment areas and offer services to children from conception to age four. There are also 46 Mini Sure Starts in rural areas and pockets of deprivation (see Chapter two).

Children's Centres

55. Children's Centres provide good quality childcare alongside early education, family and health services, and training and employment advice. The centres offer integrated services to local children and their families, often building on existing initiatives like Sure Start Local Programmes, Neighbourhood Nurseries and Early Excellence Centres. 71 Children's Centres have been established thus far, with further designations taking place on an ongoing basis.

56. In addition, 1,235 Neighbourhood Nurseries have been built in the 20 per cent most deprived wards in England. These will help close the gap in availability of childcare between these areas and more affluent ones. There are also 107 Early Excellence Centres that combine early education, childcare and other services.

57. The 2004 Spending Review announced £769 million additional funding for Sure Start by 2007/08 compared with 2004/05, an average annual real growth rate of 20 per cent. The extra funding will enable a network of up to 2,500 Children's Centres to be established by 2008. Young children and families in the 20 per cent most disadvantaged wards across England and in many pockets of deprivation will have access to a centre – a significant step towards our longer-term goal of one for every community. Local authorities will take a strong strategic lead on Children's Centres, while retaining diversity in actual provision and partnership working. This approach applies good practice emerging from the earlier programmes.

Children's Fund

58. The Children's Fund aims to improve outcomes for 5–13-year-olds by promoting educational achievement, developing parenting skills, helping children and young people with mental health difficulties, tackling crime and anti-social behaviour and offering support to normally hard-to-reach communities. It aims to shift the focus from remedial to preventative action.

59. From April 2003, all 149 Children's Fund partnerships have been delivering preventative services for 5–13-year-olds and their families with over 4,000 services up and running across the country.

60. Much of the fund has been used to establish wholly new services, with the remainder extending existing services including behaviour support, family support, and more outreach to meet the needs of families who find existing services difficult to access.

Parenting support

61. The role of parents and carers is of crucial importance in determining children's life chances. Parenting can have an impact on a multitude of social policy outcomes including educational attainment, health, levels of anti-social behaviour, crime and later employment potential.

62. Parents living in poverty are likely to face risk factors which may make their role as parents more difficult. There are practical barriers – poor housing (including lack of ability to heat the

home adequately), inadequate transport, often poor nutrition because of lack of money, as well as issues such as low self-esteem and low educational attainment, leading to low aspirations and expectations for both parents and children. As a result, more poor children have emotional and behavioural difficulties, are in poor health and achieve less well at school and in work than those from better-off families. A large body of research testifies to the link between economic disadvantage and impoverished living conditions and the risk that children will fail to thrive.²³

63. Many parents in poor environments are resourceful and their children do grow, develop and achieve in spite of financial and environmental factors. However, a considerable number of poor families find it more difficult to cope and they and their children suffer. The links between parenting and outcomes for children and young people are well evidenced.²⁴

64. The 2004 Spending Review has provided for expanded parenting support with targeted help accessible at key transition points in children’s lives. Sure Start Local Programmes and other integrated early years centres offer parenting skills support, according to the identified needs of their community.

Case study

Bolsover in Derbyshire has a catchment area of three former mining villages. They have an informal approach in which Sure Start community midwives run groups where ante- and post-natal education and other activities for new mothers and mothers-to-be can be given in the relaxed setting of their Café Bebe. There are also intensive day schools for teenage parents and parents-to-be which include basic and practical skills such as cooking and nutrition classes.

The programme is planning to start sessions on parenting skills for grandparents, again run by midwives. These are very stable communities and the programme aims to harness the skills of older people to help and support parents.

Improving educational opportunities

65. We are determined to narrow the gap between our highest- and lowest-attaining schools to ensure all our children get the best possible opportunities to realise their full potential. We recognise that schools in areas of disadvantage or with low levels of attainment may need additional help to improve. We support such schools by providing financial resources through the Standards Fund, for specific policy initiatives, by encouraging and enabling schools to share best practice and through the provision of monitoring and advice.

Early education

66. Our investment in the expansion of free, part-time early education provision has had an increasing impact. All 4-year-olds have been guaranteed a free place, if their parents want one, since 1998, and for some years close to 100 per cent of children of that age have benefited. Our support for provision for 3-year-olds has grown steadily in the last few years and from April 2004 all 3-year-olds have enjoyed the same entitlement as 4-year-olds. Free, part-time early education and care for 12,000 2-year-olds in disadvantaged areas will be piloted by 2008.

Primary and secondary education

67. The Primary Strategy, *Excellence and Enjoyment – A Strategy for Primary Schools* (published in May 2003),²⁵ sets out our vision for the future of primary education. The Primary Strategy aims to ensure every primary school can combine excellent teaching with enjoyment of learning. It is supporting teachers and schools in raising standards in literacy and numeracy as well as helping them to offer a broad and rich curriculum which enables all children to succeed, whatever their background or abilities.

68. The Key Stage 3 Strategy²⁶ is designed to support schools to address the learning needs of pupils aged 11–14. Everything the strategy offers is capable of local tailoring and selection, so it offers choice as well as challenge. It provides subject specialist support within the context of a whole-school improvement strategy. It offers a platform for professional development across the

school through its emphasis on teaching and learning. In 2004/05, the Key Stage 3 Strategy's priority is to raise standards and support whole-school improvement. There are four main areas of work:

- improving teaching and learning;
- promoting inclusion and tackling underperformance;
- strengthening the whole curriculum; and
- supporting school leadership.

69. The behaviour and attendance strand of the Key Stage 3 Strategy was launched in September 2003 to ensure that all secondary schools have effective whole-school behaviour policies, which promote a learning environment where there is respect for all.

70. Gifted and talented pupils can be found in every class in every school, but many are underachieving, often as a consequence of disadvantage. Programmes to enhance support for gifted and talented pupils in disadvantaged areas are provided through Excellence in Cities, Excellence Clusters and Aim Higher. We are developing plans for universal support through the primary, Key Stage 3 and 14–19 strategies based on the principles of personalised learning. In London, London Gifted and Talented is supporting collaborative action involving all 33 boroughs. The National Academy for Gifted and Talented Youth is expanding its membership, drawn from the top 5 per cent of students, and the range of

learning opportunities it provides for them. A framework for professional development in this field is also being developed.

71. We have set ambitious targets that all schools should have at least 20 per cent of their pupils attaining five GCSEs or GNVQs at Grades A*–C by 2004 and 25 per cent by 2006. As our indicators of progress show, we are making good progress towards these targets – the number of schools below the floor targets is less than half the number seven years ago. We continue to work with vulnerable schools on an individual basis to develop targeted strategies of support and challenge to ensure rapid and sustainable improvements.

72. The 2004 Spending Review has built on this strategy, announcing:

- new, more challenging Public Service Agreement floor targets to drive up standards in schools located in deprived areas, with monitoring of the bottom 10 to 20 per cent of educational under-achievers and separate monitoring of the most vulnerable groups; and
- a review to assess whether schools in deprived areas are treated equitably and whether they are putting resources to the best possible use.

Leadership Incentive Grant

73. The Leadership Incentive Grant began in April 2003 and provides support totalling £500 million over three years to over 1,400 mainstream secondary schools serving recognised areas of deprivation or

other areas with low levels of attainment at GCSE. The Grant is designed to strengthen leadership at all levels, raise standards and stimulate collaborative working to improve standards of teaching and learning and establish a culture of high expectations across whole communities of schools.

74. At the end of the first year of the Leadership Incentive Grant, the great majority of schools are making good progress against their collaborative plans. There is evidence that schools are helping each other, sharing expertise and receiving it from others. Many schools report that, as a result of changes in teaching and learning, the attendance, punctuality and attitudes of pupils have improved.

Attendance

75. Improving school attendance is at the centre of our drive to improve education opportunities for all young people. One of our indicators shows the progress we are making. The new Public Service Agreement target for school absence is *to reduce the 2002/03 level of school absence by 8 per cent by 2007/08*. Achieving the new target would mean there would be over 36,000 more pupils back in school each day by 2008 – that is over 6.8 million school days regained over the academic year.

Extended Schools

76. Extended Schools offer services to children and young people, their families and communities often beyond the school day, before and after school hours, at weekends and during school

holidays. The services offered can include childcare, study support, family and lifelong learning and access to information communication technology and sports and arts facilities. Like Children's Centres, Extended Schools are also able to offer parenting support (see paragraph 61).

77. Extended Schools also recognise that they cannot work alone in helping children and young people, and their families, to achieve their potential, so work in partnership with other agencies, such as health and social services, which have an interest in outcomes for children and young people. Having better access to multi-disciplinary teams can support children and young people with their non-educational problems, which can create barriers to learning. Extended Schools are also about making better use of the school buildings as a community resource after school hours, and making services more accessible to communities, especially rural communities. Offering childcare and adult learning opportunities can help support parents and adults into work (see paragraph 27 for details of Extended Schools Childcare Pilot).

78. Many schools have developed an Extended Schools approach and have been working in this way for years. We want to encourage all schools to do this and to be the hub of family and children's services for their communities. We are supporting the development of up to 240 full service Extended Schools by 2006, so that there will be at least one in each local authority area. We will also be supporting all Local Education Authorities by 2006 to develop and co-ordinate extended services in other schools across their areas.

79. Research on Extended Schools has shown that they have the potential to generate a range of positive outcomes for children and young people, their families and communities.²⁷ For pupils, this includes improved attainment, attendance and behaviour. For families, Extended Schools activities can have a positive impact on parental involvement in their children's education, which can also support improved attainment. For communities, Extended Schools can be a place where different sectors of the community can engage with each other through different activities.

Excellence in Cities

80. The Excellence in Cities programme began in 1999 and now includes Education Action Zones, whole authority Excellence in Cities partnerships and Excellence Clusters. It provides additional resources to over 1,000 secondary and nearly 2,800 primary schools serving disadvantaged communities, both in the cities or in smaller pockets of deprivation elsewhere. The programme is designed to ensure that these schools are able to offer all their pupils equal opportunities to excel, regardless of their background.

81. Schools in Excellence in Cities partnerships can access a range of support designed to help pupils, families and schools overcome their barriers to learning. All Excellence in Cities areas benefit from the Leadership Incentive Grant for their secondary schools. In addition, Behaviour Improvement Plans are focused on Excellence in Cities areas where families of children in secondary and primary schools are given additional support to tackle behaviour and

attendance issues. This is over and above Excellence in Cities provision of Learning Mentors to help pupils overcome barriers to learning, and of Learning Support Units to tackle disruption. Excellence in Cities schools also benefit from extended opportunities for gifted and talented pupils, City Learning Centres to provide state-of-the-art information and communication technology, and Action Zones to focus on low performance in small clusters of schools.

82. Over the past three years the rate of improvement has, on average, been faster in schools supported by the Excellence in Cities programmes than elsewhere, with Excellence in Cities secondary schools now improving at more than twice the rate of others in terms of the increase in the percentage of pupils achieving five or more GCSEs.²⁸

Improving education and training services in rural areas

83. We are starting to make real headway in improving education and training services for rural children, families and communities.

84. Broadband offers real benefits to schools to raise standards, and we want all schools connected by 2006. One in three schools is classified as rural, and so far one third of rural schools have overcome difficult challenges to get connected to broadband.

85. Many Connexions Partnerships (see paragraph 98) in rural areas are tackling rural issues through co-location of offices with other agencies and involvement of

innovative means to give young people mobility to access the learning or training of their choice.

86. A presumption against the closure of rural schools was introduced in February 1998. Since then, the rate of closure has been reduced from an average of 30 a year to an average of just five a year.

Disabled children

87. The Special Education Needs and Disability Act plays an important part in our policy of ensuring equality of opportunity, full participation in society, independent living and economic self-sufficiency for disabled people. The Act amended both the Education Act 1996 and the Disability Discrimination Act 1995 to improve standards of education for all children with special educational needs, and advance civil rights for disabled people in education. It did this by:

- strengthening the right to a mainstream education for pupils with special educational needs where parents want it and where it is compatible with the efficient education of other children;
- requiring local education authorities, schools, colleges, universities and providers of adult education not to discriminate against disabled people in their access to education for reasons relating to their disability; and
- requiring local education authorities and schools to plan to increase progressively, and over time, access to schools by current and prospective disabled pupils.

88. Subsequently, we published our strategy for special education needs, *Removing Barriers to Achievement*,²⁹ setting out our vision for giving children with special educational needs and disabilities the opportunity to succeed. Building on the proposals for the reform of children's services in the Green Paper *Every Child Matters*, it sets a new agenda for improvement and action at national and local level.

89. The overall aim of the special education needs strategy will be to enable all children with special educational needs and disabilities to realise their full potential by improving access to education, raising standards of teaching and learning and strengthening partnerships with children, parents and carers. Some elements of the strategy will be taken forward quickly but others will require research and the development of pilot programmes to test out different approaches.

90. The special education needs strategy therefore sets out clearly our objectives and priorities for future action in the short and longer term. These include embedding special education needs and disability in mainstream policy and practice and improving outcomes for children and young people.

Looked after children

91. Educational outcomes for looked after children in England are improving but are still unacceptably low. We revised the Public Service Agreement target for looked after children in July 2004. The target now aims to *narrow the gap in educational achievement between*

looked after children and their peers, and improve their educational support and the stability of their lives, so that by 2008 80 per cent of children under 16 who have been looked after for 2.5 or more years will have been living in the same placement for at least two years, or are placed for adoption.

92. Our indicators show the progress we are making on outcomes for looked after children. The latest statistics on education of looked after children show that:

- the proportion of looked after children aged 11 reaching Key Stage 2 standard in English and Maths compared with all children rose from 43 per cent of the proportion of all children reaching Key Stage 2 standard in 2001 to 49 per cent in 2003;
- the proportion who reached school leaving age without having sat a GCSE or equivalent exam fell from 46 per cent in 2001 to 43 per cent in 2003; and
- the proportion getting the equivalent of five good GCSEs increased from 8 per cent in 2001 to 9 per cent in 2003.

93. The reasons why looked after children are less successful in terms of educational achievement were clearly set out in the Social Exclusion Unit report, *A Better Education for Children in Care*.³⁰ We are fully committed to implementing the report's action plan for tackling the key problems looked after children face – instability, significant amounts of time out of school, little support and encouragement from home, lack of extra

help with schoolwork and insufficient support to prevent or overcome mental and physical health difficulties.

94. We are taking steps through the Children Bill to give looked after children a better deal. It is proposed that every local authority will in future have a duty to promote the educational achievement of children in care, giving particular attention to the educational implications of any decision about the welfare of any child they are looking after.

Gypsy Traveller children

95. One group with particular problems are the Gypsy Traveller communities. A large percentage of the total population of the Gypsy Traveller communities, estimated at 350,000, live in housing, though exact figures are not known. Others live on local authority or privately-owned caravan sites, or are resident on their own plot of land. Approximately one-fifth of the non-housed Gypsy Traveller population have no secure place to stay, and are moving between unauthorised encampments. Living in housing is *not* seen as an ultimate goal for many families.³¹

96. Ofsted has shown that Gypsy Traveller pupils, mostly either Gypsy/Roma or Travellers of Irish Heritage, have the lowest educational results of any ethnic minority group and are the group most at risk in the education system.³² The Pupil Level Annual School Census Data 2003³³ highlighted that Gypsy Traveller pupils have the lowest attendance rates, particularly at secondary school level, and

that they are also one of the lowest-achieving groups of pupils in our schools.

97. This is not a new issue. The Swann Report³⁴ identified Gypsy Traveller pupils as being strongly affected by many factors influencing the education of children from other minority ethnic groups. Particular mention was made then, as now, of racism and discrimination, myths, stereotyping and the need for more positive links between Gypsy Traveller parents and their children’s schools. Evidence is that access to primary education by Traveller children, as well as their attendance, continues to improve,³⁵ although there is still a long way to go, especially for those children who are travelling from place to place and for the secondary age group in particular. Attention is also focusing strongly on what can be done, once children are enrolled in school, to sustain their attendance and to continue to raise achievement.

E-Learning and Mobility Project information and communication technology

The Department for Education and Skills is co-funding a pilot project looking at using information and communication technology to enhance distance learning. Using laptops and data cards with mobile phones, Traveller pupils can link up via the internet with their base school while travelling. The technology will enable teachers to set work for their pupils and allow teachers to interact with the pupils online.

Young people

Connexions

98. Connexions provides a guidance and personal development service to help all 13–19-year-olds make a smooth transition to adult life. In 2003/04 there were over 3.6 million interventions with young people. In the year ending March 2004, nearly 100,000 16–18-year-olds left the 'Not in Education Employment or Training' group to enter education, training or a job with training.

99. Positive Activities for Young People aims to divert and develop young people across the country aged 8–19 who are most at risk of social exclusion and committing crime. It encourages engagement in the community and, through voluntary activity programmes, contributes to the promotion of strong and active communities. The programme is running from April 2003 to March 2006 and provides key worker support for those most at risk.

100. The Department for Education and Skills Five Year Strategy signalled a commitment to develop a new, integrated youth offer that will:

- offer more young people more things to do and places to go;
- drive up the standard of careers education and guidance; and
- give particular support to young people who have disengaged or are vulnerable to disengagement.

101. In addition the strategy signalled:

- that local authorities and their partners in Children's Trusts will bring together the support available to young people so that we have a fully-integrated offer for teenagers;
- that too much support for young people is fragmented at present with different schemes with worthwhile but overlapping aims, too many separate funding streams and separate management processes; and
- that it was important to build on the principles and success of the multi-disciplinary and collaborative working introduced by Connexions.

Warwickshire's Wheels to Work scheme

Clients are eligible for Wheels to Work if they have an offer of full-time training, education or employment and are aged between 16 and 25 years.

Moped loans for up to 12 months are offered at a cost to clients of £2.50 a week. Clients may have a credit limit of £30 – that is, payment for no more than 12 weeks' loan can be owed at any one time. The scheme has 52 mopeds, for which there is an extensive waiting list. Clients are provided with Compulsory Basic Training, a helmet, a reflective belt, a heavy-duty moped lock, a thermal waterproof suit and gloves.

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Although some of the larger colleges offer free transport for 16–19-year-olds, attracting students from rural areas was a particular problem for the smaller colleges. In addition, a research study undertaken in Southam identified problems for young people living in rural areas in accessing employment and education opportunities. In 1999, Warwickshire County Council therefore initiated a pilot Wheels to Work scheme using ten mopeds and operating in ten villages. This pilot was researched and introduced by the Rural Transport Partnership Officer.

To identify a lead organisation for the scheme, Warwickshire County Council undertook a competitive tendering process. Warwickshire Careers Service were successful in their bid, largely because of their direct access to the target client group – Careers Service Advisers have one-to-one contact with all school leavers prior to their leaving school, providing an ideal opportunity to promote the scheme. A Wheels to Work co-ordinator was appointed in August 1999.

The pilot was successful and, after six months of operation, the scheme was expanded to cover the north of the county.

Financial support for 16–19-year-olds

102. We see financial support for 16–19-year-olds as an investment in the future. The 1999 Social Exclusion Unit report *Bridging the Gap*³⁶ identified the complexity of the system of financial

support for 16–19-year-olds as a major barrier to learning. In response, a cross-government review was established in 2002 to consider existing provision and make recommendations to ensure that all young people have the support and incentives they need to participate in education and training. In March 2003, the Chancellor established a wider review building on this work. The views of young people and parents, local government and voluntary and community sector organisations which work with vulnerable young people were sought and fed into the review process.

103. The review's report, *Supporting young people to achieve*,³⁷ was published alongside the Budget 2004. It sets out our long-term aspiration that all young people reach the age of 19 ready for higher education or skilled employment. To deliver this aspiration, in tandem with 14–19 curriculum reforms emerging from the working group chaired by Mike Tomlinson, our vision is of a single, coherent financial support system for 16–19-year-olds. The report set out that such a system should:

- support young people's post-16 choices and transitions;
- deliver decent minimum levels of income to young people and their families; and
- provide an accessible system of support.

104. The report also set out a range of measures as intermediate steps towards the long-term vision. At the centre of

these measures was the announcement of the intention to extend family financial support to unwaged trainees and those completing a course after their 19th birthday.

Education Maintenance Allowance

105. Education Maintenance Allowance was introduced across England in September 2004 to help young people to continue in post-16 education. This will encourage those from lower-income households to stay in education. The programme enables young people to receive up to £30 a week when taking part in a further education course that involves at least 12 hours' study a week.

106. Education Maintenance Allowance has been successfully piloted in a third of local authorities. In the pilots, it increased Year 12 participation in full-time education by 5.9 percentage points among eligible young people, with a further increase in Year 13 due to improved retention. Education Maintenance Allowance reduced the number of young people entering the 'Not in Education, Employment or Training' group at 16 by 2.7 percentage points.

The Neighbourhood Support Fund

107. The Neighbourhood Support Fund is a re-engagement programme aimed at disengaged young people aged 13 to 19. Over 200 projects operate in 40 deprived local authority areas. Young people are involved in activities of an informal self-development nature. Many of the participants are from disadvantaged backgrounds and include truants,

exclusions, care leavers, substance misusers and under-achievers. Of those leaving the programme, 68 per cent have engaged with mainstream education, training or employment.

Teenage pregnancy

108. Teenage pregnancy is both a cause and a consequence of poverty and social exclusion. Teenage mothers and their children have worse health and social outcomes:

- a 60 per cent greater risk of infant mortality compared with babies born to mothers over 19;
- a 25 per cent greater risk of a low-birth-weight baby compared with the average for all births; and
- a greater likelihood of living in isolated, poor-quality housing and having a partner who is also unemployed or on a low wage compared with women giving birth after the age of 19.

109. Furthermore, a teenage woman from Social Class V is ten times more likely to have a baby than a teenage woman from Social Class I. Women whose mother was a teenage parent are about twice as likely to have a teenage birth as those born to older mothers. Thus, significantly cutting the rate of teenage pregnancy in England (the United Kingdom has the highest teenage birth rate in Western Europe) will have beneficial consequences in terms of tackling social exclusion and breaking inter-generational cycles of poverty.

110. The Teenage Pregnancy Strategy aims to halve the rate of under-18 conceptions from a 1998 baseline by 2010, and to establish a firm downward trend in the under-16 conception rate. It also aims to narrow the gap between the 20 per cent of wards with the highest teenage conception rate and the average by at least a quarter by 2010, and to increase the proportion of teenage mothers participating in education, training and employment to 60 per cent by 2010.

111. The multi-faceted approach of the strategy draws on the best international evidence of what works and has four key strands.

- Joined-up action at national, regional and local level. Each local authority has its own ten-year strategy led by a Teenage Pregnancy Partnership Board, involving health, education and social services, Connexions and relevant voluntary agencies.
- A national campaign in the teenage media with key messages aimed at 13–17-year-olds on peer pressure, awareness of sexually transmitted infections and the importance of using contraception and condoms when sexually active.
- Better prevention through: improved sex and relationships education in schools and other settings; supporting parents to talk to their children about sex and relationships without embarrassment; and improving sexually active young people’s access to contraceptive and sexual health advice.

- Better support to teenage parents to improve health and social outcomes for them and their children, for example through access to maternity services, childcare and housing, where they cannot live with their parents or partner.

112. In 35 local authority areas with the highest rates of deprivation and teenage pregnancy, Sure Start Plus pilots provide personal support for pregnant teenagers and teenage parents on health, education, benefits and housing issues until 2006.

113. Since the introduction of the Teenage Pregnancy Strategy, provisional data show a 9.4 per cent reduction in the under-18 conception rate between the baseline year of 1998 and 2002, with 80 per cent of top-tier local authorities seeing an overall decline in rates. To ensure the effective implementation of the strategy there is ongoing work to identify factors affecting trends in conception rates.

114. The proportion of teenage mothers in education, employment or training has increased overall from 23 per cent in 1997–99 to nearly 30 per cent in 2002–04 (see pages 152–153).

115. The strategy is set over a ten-year period in recognition of the time needed to make the attitudinal and behavioural changes required in some of the most deprived communities.

Section two: Our working-age strategy

Introduction

116. Our strategy for tackling poverty in working age is based around creating employment opportunity for all. This means providing people with the support they need to find employment and develop appropriate skills. It also includes opportunities for people to set up and run their own businesses. Employment and self-employment offer individuals the chance to fulfil their potential. Effective labour market policy ensures that all can gain from the benefits of economic growth. We are therefore seeking:

- to build and maintain a dynamic, flexible and diverse labour market, tackling barriers to work including skills shortages;
- to ensure that work pays and to provide security for those for whom work is not currently an option;
- to tackle disadvantage and discrimination in the labour market for the groups most at risk;
- to develop first-class services that support people of working age; and
- to encourage everyone who wants to do so to set up and run a successful business, with a particular focus on helping those who live in disadvantaged areas and are under-represented in business ownership.

Building a flexible labour market

117. Employment opportunity for all is a precondition of a fair society. Social justice and full employment go hand in hand. Active labour market policies support economic growth and ensure that as many as possible can benefit from it. This means that everyone should have the opportunity to take up work and that no one should be abandoned to a life on benefits. We are now taking this principle to the next level, building on active welfare policies to develop the workforce, helping people not only to re-enter and remain in employment but also to acquire the skills they need to ensure long-term, sustainable and rewarding employment.

Active labour market policies

118. Since 1997, employment has risen in every region and country of the United Kingdom, and has generally risen more in areas that previously had the lowest employment rates. The United Kingdom's employment rate is now the highest of the seven major industrialised countries. We now have over 28 million people in employment, 1.9 million more than in 1997. In May 1997, International Labour Organisation unemployment in the United Kingdom stood at 2 million³⁸ and there were 1.6 million people claiming Jobseeker's Allowance. Unemployment since then has fallen by more than 600,000 on both measures, to its lowest level for nearly 30 years.

119. The way in which employment policy is delivered has been transformed over the past six years with the launch of the New Deal and other welfare to work programmes and the creation of Jobcentre Plus. Prior to 1997, employment programmes were largely limited to helping people who were claiming unemployment benefits into work. And, while claimants of Jobseeker's Allowance had clearly defined responsibilities to be available for and actively seeking work, there were still substantial numbers of people who became long-term unemployed. The Jobseeker's Allowance regime alone was not sufficient to help them find a job.

120. This is why we decided on a new approach to the challenge of long-term unemployment, based on an agenda of rights and responsibilities. The New Deal for Young People was introduced in April 1998 to help tackle unemployment among young people, followed by the New Deal 25 plus. These programmes resulted in the virtual eradication of youth long-term claimant unemployment and the reduction in adult long-term unemployment by around three-quarters.

121. Nor was it just the long-term unemployed who suffered from a lack of help to move from welfare into work. Before 1997, there was no expectation that lone parents on benefits and people on incapacity benefits would think about or engage with the labour market. And there was very little help provided for those who wanted to do so. This denied opportunity to millions.

122. Based on the success of these programmes and on developing evidence of what works, the shape of the New Deal has evolved. The focus of the programmes has been extended to provide labour market support for other people who were out of work but not registered as unemployed. These additional New Deal programmes, which include the New Deal for Lone Parents and the New Deal for Disabled People, have also substantially increased job opportunities for groups who face disadvantage in the labour market.

123. The following box shows how work-focused support for lone parents has evolved since the introduction of the New Deal for Lone Parents.

Progression of support for lone parents

New Deal for Lone Parents – all lone parents who are not working or working less than 16 hours a week are eligible to join.

Work-focused Interviews – introduced to ensure lone parents have access to labour market focused services and to encourage and motivate lone parents towards work goals.

Employment Zones – extended to cover lone parents, to test whether the Employment Zone approach can help groups other than long-term unemployed people.

Work Based Learning for Adults and Training for Work – extended to New Deal for Lone Parents participants to offer lone parents a wider selection of work-focused training alongside lone parent-specific training. Lone parents also get a training allowance of £15 a week, which acts as an incentive to take part in training and as a result brings them nearer to the job market.

Childcare Partnership Managers – introduced in April 2003 into every Jobcentre Plus District to ensure that jobseekers with children have access to information on childcare provision.

Childcare – Childcare Subsidy has been introduced to help with childcare costs for those working less than 16 hours a week, and to encourage lone

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parents on Income Support to take up part-time work and move closer to the labour market. Further help with childcare will also be introduced from April 2005. The cost of a formal childcare place for a lone parent who has found a job through New Deal for Lone Parents will be paid for up to one week before they start work.

Mentoring – available to lone parents who wish to access confidential advice and support from someone other than their Personal Adviser. Enhancements to this support, to help build the confidence of lone parents by providing them with career guidance and the chance to meet employers, are being evaluated via Discovery Weeks and Tailored Mentoring.³⁹

Work Search Premium⁴⁰ – lone parents on New Deal for Lone Parents who agree to undertake intense and active work search will receive £20 a week to help remove the extra costs associated with the search for work. They may also receive help with childcare costs, for example if they need to attend an interview. This is in line with help already available for lone parents receiving the Training Allowance.

In-Work Emergency Fund – this will be piloted in six cities⁴¹ and will provide help with the costs of emergencies during the first two months in work, enabling the lone parent to stay in work.

124. Jobcentre Plus, launched in October 2001, extended work-focused support to all those on out-of-work benefits. Building on the lessons learned from the ONE pilots and the New Deal, Jobcentre Plus provides a work-focused service with rights and responsibilities balanced at every stage. This ends the old system where inactive benefit recipients were written off to a life on benefits with little if any help. Jobcentre Plus has been rolled out in 500 offices and will be fully rolled out by 2006, learning from experience and evaluation as it develops.

125. This range of labour market support, combined with action to provide greater protection against discrimination in employment (see paragraphs 215–223), has established the United Kingdom as a world leader in successful welfare to work policies. We have combined substantial reductions in the numbers of people on unemployment benefits with effective support for people claiming lone parent and incapacity benefits who are looking for work. While between the late 1970s and mid 1990s the number of people dependent on ‘inactive’ benefits trebled, the trends are now much more favourable. The number of lone parents

on Income Support has fallen by 200,000, and new claims for incapacity benefits have fallen by over a quarter since 1997. The task now is to build on this success and move even more people from welfare into work.

126. Our evidence-based approach to policy development has contributed to this success. From the start of the first New Deal initiative, we have monitored and collected information on performance. The effectiveness of all of the components of each New Deal and other supporting employment programmes has been extensively evaluated (see Table 1.1). We collected the views of clients and staff, programme providers and employers, on the most successful elements of programme provision and areas for improvement.

127. We concluded that, as the New Deal continues to develop, the case is clear for increasing flexibility in its delivery to meet the challenges posed. This will require greater devolution to District Managers to allow them to decide the appropriate range and type of provision needed to suit their clients and their local labour markets.

Table 1.1 Evaluation of the New Deal programmes

Programme	Numbers helped into work	Evaluation
New Deal for Young People – introduced in April 1998.	Over 490,000	<p>A macroeconomic evaluation of New Deal for Young People⁴² found that long-term youth unemployment would have been almost twice as high without New Deal for Young People and it increased Gross Domestic Product by £500 million a year. The Gateway period has been highly successful, with 43 per cent of the 550,000 leavers from Gateway moving into work. The employment option is the most successful option, with 50 per cent of 44,000 leavers moving into employment. Research⁴³ indicated that people who went on one of the other three options would have done better if they had gone on the employment option instead.</p>
New Deal 25 plus – introduced nationally in June 1998.	178,000	<p>Personal Adviser interviews with clients in Gateway result in increased job search, job placements and improved client attitudes.⁴⁴ The Intensive Activity Period improves job search and increases the motivation of clients with low self-esteem and low confidence.⁴⁵ Work experience/work placements are the most popular and successful opportunities.</p> <p style="text-align: right;"><i>continued</i></p>

Table 1.1 Evaluation of the New Deal programmes (*continued*)

Programme	Numbers helped into work	Evaluation
New Deal for Lone Parents – introduced in October 1998.	Over 260,000	Independent research ⁴⁶ shows that the New Deal for Lone Parents significantly increases the chances of moving into work and, as a result, by spring 2003 had helped increase the lone parent employment rate to 54.3 per cent, up by 9 percentage points since 1997. New Deal for Lone Parents is also cost-effective; interim analysis suggests that in 2000/01 it resulted in a net saving of £41.5 million a year. ⁴⁷
New Deal 50 plus – introduced in April 2000.	Over 110,000	<p>Evaluation has shown the programme to be particularly effective for those at the younger end of the 50 plus age range and those on ‘active’ benefits.⁴⁸ A survey of participants showed that over half were still in work two years after they started with New Deal 50 plus support and qualitative research showed significant increases in self-esteem as a result of finding work.</p> <p>Programme Centre job search help seems to be particularly effective for this group, as well as Work Trials and pre-work training, where this had been provided.</p> <p style="text-align: right;"><i>continued</i></p>

Table 1.1 Evaluation of the New Deal programmes (continued)

Programme	Numbers helped into work	Evaluation
New Deal for Disabled People – introduced nationally in July 2001.	Over 35,000	An explicit aim of New Deal for Disabled People was to encourage innovation and flexibility in the services provided to help disabled people into work. Evaluation is still under way, although several reports have been published. ⁴⁹ Key messages from the evaluation and analysis are that while take-up rates are low – around 2 per cent of the eligible population – this doubles to 4 per cent for clients who have had a Work-focused Interview. Once people have registered, there is a good conversion to jobs ratio, with one in three registrants on average moving into jobs. More than one job in two is recorded as sustained.

128. Our recent publication *Full employment in every region*⁵⁰ sets out the progress and challenges in detail. Building on the success of the existing employment programmes and recognising the challenges that lie ahead, we propose to build into the service greater flexibility to meet the needs of individuals and to suit the requirements of local labour markets. Our approach to tackling area-based disadvantage in the labour market is discussed in detail in Chapter two.

Building on New Deal

129. *Building on New Deal*⁵¹ sets out how we will build on the progress set out in the previous section, tackling the remaining problems of areas of worklessness and groups of people disadvantaged in the labour market. *Building on New Deal* sets out how we will introduce greater flexibility into employment programmes, devolving more power to local managers and staff to provide a service that meets the needs of clients, tackles local problems and

provides local employers with the recruits they need. We will also cut complexity and bureaucracy within our employment programmes to make them simpler for staff, private and voluntary sector partners, and customers.

130. We consider that, within an overall framework of rights and responsibilities, the needs of clients and employers must be central to our vision for meeting the remaining labour market challenges, and to shaping proposals for the future design and delivery of employment-related support. In this context, and drawing on experience and evaluation evidence, three core principles emerge that will help achieve a modern, customer-tailored and work-focused service:

- a national framework of rights and responsibilities;
- greater local flexibility, devolution and discretion; and
- accountability, targets and contestability.

Rights and responsibilities

131. The national benefit system provides help to all those entitled to its support, ensuring security and social cohesion, alongside active support for those whose needs are temporary. We have made significant improvements to the rates of many benefits and in particular we have targeted resources on priority groups such as disabled people. It is right that individuals should have a clear idea of the benefits they are entitled to, and

the responsibilities that go with them. A modern, flexible, effective service provided through Jobcentre Plus makes these rights and responsibilities clear.

132. The Disability Discrimination Act (see paragraph 218) affords to disabled people rights against discrimination in employment or while applying for employment, and confers on employers duties not to discriminate, and to make any reasonable adjustments which would facilitate entry to or retention in employment of a disabled person.

133. Existing legislation requires claimants of Jobseeker’s Allowance to meet a range of criteria for receipt of benefit, including being available for and actively seeking work. For people claiming other out-of-work benefits, for example lone parents or those claiming incapacity benefits (and the partners of claimants on some benefits), requirements reflect the different responsibilities and barriers to work they face. For these clients, Work-focused Interviews confer a responsibility to consider their work prospects and a planned return to work as part of their claim and ongoing receipt of benefit.

134. The Work-focused Interview was first introduced for some lone parents in April 2001, for Incapacity Benefit recipients in October 2003 and for partners in April 2004. It is designed for those clients who, in the past, have not been expected to consider or talk about work as a condition of receiving benefit. A key purpose of the Work-focused Interview is to inform clients about the

support that is available to help them find or prepare for work, and to encourage them to access this help. The role of Work-focused Interviews alongside New Deal for Lone Parents has also been evaluated. There is now strong quantitative evidence that these interviews have a positive impact, both on the take-up of New Deal for Lone Parents, and on exit rates from Income Support for existing clients.

135. We are currently in the early stages of reviewing this basic intervention regime, to ensure that it keeps pace with changes to employment programmes, and that it reflects emerging evidence on the most effective way of helping people on inactive benefits find work. For example, the lone parent Work-focused Interview regime is much more established than that for people on incapacity benefits, where we are also testing a radically new intervention regime through the Pathways to Work pilots (see the following box).

Pathways to Work pilots

We know that doing more to help people get back to work fits with the expectations of most people in the early stages of a claim to an incapacity benefit. At this point, 90 per cent of people expect to get back to a job in due course.⁵² But in practice, over 40 per cent of those claiming the benefit do not make that transition and are still receiving it 12 months later. Many do not believe they are allowed to look for work while on the benefit, or think they must not consider work until they are fully recovered from their health condition. The Pathways to Work pilots are trialling a new intervention regime that is actively supporting people's aspirations to return to work. This is the first significant stage in the process of turning round these benefits so that they focus on what people are capable of doing.

The key features of the new system being piloted are:

- highly skilled Personal Adviser support;
- for new clients, a series of Work-focused Interviews in the critical first 12 months of a claim (when a return to work is likely to be a much more realistic option) with emphasis on return to work goals; for some existing clients, a more targeted and supportive regime that focuses on options they may not realise they still have;

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- greater responsibility and power for Personal Advisers to case-manage clients through easier access to: the New Deal for Disabled People; the existing range of Jobcentre Plus employment programmes; and innovative work-focused rehabilitation programmes offered jointly by Jobcentre Plus and the local National Health Service;
- improved financial incentives for recipients of incapacity benefits both to seek work and to move into some form of employment, including a simple Return to Work credit for those earning less than £15,000 a year (£40 a week for 52 weeks), plus immediate access to help of up to £300 to enable clients to purchase items such as clothes or equipment that could help improve their chances of getting a job;
- early, tailored support for those having to move off incapacity benefits and onto Jobseeker's Allowance; and
- engagement of other key stakeholders – particularly employers and GPs.

Flexibility, devolution and discretion

136. Aspects of the welfare to work system (such as levels of benefit and decision making) need to be the same wherever a client lives. National standards are important for these elements. Standards also create a framework within which discretion can be exercised. But individuals differ widely in their needs, and labour markets and the needs of local employers vary across the country. So national standards need to be complemented by local flexibility to tailor solutions to the needs of individuals, employers and local areas.

137. When the New Deal was introduced, there was a need for a high degree of central control to shift the system into a new mode – one that provided much more active help and support for Jobseeker's Allowance claimants, and moved away from a passive benefit system for other claimants to one that offered active help for those who could return to work. As these initial challenges have been overcome, the New Deal has become progressively more flexible, to tackle the challenges of those with multiple barriers, the economically inactive and those in deprived areas.

Developing flexibility in employment programmes

The New Deal for Lone Parents, introduced nationally in 1998, has increasingly been tailored to the needs of the individual, and evaluation evidence has demonstrated its success. As a result the same type of support has now been extended to those taking part in New Deal for Partners.

Employment Zones and Action Teams for Jobs, introduced in 2000, have proved the value of more radical flexibility in some of the most deprived labour markets in the country.

Tailored Pathways in the New Deal for Young People pilots, started in January 2001, have allowed Personal Advisers greater flexibility to design modular support for people on New Deal options.

The Adviser Discretion Fund, introduced in July 2001, allows discretionary one-off payments to be made to overcome barriers to work. Personal Advisers report that they feel empowered by it and that it enhances their ability to respond to individual customers' needs.⁵³

The New Deal for Disabled People, rolled out nationally from July 2001, has given locally-based Job Brokers the flexibility to use their funding to advise and support their clients in whatever way they require in order to look for and secure employment.

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From April 2004, a District Manager's Discretion Fund was introduced, allowing Managers limited freedom to tailor local support to the local labour market.

The Ethnic Minority Flexible Fund gives District Managers freedom to use their local knowledge to help individuals or people from employment-deprived ethnic minority groups into jobs.

Delivery of Ethnic Minority Outreach is devolved to local voluntary and private sector organisations with close links to the ethnic minority groups they work with.

Contestability

138. Jobcentre Plus is at the heart of our welfare to work agenda, delivering benefits and employment services throughout Great Britain. Jobcentre Plus works with a wide range of partners in the public, private and voluntary sectors, and we will continue to promote a mixed economy of provision. The term 'contestability' is used to describe the principle of opening up public services to competition between private and voluntary sectors, and public services.

139. While the Government believes that some core functions, such as imposing benefit sanctions, must be performed by the State, many employment services have already been successfully contested. Contestability has allowed new approaches to be tested, has increased awareness of how the private and voluntary sectors achieve outcomes,

and has acted as a useful comparator for in-house performance. Contestability will continue to be used to encourage innovation, as a benchmark for in-house performance and as a spur for under-performance.

Self-employment

140. Self-employment plays a major role in the economy. There are currently some 3.4 million self-employed people in the United Kingdom, constituting nearly 12 per cent of all those in employment. Self-employment is just as valid a way to get back to the labour market as being an employee. What is more, many small businesses grow and expand, creating employment opportunities.

141. Help for unemployed people to go into self-employment is a key feature of welfare to work policies. It is delivered through all the New Deal programmes. The model provides:

- an initial awareness session for potential participants;
- a period of supported business planning with a business expert; and
- a period of up to 26 weeks to ‘test trade’, whereby participants start their business while continuing to receive benefits to help them over the inevitable transitional hurdles.

142. In 2003, over 11,000 individuals were successfully supported to ‘test trade’ their business through New Deal programmes and Work Based Learning for Adults.

143. In January 2004, we commissioned an independent review of government support for moves into self-employment. The interim findings of this review⁵⁴ identified potential improvements in collaborative working practices across government-sponsored information and advice services in England. These findings have been accepted in principle and are to be developed into detailed implementation plans by a cross-government working group. As part of its remit, the working group will consider the best way to ensure that awareness of support for moves into self-employment reaches all parts of the population, including those currently under-represented in self-employment, particularly women.

144. An important component of developing closer working between relevant organisations will be the launch in November 2004 of a Pre-Start-up Guide (as referred to in the 2003 Pre-Budget Report). This will be a signposting document which describes the help available to those considering self-employment. The guide is intended to be an aid both to those considering self-employment or starting up in business and also to advisers and intermediaries.

145. We are keen to build on the strengths of existing Jobcentre Plus provision. For example, eligibility and availability of assistance for the short-term unemployed is already undertaken at Jobcentre Plus, when staff perform a better-off-in-work calculation with the client. This happens for all short-term unemployed, including those who are

considering self-employment. We are already taking steps to improve the consistency in approach towards those considering self-employment, and will be addressing the uneven take-up of existing provision as highlighted by the independent review.

A distinctive approach for those most disadvantaged

146. One of the consequences of our success in reducing unemployment is that a much larger proportion of Jobcentre Plus' client group are people facing acute or multiple barriers to work. Evidence on how to provide effective support to some of the people in these situations is much less well developed.

147. While the new flexibilities offered by *Building on New Deal* will ensure the best outcomes for most men and women seeking work, there is a risk that it will not address the needs of those facing the biggest barriers to work. Because such clients often have multiple and severe problems, providers may be more likely to engage those who are lower risk, lower cost and more likely to enter work quickly. To counteract this, we are building on the progress2work and Link-UP pilots,⁵⁵ to provide the additional time and specialist help that these clients need to enter the labour market.

148. Within this group are many people who are already the focus of wider interventions. For this reason, effective partnership working is central to making a real impact on employment outcomes.

Many very disadvantaged clients are referred to Jobcentre Plus by partner organisations in the community. However, Personal Advisers are also equipped to identify the need for specialist help. In particular, Personal Advisers can arrange for the assessment of selected clients to determine what help is needed. Where necessary, clients can then be referred to specialist provision to meet their needs.

149. This approach will make sure that the most disadvantaged clients can get specialist expert support that is tailored to their needs. The success of these arrangements will be monitored and supported through the Jobcentre Plus annual target system.

Skills, productivity and prosperity

150. Improving skills is an important factor in reducing income inequality. We are helping people in low-paid jobs and those without work to gain new skills. Our skills strategy includes:

- enhancing basic skills – focusing on the Skills for Life initiative, the Get On campaign and work to encourage employers to offer basic skills training;
- raising standards and learner achievement in schools;
- offering Work Based Learning for Adults; and
- implementing offender employment, training and education.

151. In 2003, we published our White Paper *21st Century Skills – Realising Our Potential*⁵⁶ to ensure that we remain competitive as a nation and that individuals are able to develop and improve their work-related skills, as well as participate in learning for its own sake, for fun and personal fulfilment, and to help them sustain an active role in their communities. Through increased and more effective skills training we will ensure a fairer society by giving everyone the opportunity to fulfil their potential through lifelong learning. This was reinforced in the Budget 2004 announcement of a New Deal for Skills.

The Skills for Life strategy

152. Skills for Life, the national strategy for improving adult literacy and numeracy skills, was launched in March 2001. It aims 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 and social cohesion of the country.

153. Skills for Life caters for the literacy, language (English for Speakers of Other Languages) and numeracy needs of all post-16 learners, including those with learning difficulties or disabilities, and other disabled people, from pre-Entry Level up to and including Level 2.

Extent of the problem

154. Millions of adults in England have problems with literacy and numeracy. In England, 5.2 million adults aged 16–65 have literacy levels below Level 1, and 6.8

million adults aged 16–65 years old have numeracy skills below Entry Level 3 and 15 million below Level 1.⁵⁷

155. Current projections show that we are on track to meet our milestone of ensuring that 1.5 million adults are helped to improve their literacy, language and numeracy skills by 2007. We remain focused in our work with partners to meet our long-term goal of providing 2.25 million adults with better basic skills by 2010. From April 2001 to July 2004, a projected 2.3 million learners will have taken up an estimated 4.6 million learning opportunities.

Changing the culture

156. The third year of the Get On campaign⁵⁸ began in January 2004, attracting up to 280 calls to Learndirect a day. In 2004/05, the campaign will strengthen and encourage take-up of national qualifications, particularly promoting numeracy in the light of the findings of the Skills for Life survey.

157. Our work to engage employers includes the development of an Investors in People guide for employers. The guide will make the link between Skills for Life and the Investors in People Standard. This is an important step forward in embedding Skills for Life within the normal processes that engage employers in addressing the learning needs of employees. Business in the Community have now engaged over 60 large companies at both national and regional levels.

158. In the White Paper, *21st Century Skills – Realising Our Potential*, we have set out our commitment to developing a range of measures that will enable both young people and adults to develop their skills throughout their working lives. The White Paper recognises that people face a number of barriers and obstacles to learning, and sets out plans for supporting learners by providing information and guidance, making courses more accessible, helping with costs and encouraging support from employers.

Joining up government

159. All departments, agencies and non-departmental public bodies employing over 500 staff now have action plans to address employees' basic skills needs. The Skilled for Health project involves work across government to help adults gain a better understanding of their own health and of how to make the best use of the National Health Service, as well as improving their basic skills.

160. The Offenders' Learning and Skills Unit, in partnership with the National Probation Service and the Learning and Skills Council, is now responsible for the learning and skills of offenders under supervision of the Probation Service. Current work led by the Learning and Skills Council to develop a new integrated service for all offenders builds on this partnership, and the introduction of the National Offender Management Service will help to ensure there is a strong emphasis on achieving continuity of learning during a sentence and beyond it.

161. Jobcentre Plus continues to ensure that the needs of jobseekers and other benefit claimants are met. From April 2004, Jobcentre Plus has implemented a range of enhancements including a Fast Track Assessment screening tool, a light touch approach to screening customers on inactive benefits, and the introduction of financial incentives to encourage take-up and completion of basic skills courses.

Improving the supply chain

162. The Learning and Skills Council continues to engage work-based learning providers to increase capacity to deliver basic skills in the workplace and to enable them to access funding to make a full contribution to the Skills for Life agenda. Seventeen contracts have been signed by work-based learning providers for delivery of Learning and Skills Council funded basic skills in the workplace. The first national contract for basic skills provision has been agreed between the Learning and Skills Council and the supermarket chain ASDA, supporting the engagement of large employers who want a streamlined method for funding.

163. Two-day seminars for each local Learning and Skills Council and their providers started in May 2004. The support sessions focus on identifying the areas of priority for 2004/05 and beyond.

Making work pay

164. Welfare to work policies that help individuals to compete effectively in the labour market need to be supported by reforms that strengthen work incentives and ensure that work pays.

165. Our strategy is designed to tackle two fundamental problems:

- the unemployment trap, when those without work find the difference between in-work and out-of-work income too small to provide an incentive to enter the labour market. In 1997, a couple with one child and one partner entering full-time work at a typical entry wage would have been just £30 a week better off than on benefit (see paragraph 169); and
- the poverty trap, when those in work are discouraged from working longer hours or from taking a better-paid job because it may leave them little better off. In 1997, around 740,000 families lost more than 70 pence of every extra pound they earned through higher tax and National Insurance Contributions

and the withdrawal of benefit payments. As a result of our reforms, this figure has reduced by two-thirds to 270,000.⁵⁹ Table 1.2 shows how the situation has improved.

The National Minimum Wage

166. Since it was introduced in April 1999, the National Minimum Wage has underpinned our tax and benefit reforms by providing a fair minimum income from work. In line with the recommendations of the Low Pay Commission, the rates of the National Minimum Wage will be increased in October 2004 from £4.50 to £4.85 an hour for workers aged 22 and over, and from £3.80 to £4.10 an hour for workers aged between 18 and 21. The Office for National Statistics estimates that at least 1.6 million workers stand to benefit from these increases.

Table 1.2: The effect of the Government’s reforms on high marginal deduction rates

Marginal deduction rate	Before Budget 1998	2004/05 system of tax and benefits
Over 100 per cent	5,000	0
Over 90 per cent	130,000	50,000
Over 80 per cent	300,000	200,000
Over 70 per cent	740,000	270,000
Over 60 per cent	760,000	1,745,000

Notes: 1. Marginal deduction rates are for working households in receipt of income-related benefits or tax credits where at least one person works 16 hours or more a week, and the head of the household is not disabled.
 2. Figures are cumulative.
 3. Before Budget 1998 is based on 1997/98 estimated caseload and take-up rates.
 4. The 2004/05 system of tax and benefits is based on 2001/02 caseload and take-up rates.
 5. Projected caseload estimates of Working Tax Credit and Child Tax Credit in 2004/05 are based on October 2003 administrative data.

167. The National Minimum Wage is also helping to bridge the gap between men and women's pay. Thirty years after the Equal Pay Act, women's full- and part-time earnings stand at 82 and 60 per cent respectively of men's mean hourly full-time earnings. This discrepancy is particularly marked among low-skilled workers. The introduction of the National Minimum Wage, along with other steps we are taking, has helped to address this inequality, raising the wages of up to 850,000 women and reducing the pay gap, especially for women on low earnings.

168. A new National Minimum Wage will be introduced for 16- and 17-year-olds at a rate of £3.00 per hour in October 2004, to prevent the exploitation of young workers. The Low Pay Commission is currently considering the appropriate future rates of the National Minimum Wage and is expected to make recommendations early in 2005.

Enforcement

169. The Inland Revenue is responsible for enforcing compliance with the National Minimum Wage legislation. Its compliance officers respond to all complaints about underpayment and take action to ensure that the appropriate minimum rate, and any arrears of wages due, are paid to the worker. The Revenue also uses its own data to make proactive visits to employers to help improve compliance with the minimum wage. They completed over 5,500 investigations in 2003/04, identifying around £2.6 million in National Minimum Wage arrears.

Making work pay for all

170. We have taken steps to make work pay at all levels of the labour market, and particularly for those on low incomes. Reducing the starting rate of income tax to 10 pence has halved the marginal tax rate of around 3.4 million people on low incomes, including over 2 million low-paid workers, since its introduction in 1997. Reforms to National Insurance Contributions introduced in the last Parliament mean that at least half a million low-income earners no longer pay National Insurance Contributions, while retaining entitlement to contributory benefits.

171. Building on the success of earlier tax and benefit reform, Budget 2002 introduced a new system of support to help families, tackle child poverty and make work pay. The Working and Child Tax Credits were introduced in April 2003 to tackle child poverty and make work pay. They consolidated and improved existing streams of child and in-work support. Nine out of ten families with children are eligible for support, with the greatest help available to those who need it most. Details of the Child Tax Credit are set out in paragraph 44.

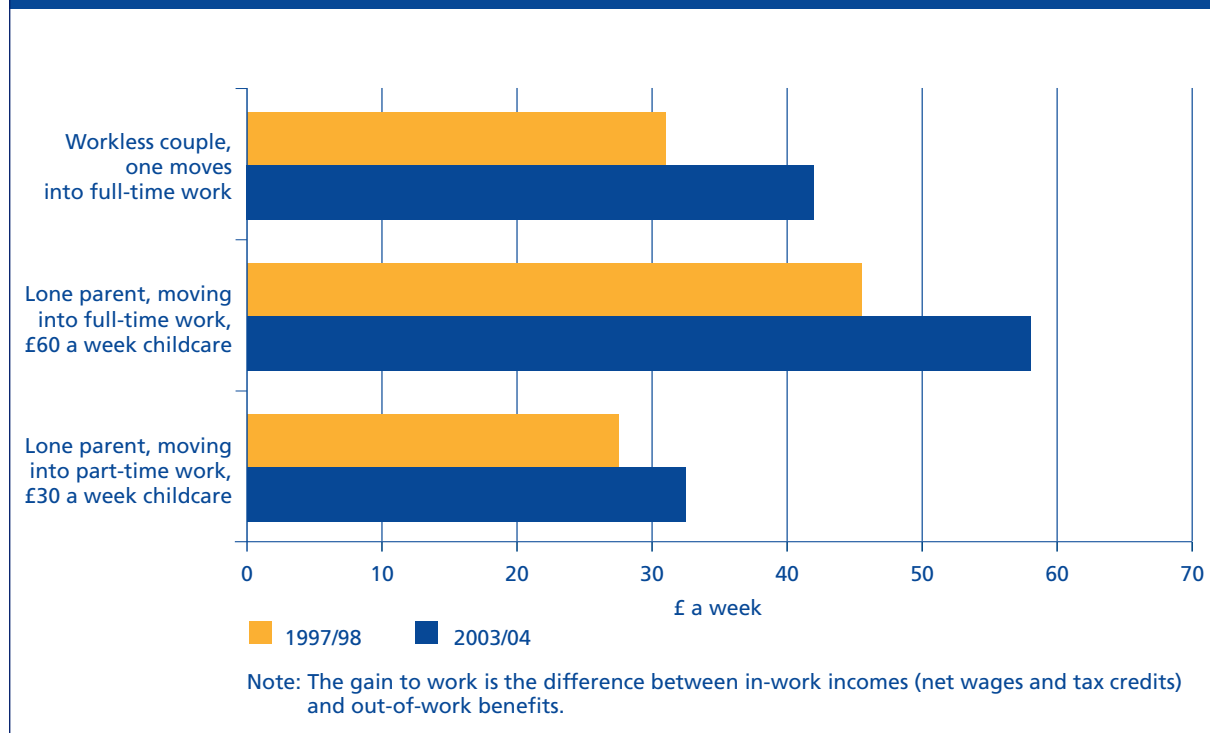
172. The Working Tax Credit is designed to help tackle poor work incentives and persistent poverty among working people. It consolidates the adult elements of the Working Families' Tax Credit and Disabled Person's Tax Credit and extends in-work financial support to non-disabled workers without children. It also replaced the New Deal 50 plus Employment Credit by including a return-to-work element for

people aged 50 or over who have been receiving certain out-of-work benefits for at least six months.

173. The Working Tax Credit, together with the Child Tax Credit, increases the generosity of support for couples with children and lone parents over and above that provided by the Working Families' Tax Credit. A couple with two children and a single earner working full time at the National Minimum Wage receive around £400 a year more in real terms under this new system of support than under the Working Families' Tax Credit and Children's Tax Credit in April 2002.

174. The Working Tax Credit contains a childcare element in recognition of the extra costs faced by working parents with childcare needs. The scope of this help has been extended to include those who use approved childcare in their own home. We launched a consultation exercise⁶⁰ in May 2004 to establish a new, light-touch, voluntary accreditation scheme to extend the childcare for which parents can receive financial support. Options include childcare provided in the family home by nannies and others, out-of-school and holiday care for the over-7s, and childcare for under-8s of less than two hours per day. Unlike the rest of the Working Tax Credit, the childcare element is paid directly to the main carer of the children in the family, usually the mother.

Chart 1.2: The gain to work for different households with one child



The effect of the Government's reforms

175. We guarantee a minimum income from work to help tackle the unemployment trap and ensure that work pays more than benefits. Our reforms, including the introduction of the Child and Working Tax Credits, have increased the gain to work for households with children. Chart 1.2 on the previous page shows the effect on households with one child.

Support for workers without children

176. The Working Tax Credit also extends eligibility to workers without either children or a disability who work 30 hours a week or more, providing they are aged 25 or over. This measure improves work incentives and tackles poverty among this group. Alongside the National Minimum Wage, the Working Tax Credit ensures a higher guaranteed income from work. Under the new system, a non-disabled couple without children, with a single earner aged 25 or over in full-time work, is guaranteed a minimum income of at least £190 a week from April 2004.

Debt and financial exclusion

Over-indebtedness

177. We are committed to social justice and prosperity for all. To meet that commitment, we need to tackle problem debt. Over-indebtedness is both caused by and contributes to poverty and social and financial exclusion. It has a real impact on the health and well-being of individuals. And it has costs for

financial institutions, other creditors, the Government, and society as a whole. An effective programme therefore needs action from industry, the voluntary sector and consumers, as well as from government.

178. Local action is often one of the most effective ways of tackling debt and financial exclusion. The contribution of local authorities working with partners is key in terms of addressing the social problems relating to stimulating local economies and increasing the level of disposable income.

179. The Consumer Credit White Paper⁶¹ noted that tackling over-indebtedness is integral to the development of an effective, efficient and inclusive credit market and set out a range of measures aimed at doing so. These aim:

- to minimise the number of consumers who become over-indebted; and
- to improve the support and processes for those who have fallen into debt.

180. In addition, the White Paper committed us to establishing new mechanisms, in particular a Ministerial Group and an external Advisory Group, to ensure co-ordinated action across Whitehall, working in partnership with the credit industry, the voluntary sector and others. The first task of the new groups was to draw up an action plan and review progress on current government activity on over-indebtedness. We published this action plan in July 2004.⁶² In it, we set out:

- an updated analysis of the situation and a rationale for action;
- a summary of how we intend to deliver our strategic priorities, working in partnership with the wide range of organisations with an interest in the issue; and
- an analysis of roles and responsibilities in the fight against over-indebtedness.

181. In addition, as announced in the 2004 Spending Review,⁶³ we want to explore mechanisms that allow profitable loans to be made available to those on low incomes at a much lower rate of interest. We intend to work in partnership with the private and voluntary sectors to develop models which make more affordable loans available. Any pilots will be evaluated to ensure that the loans enhance people's ability to manage their finances responsibly.

Financial inclusion

182. Promoting financial inclusion is a key part of our aim to tackle child poverty and social exclusion. In 1999, we published the Social Exclusion Unit's Policy Action Team report *Access to financial services*.⁶⁴ Most of the recommendations on basic banking, credit unions and insurance with rent are now in place. However, significant challenges still remain. Around 1.9 million households have no mainstream financial products and thus face higher costs to cash cheques and pay bills as well as to access credit.

183. The 2004 Spending Review reinforces the commitment made in Budget 2004 to tackle financial exclusion. We will establish a new Financial Inclusion Fund to support initiatives to tackle financial exclusion and will set up a Financial Inclusion Taskforce. This taskforce will monitor progress on three key priorities:

- on access to banking, where the Government is working with the banks to identify a challenging target specifying a reduction in the numbers of the unbanked;
- on access to affordable credit, where work in partnership with the private and voluntary and community sectors will be taken forward to develop models which make more affordable loans available; and
- on access to free face-to-face money advice where the Government will invite proposals to expand much-needed provision.

184. Direct Payment is an essential part of our drive against financial and social exclusion, giving our customers access to a wide range of financial services that some cannot access at present. Using a bank account will help jobseekers show employers that they are job-ready. It will also allow people to make savings on many of their bills by paying by direct debit.

185. We aim to bring those people currently without bank accounts into the financial mainstream by offering basic

bank accounts without overdraft or borrowing facilities. The Post Office and the main banks in the United Kingdom have established universal banking services through post offices. This should give the estimated 3.5 million adults in the United Kingdom currently without bank accounts access to them. Universal banking services are one of the ways that benefit recipients can continue to access their cash at a post office.

Social Fund reform

186. The Social Fund is successfully targeting those families who are most in need. Recent research found that Social Fund customers were more likely to be lone parents, younger people and tenants, and more likely to have a young child, a long-standing illness, health problem or disability, as well as those with caring responsibilities. They were also more likely than others to have debts and less likely to have a bank account.⁶⁵

187. As the next step in the reform of the Social Fund, we intend to abolish the 'double debt' rule in the Budgeting Loans scheme, and lower the current repayment rate to a maximum of 12 per cent of a claimant's benefits. Abolishing the double debt rule will give greater consistency and transparency in access to Budgeting Loans. Together, these measures will enable the Social Fund to play a more effective role in helping those families most vulnerable to over-indebtedness. Further details will be announced in the 2004 Pre-Budget Report. We will continue to take steps to ensure that

the Social Fund operates efficiently to provide the most appropriate support to the most vulnerable.

Easing the transition to work

188. For some people, particularly those who have been out of work for long periods, the transition to work can still be a difficult period. Entry wages are typically lower than for those already in employment, and the need to meet work-related expenses can lead many to prefer the certainty of benefits.

189. Easing the transition to work will help to achieve our long-term employment goal. A smooth transition to work not only encourages people to seek and apply for work, it also improves their prospects of remaining in employment and progressing beyond entry-level jobs. We are therefore taking further steps to make work pay and to support job retention and advancement.

Job Grant

190. To provide extra help with the costs of entering a new job, the Job Grant currently provides a payment of £100 for people aged 25 or over moving from benefit to work. From 25 October 2004, the qualifying period for the Job Grant will be reduced from one year on benefit to six months. The new Job Grant will be worth £250 for lone parents and couples with children and £100 for other people. As at present, Jobseeker's Allowance claimants aged between 18 and 24 will receive intensive support through New Deal for Young People, rather than be eligible for the Job Grant.

Additional support for lone parents

191. For many lone parents, the costs involved in looking for work act as a disincentive to work search. To help overcome this problem, we intend to provide additional support to those lone parents who are actively searching for a job (see the box on page 32). From October 2004, in eight pilot areas, a new Work Search Premium of £20 a week, paid on top of normal benefit entitlements, will be available for up to 26 weeks of job search. It will be available to lone parents on New Deal for Lone Parents who have been on Income Support or Jobseeker's Allowance for more than one year and who agree to actively search for a job. Lone parents who get the premium will also be able to get additional help with childcare costs while undertaking work-search activities.

192. As a further incentive, and to provide additional support to lone parents who move into work, a £40 In-Work Credit was introduced in April 2004 in the three Extended Schools Childcare Pilot areas.⁶⁶ It is available to lone parents who have been on Income Support or income-based Jobseeker's Allowance for 12 months or more and who move into work of at least 16 hours a week. The In-Work Credit is payable in addition to earnings and any in-work benefits to which the lone parent is entitled for the first 12 months in work, to ease the transition from benefits into work. From October 2004, the In-Work Credit will be available in a further nine pilot areas.⁶⁷

Help with the costs of living in London

193. The higher cost of living in London creates particular problems for work incentives for families with children. The In-Work Credit will improve the position in four London districts in 2004/05. From April 2005, the credit will be extended so that it is available in eight out of the nine Jobcentre Plus districts in London. At the same time, the In-Work Credit will be extended to couples in London with children. The credit will be paid when a couple have been on benefit for a year or more and one parent moves into full-time work.

194. In certain deprived parts of London and five other areas, a Work Search Premium of £20 a week for up to 26 weeks (like that for lone parents described in paragraph 191) will be piloted from October 2005 for non-working and non-benefit-receiving partners in a couple with children who are receiving Working Tax Credit. The aim of the pilot is to test ways of helping inactive partners of those in lower-paid employment, who would otherwise have little or no contact with the labour market or labour market programmes. For partners in general, the pilot has the added advantage of testing ways of helping ethnic minority groups who experience particularly low employment rates.

Retention and advancement

195. Retaining a job and advancing in work can be particularly difficult for those who have just moved off welfare.

This is particularly true for lone parents and those without qualifications. Some people continually move between low-paid work and unemployment, trapped in a 'low pay, no pay' cycle. Around 25 per cent of people who leave Jobseeker's Allowance return to benefits within three months, and almost 40 per cent return within six months. This problem is made worse by the fact that people usually get paid less when they have just started a job compared with those who have been in work longer.

196. Budget 2001 announced a demonstration project, known as the Employment Retention and Advancement Scheme, to explore how best to help men and women moving off welfare to stay in work longer and progress in their job. The design phase of this project, drawing on United Kingdom and international expertise, is now complete, and scheme pilots were introduced in six areas⁶⁸ in October 2003.

197. The scheme provides one-to-one support from a dedicated Advancement Support Adviser, and financial incentives to encourage employment retention and skills accumulation. The pilots will test the effectiveness of these measures in improving employment retention and advancement for those joining New Deal 25 plus and New Deal for Lone Parents, as well as lone parents in receipt of the Working Tax Credit who are working less than 30 hours a week.

198. The Disability Discrimination Act (see paragraph 218) requires employers not to discriminate against disabled employees in the areas of retention or advancement. Where an employee becomes disabled or more disabled, an employer might need to make reasonable adjustments in the workplace, including to the job itself, in order to retain the employee. An alternative reasonable adjustment would be to transfer the disabled employee to a suitable alternative vacancy. It is also unlawful for an employer to discriminate against a disabled employee when selecting employees for redundancy. The duty not to discriminate within employment covers a disabled employee's access to advancement, training or promotion opportunities.

Transport to work

199. Many jobseekers experience difficulties accessing interviews and travelling to their jobs for various reasons, including the availability and affordability of transport. Jobcentre Plus districts and local offices have an important role to play in working with local authority transport officers to identify accessibility problems that are making it difficult for jobseekers to secure work. This includes working with them to secure funding, delivering and monitoring sustainable and locally appropriate solutions, and sharing and extending good practice.

Improving access to work – Merseyside Joblink

In 2003, Merseytravel introduced a network of 18 'Joblink' services, funded by the Urban Bus Challenge, between deprived areas and employment areas, operating in areas or at times not covered by other bus services. The services operate between Monday and Friday and are tied to working hours, including shift working. In addition to fixed-route services, there is a demand for responsive services for people identified by their employer or training agency as in need of such a service because of disability. Jobcentre Plus is closely involved through funding contributions, providing representation on working groups, and publicising the services to employers.

Housing Benefit reform

200. Housing costs are a particular concern to many people moving into work. Evidence suggests that worklessness is concentrated among tenants, particularly those in social housing – only 47 per cent of those in local authority housing are in employment, compared with 81 per cent of those in owner-occupied housing.

201. Housing Benefit provides help with rental costs for low-income tenants in and out of work. Around 3.8 million tenants currently rely on it for help with their rent. However, the design and administration of Housing Benefit can

hinder the transition to work for some people. Claimants often do not know until after they have moved into a property whether or not their entitlement will meet the cost of their rent. Moreover, delays in processing new applications after a claimant returns to employment can lead to rent arrears and debt, dissuading some people from moving into work.

202. We have taken a number of steps to alleviate the problems associated with Housing Benefit, working with local authorities and other organisations to improve administration, restructuring rents in the social sector and moving 800,000 people off Housing Benefit through higher employment and in-work support. In 2002, we announced a range of further reforms in the Green Paper *Building Choice and Responsibility: a radical agenda for Housing Benefit*.⁶⁹ These reforms aim to simplify and streamline the administration of Housing Benefit, reducing its capacity to act as a barrier to work.

203. The piloting in Pathfinder areas of a flat-rate Local Housing Allowance for tenants in the deregulated private rented sector will ensure that tenants know in advance what rent can be covered by Housing Benefit in these areas. This ends the requirement that individual claims are referred to rent officers, thereby simplifying and speeding up the claims process. The first two of the Local Housing Allowance pathfinders were rolled out in the private rented sector at the end of 2003 and the other seven at the start of 2004. Early signs are positive,

although it is too early for robust evaluation. We will roll out a second wave of pathfinders from April 2005, leading to full national coverage, subject to evaluation evidence, in the future. Budget 2003 also announced the intention of developing flat-rate pathfinders in the social sector.

204. Further steps to speed up and simplify the administration of Housing Benefit claims include:

- ending the requirement that people make fresh claims whenever they take a job;
- introducing a more efficient reclaim process for people whose employment ends;
- ensuring that Housing Benefit runs on automatically for claimants returning to work after six months or more unemployed while the local authority recalculates entitlement;
- ending the requirement that all Housing Benefit claimants make a fresh claim annually; and
- working with local authorities to drive up the standard of Housing Benefit and Council Tax Benefit administration through additional investment in a £200 million Performance Standards Fund to help local authorities meet performance standards, as well as quarterly monitoring of the poorest performers, and inspection and help teams.

205. We also propose to extend the Housing Benefit run-on to those who have received Incapacity Benefit or Severe Disablement Allowance continuously for at least six months, bringing the treatment of this group into line with that of Jobseeker's Allowance claimants and lone parents, and removing a significant barrier to work for disabled people.

206. This package of reforms will lead to further improvement in the administration of Housing Benefit, reducing inefficiencies in the current system and easing the transition to work for large numbers of tenants seeking employment. It will also provide valuable evidence on which to base further action to improve and reform the functioning of Housing Benefit over the longer term.

Support for those who cannot work

Support for disabled people

207. Financial support is crucially important for people who cannot work. Disability Living Allowance provides a contribution towards the extra costs they face because of the effects of their disabilities for people who become disabled relatively early in life, whether or not they are in work. Attendance Allowance provides a similar contribution for those who claim help for their disability-related extra costs after the age of 65.

208. In April 2001, we introduced enhancements to benefits for disabled people through the Disability Income Guarantee. This provides an enhanced disability premium in the income-related benefits, with equivalent elements in the tax credits, to help the most severely disabled people aged under 60. This ensures an income of at least £149.75 a week for a single person aged over 25, and £196.70 for a couple.

209. From April 2001, people disabled early in life who have never had the opportunity to work and who claim benefit before the age of 20 (or 25 if a higher education student or trainee) can receive Incapacity Benefit, without having to satisfy the contribution conditions. Recipients of Severe Disablement Allowance under the age of 20 on 6 April 2001 were automatically transferred to long-term Incapacity Benefit in April 2002, making them up to £28.10 a week better off.

210. Since 1999, the number of people receiving Disability Living Allowance and Attendance Allowance has increased by 26 per cent and 12 per cent respectively. In addition, we are taking steps to improve the take-up of the benefits in a targeted and better-directed way. We are also working more closely with our partners, such as local authorities and welfare rights organisations, who can advise people about disability benefits in a targeted way.

211. In July 2000, we substantially increased the amount of Vaccine Damage Payments to £100,000, a threefold increase since 1997. We also relaxed the

eligibility criteria from June 2002: the time limit was extended to age 21 in respect of childhood vaccinations, and the disability threshold was reduced from 80 per cent to 60 per cent.

212. In April 2002, significant changes were introduced in relation to the Independent Living Funds. From that date, the earnings of clients and their partners were no longer taken into account in assessing grants, and the capital limit – above which no assistance from the funds can be provided – was increased from £8,000 to £18,500.

213. In addition, we will give the Disability and Carers Service, the organisation responsible for delivering disability and carers' benefits within the Department for Work and Pensions, formal executive agency status. This will sharpen accountabilities and improve services for the millions of disabled people and their carers who receive these benefits.

Support for carers

214. We recognise the substantial contribution made by those who care for elderly relatives and other people. We are committed to support for carers, in particular those who wish to combine caring with employment. We have helped more than 300,000 carers through a package of measures.

- An increase in the carer premium in income-related benefits by £10 a week above the normal uprating was introduced from April 2001. The carer premium and the extra amount for caring which is paid with Pension Credit are now worth £25.55 a week.

- Following increases at uprating, the Carers Allowance⁷⁰ earnings limit is now £79 a week.
- From April 2001, we substantially increased the earnings disregard for disabled people and carers in income-related benefits from £15 to £20 a week.
- From October 2002, we removed the barrier that prevented people aged 65 and over from claiming Carers Allowance.
- From October 2002, we allowed entitlement to Carers Allowance to continue for up to eight weeks after the death of the disabled person.

Tackling disadvantage in the labour market

215. While, overall, our labour market strategies have been very successful in creating employment opportunities, there are still groups and areas which are disadvantaged. We are committed to tackling this disadvantage. Action to address the problems faced by lone parents has already been set out on page 32 and we have described the help on offer to the most disadvantaged clients through *Building on New Deal* in paragraph 129. The following paragraphs address employment and enterprise issues based on:

- gender;
- illness and disability;
- ethnic origin; and
- area.

Gender

216. The employment rate among women has risen from 59 per cent in 1984 to 70 per cent today. However, the increase in female participation in the labour market has been concentrated in households in which the male partner is already in work. Government action is aimed at improving employment opportunities for all people of working age, and at tackling skills gaps and the gender pay gap.

217. The New Deal for Partners was enhanced from April 2004 to provide the same flexible, tailored support that is available to lone parents, including Work-focused Interviews, help with childcare costs and job-readiness training.

Illness and disability

218. The largest group of people on out-of-work benefits are people with health conditions or disabilities. Fewer than one in two working-age people in this group are in employment. The employment provisions of the Disability Discrimination Act 1995 prohibit discrimination against disabled people in the field of employment and related areas. Employers must make reasonable adjustments to their employment arrangements,

or to physical features of the premises, when failing to do so would put a disabled employee or job applicant at a substantial disadvantage compared with non-disabled people.

219. When introduced, the provisions did not apply to employers of fewer than 20 people. However, we reduced this threshold to 15 employees from 1 December 1998, and from 1 October 2004 all small employers will be brought within the scope of the employment provisions of the Act. These provisions will also extend coverage to previously excluded occupations, such as police officers and firefighters, and will outlaw harassment and discriminatory job advertisements.

220. Overall, a further 1 million employers and 7 million jobs, including 600,000 in which disabled people already work, will be brought within the scope of the employment provisions of the Disability Discrimination Act.

Ethnic minorities

221. The experience of people from different ethnic origins in the labour market varies widely. However, overall there is an employment gap of some 16 percentage points between the Great Britain employment rate and that of ethnic minorities. Cross-government action to support our strategy to close this gap is led by the Ethnic Minority Employment Task Force and includes working:

- with the Department for Education and Skills, the Learning and Skills Council and Jobcentre Plus to build employability through initiatives such as Aiming High;
- through the Department of Trade and Industry, the Home Office and the Commission for Racial Equality to promote equal opportunities in the workplace, for example through Specialist Employment Advisers; and
- through Jobcentre Plus and private and voluntary organisations, to connect people from ethnic minority backgrounds with work through work search for partners in low-income households, and extending outreach.

222. In areas with large ethnic minority populations, the Ethnic Minority Flexible Fund – which consists of £8 million over two years and was introduced in April 2004 – is designed to allow Jobcentre Plus District Managers freedom to implement innovative ways to help ethnic minority people into work. This is in addition to Ethnic Minority Outreach, which tests different approaches to connect ethnic minority people to the labour market.

Area-based disadvantage

223. Our strategy for tackling area-based disadvantage is discussed in detail in Chapter two.

Section three: Our strategy for older people

224. Everyone should be able to look forward to a secure and fulfilling life in retirement. This means ensuring that older people have a secure income, are able to share in the country's rising prosperity and enjoy a good quality of life. To this end, we have focused on tackling poverty among today's pensioners. We need to give tomorrow's pensioners the tools they need to plan for their retirement, and we must provide the necessary financial information to support this planning. We also need to ensure that older people who choose to remain in work are able to do so. The aims of the strategy are to:

- combat poverty and ensure financial security in retirement;
- enable future generations of pensioners to make real and informed choices on working and saving for retirement;
- improve security and bolster confidence in occupational schemes; and
- increase employment opportunities for older workers.

Combating pensioner poverty

225. Over the last 30 years, pensioners have generally seen their incomes grow faster than the earnings of people in work. However, not all pensioners have shared this growth in incomes. For example, between 1979 and 1997, the

richest fifth of pensioner couples saw their incomes rise by around 80 per cent. By contrast, the poorest fifth saw their incomes rise by only 34 per cent. In 1997, we recognised that low income was a real problem for many pensioner households.

226. This is why we have made promoting security and independence in retirement one of the key objectives of our welfare reforms. Our strategy includes:

- the introduction of Pension Credit, which targets help on the poorest pensioners while rewarding past savings;
- the State Second Pension, which will provide a more generous additional pension for people on low and moderate earnings; and
- the One-off 70+ Payment for older pensioners.

Pension Credit

227. Pension Credit replaced the previous Minimum Income Guarantee (Income Support for people aged 60 and over) in October 2003. Pension Credit means that no one aged 60 or over need live on an income of less than £105.45 a week (£160.95 for couples). People with severe disabilities, caring responsibilities or certain housing costs may be entitled to more than this amount. For the first time, single people aged 65 and over who have made modest provision for their retirement may be rewarded by up to an extra £15.51 a week.

228. Pension Credit has introduced a simplified, less intrusive application process.

- Pensioners can apply by calling the freephone Pension Credit Application Line, where trained staff will help complete the application form for them. The form simply needs to be checked, signed and returned to The Pension Service with any supporting documentation.
- From age 65, for most pensioners fewer changes will have to be reported. For example, changes in capital need not normally be reported for up to five years.
- The upper capital limit has been abolished. Previously, people with £12,000 or more in savings could not get help, however low their income. Under Pension Credit, this is no longer the case.

229. By 30 June 2004, around 2.58 million households (around 3.13 million people) were receiving Pension Credit. Average payments were £41.80 a week. Over 1.92 million pensioner households are receiving more money as a result of Pension Credit, on average gaining an extra £16.02 a week. Pension Credit is making a significant contribution in tackling poverty in later life for women, who represent around two-thirds of those entitled.

230. We recognise that the biggest challenge is ensuring that everyone who thinks they may be eligible takes up their entitlement to Pension Credit. This is

why, in the 2004 Spending Review, we have set out a new Public Service Agreement target to be paying Pension Credit to at least 3.2 million pensioner households by 2008.

231. The Public Service Agreement is supported by a comprehensive take-up campaign. By April 2004, The Pension Service had mailed every pensioner household, inviting them to apply for Pension Credit. The Pension Service is now re-contacting people believed to be eligible, but who have not yet applied. This will be done by mail or face-to-face contact, depending on what is known about the individual's circumstances. This phase of the campaign is being supported by a new television, radio and press advertising strategy.

Customer satisfaction research

A recent survey commissioned by independent analysts Continental Research,⁷¹ revealed that nine out of ten customers who applied for Pension Credit were happy with the application process and the service they received from staff. The survey also showed that over 80 per cent said they felt the application form was clear to understand. A similar number reported being satisfied with the Pension Credit application line, with the friendly and polite manner of operators coming in for special praise.

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A further customer survey⁷² was conducted during 2003 to measure customers' experience of, attitudes towards and satisfaction with The Pension Service and to identify future service developments. Customers reported high levels of satisfaction, both for service received overall (81 per cent) and during their most recent enquiry (76 per cent). The quality and professionalism of staff were rated as the best thing about the service, with nine out of ten customers agreeing that staff were polite, respectful, easy to talk to and patient.

232. It is not Pension Credit alone that is making a difference. Entitlement to Pension Credit will mean that around 2 million pensioner households will now qualify for more help, or qualify for help for the first time, with their council tax or rent. A campaign to raise awareness of Council Tax Benefit among those who are likely to be entitled and also their family, friends and carers began in March 2004. This campaign was backed up by posters and flyers issued to local authorities, departmental offices and voluntary organisations. We are constantly looking at other initiatives to raise awareness of Housing Benefit and Council Tax Benefit, particularly among people who may be harder to reach.

State Second Pension

233. State Second Pension, introduced in April 2002, builds on the State Earnings-Related Pension Scheme. State Second Pension provides a more generous additional pension for low and moderate earners and, for the first time, allows certain carers and people with a long-term illness or disability to accrue rights to an additional State Pension.

234. State Second Pension gives more help to those on lower earnings (that is, those earning between the annual Lower Earnings Limit and around £11,600 in today's terms). For State Second Pension purposes, they will be treated as if they had earned around £11,600. Compared to its predecessor, State Second Pension gives more help to an estimated 20 million people, including:

- around 15 million employees on low to moderate earnings;
- around 2.5 million people (of whom around 2 million are women) who have substantial caring responsibilities – including those caring for children below school age; and
- an additional 2.5 million people who become ill after a period of work.

Winter Fuel Payment

235. By ensuring the great majority of pensioner households receive a lump sum payment for heating every winter, the Winter Fuel Payment makes an important contribution to our wider efforts to combat the blight of fuel poverty and its attendant risk of causing or worsening ill health.

- The Winter Fuel Payment was doubled to £200 in 2000/01 and will stay at that level for the remainder of this Parliament.
- Most households with someone aged 60 or over are entitled. Around 8 million households benefited from Winter Fuel Payments in 2003/04.
- When it is exceptionally cold, people receiving Pension Credit get an automatic Cold Weather Payment of £8.50 from the Social Fund for every week the severe weather lasts, on top of the Winter Fuel Payment.

The 80+ Annual Payment

236. The 80+ Annual Payment is a £100 payment for households with someone aged 80 and over. It will be paid as part of the Winter Fuel Payment to those who are aged 80 or over in the qualifying week (20–26 September 2004).

One-off 70+ Payment

237. In 2004, we will make a One-off 70+ Payment of £100 to each eligible household with someone aged 70 or over, to help them with living expenses, including Council Tax bills. To be eligible for the payment, a person has to be ordinarily resident in Great Britain on any day of the week 20–26 September 2004 and have reached the age of 70 on or before 26 September 2004.

238. The One-off 70+ Payment is a tax-free lump sum that will not affect any State Pension or benefits a person may get, including Council Tax Benefit, Housing Benefit and Pension Credit.

239. Together with the Winter Fuel Payment, eligible pensioner households with someone aged 70 or over will receive up to £300 in 2004/05 and eligible pensioner households with someone aged 80 or over will receive up to £400.

Progress so far

240. As a result of the measures we have introduced since 1997 – including Pension Credit – we will be spending £10 billion more on pensioners in 2004/05 (in 2004/05 prices). This is over £7 billion more in 2004/05 than if the basic State Pension had been linked to earnings since 1998.

241. Of this £10 billion, almost half is going to the poorest third of pensioners. The average pensioner household will be £1,350 – £26 a week – better off in 2004/05, as a result of our policies, than they would have been under the 1997 system. The poorest third will be £1,750 – £33 a week – better off.

242. We have made clear progress in reducing the number of pensioners facing low income. The proportion of pensioners in absolute low income (less than 60 per cent of the 1996/97 median household income uprated in line with inflation) has fallen by 1.8 million or two-thirds between 1996/97 and 2002/03. The number in relative low income has fallen by half a million between 1996/97 and 2002/03.

The Informed Choice programme

243. We believe that individuals should be empowered to make their own decisions about their retirement and the level of income they will need. The Pensions Green Paper, *Simplicity, security and choice*,⁷³ made it clear that some people have not yet made sufficient provision to enjoy the income they want in retirement.

Planning for retirement

244. The Informed Choice programme will contribute to tackling poverty and social exclusion for future pensioners. The programme aims to help individuals to plan for their retirement and to make real and informed choices about how to save, how much to save and how long to stay in work.

245. In the Green Paper, we set out the actions we are taking in partnership with employers, individuals, the financial services industry, trade unions and the voluntary sector to empower individuals to take control of their financial planning for retirement. These include:

- providing information to allow people to plan effectively for retirement;
- taking action to maximise membership of pension schemes;
- improving financial education and capability; and
- undertaking evaluation.

Providing information

246. We believe that for today's workers to plan effectively for retirement, information about future pension entitlement is vital. This means:

- taking action to improve pensions forecasting;
- developing an online retirement planner; and
- ensuring access to information and advice in the workplace.

Pension forecasts

247. One of the best ways of helping people to plan for retirement is by providing a forecast of their personalised information about their State, private and occupational pension positions.

- People can already request a State Pension Forecast. It is expected that around 1.3 million Individual State Pension Forecasts will be requested in 2004/05. Many employers are working with us to provide their employees with a Combined Pension Forecast of their State and current occupational or private pension.
- In May 2003, we began a programme to issue State Pension Forecasts automatically, at regular intervals, to all working-age people who do not have access to a Combined Pension Forecast through their employer or pension provider. In 2004/05 we will send 2 million Automatic Pension Forecasts and in 2005/06 we will send a further 8 million of these Forecasts.

- From autumn 2004, we intend to provide State Pension Forecasts over the internet. Customers will be able to request a Forecast online and receive an electronic version of it in real time.

Online Retirement Planner

248. An Online Retirement Planner is being developed to facilitate access to pensions forecasting and planning services for all. The Retirement Planner will enable people to view their total composite projected pensions income (including State, occupational and personal pensions). Individuals will also be able to estimate the income they think they might need in retirement, calculate any savings shortfall and review options for addressing that shortfall. The planner will also provide information about how individuals can trace 'lost' pensions from previous periods of employment. The Retirement Planner will be launched in spring 2006.

Workplace information and advice

249. We are taking a reserve power in the current Pensions Bill that will allow us to require employers to provide their employees with access to pensions information and advice in the workplace. However, before placing requirements on employers, it is important to know which methods of delivering information and advice in the workplace are most effective. Following extensive consultation, four variants were tested with volunteer employers and employees during the summer of 2004. Following evaluation of the pilot study findings, we will decide the way forward.

Maximising membership

250. We plan to work with our pension partners to explore a range of different approaches aimed at making it easier for people to maximise their pension savings in the workplace, such as:

- automatic enrolment – new employees automatically become members of their employer's pension scheme but can opt out; and
- active decision making – new employees must either affirmatively elect to join the pension scheme, or affirmatively elect not to join the pension scheme.

251. We also want to test a scheme whereby employees agree to save more in the future by committing to pay part, or all, of their future salary increases into an employer-sponsored saving plan. We want to establish which are the most effective approaches in delivering increased pension savings in the United Kingdom.

Financial education and capability

252. We recognise that to underpin the savings and pensions strategy, more needs to be done to raise levels of financial literacy and capability. People will only respond to information about saving for retirement if they are properly equipped to interpret it.

253. The Financial Services Authority is responsible for improving overall financial literacy and capability. The Financial Services Authority is leading an initiative to develop a national strategy for

financial education, information and generic advice. This strategy will be developed in partnership with the financial services industry, employers, not-for-profit organisations, consumer representatives and the media. The Informed Choice programme dovetails into this strategy.

254. We also include financial education as a component part of our active labour market programmes to help people understand that they forego their future pension income, as well as current income, through not working. Through our work to support the Financial Services Authority's financial capability strategy and by strengthening partnerships with the voluntary sector, we also want to enable more vulnerable groups to become more financially capable where planning for retirement is concerned.

Evaluation

255. The Informed Choice programme has been designed so that each segment of the working-age population has access to a combination of products that provide information and support to help them make adequate retirement provision. We intend to evaluate the success of the programme as a whole against our aims to reduce the number of undersavers, and to increase the number of people in each year who save privately for retirement, are in work later in life and take up an employer contribution, where offered.

Improving security and bolstering confidence

256. We are committed to building security and choice for pensioners; we want all pensioners to have a decent and secure income in retirement. Many employers have recognised the benefits of providing good pensions as a reward for staff commitment. However, there are also some who have been reducing their financial commitment and contribution to workplace pensions. In addition, there has been growing concern over certain employers who have wound up schemes without fulfilling promises to members.

257. After consulting on the way forward,⁷⁴ we have introduced a number of measures to build trust and improve the understanding of the range of products available. These include:

- reform of occupational pension schemes; and
- the introduction of stakeholder pensions.

Occupational pension reform

258. The Pension Bill will provide a balanced package of measures to ease the financial and administrative burden on employers while offering a sustainable system of protection to individuals. We are committed to long-term reform to enable individuals to plan for their retirement and make informed choices about saving and how long they work. We have recently announced that we will

make available £400 million of public money to provide assistance to people who have lost their pensions due to their defined benefit pension scheme being wound up underfunded, prior to the introduction of the Pension Protection Fund.

259. Benefits that the Pension Bill will bring include:

- a new Pension Protection Fund which will enhance protection for pension scheme members by paying compensation should their employer become insolvent and the pension scheme be underfunded;
- a more proactive Pensions Regulator that will concentrate on the areas of greatest risk to members' benefits; and
- the extension of the Transfer of Undertakings (Protection of Employment) regulations to private sector transfers, ensuring that employees' occupational pension rights are not withdrawn when a business changes hands where these regulations apply.

Stakeholder pensions

260. Stakeholder pensions have been introduced as part of our long-term reforms, to ensure that everyone has the chance to save for a decent income in retirement. Stakeholder pensions are low-charge, flexible and portable. They provide a pension option for people with moderate incomes who do not have access to a company pension scheme.

261. As at June 2004, over 2 million stakeholder pensions have been sold. The B&CE Insurance stakeholder pension scheme, primarily for members of the building and construction industry, has over a quarter of a million members.

Older people and work

262. We are committed to increasing the choices and opportunities available for people aged 50 and over to remain in, or rejoin, the labour market. Individuals' circumstances and needs differ so we want to enable, as far as possible, all people to have sufficient opportunities to exercise choices that best meet their needs. We are doing this by:

- encouraging individuals to extend their working lives; and
- promoting the benefits of a mixed-age workforce for employers.

Extending working life

263. In addition to making provision for retirement, enabling people to work a few years longer can make a huge difference to the income they can expect. In 1997, relatively high numbers of people aged 50 and over were not working – something we have already done much to tackle. There are still, however, many people who are willing to work and capable of work, but who do not have the opportunities they need.

Support for older workers

264. The employment rate of older workers is increasing, but still lags behind the overall employment rate by around 4.5 percentage points. We are working to reduce this gap by:

- introducing improved back-to-work help for people aged 50 and over. These options will include personal advice, training, work trials, volunteering opportunities and an in-work Training Grant, all delivered through the New Deal 50 plus programme; and
- piloting, as part of the Intensive Activity Period, a more intensive job search which aims to increase the motivation of clients with low self-esteem and confidence.

265. We are determined to tackle these issues and to give more people a greater range of options to work longer. We will do more to help people aged 50 and over into work by:

- piloting measures to help recipients of incapacity benefits return to work; and
- treating men and women between 60 and 64 as active participants in the labour market, as women's State Pension Age rises towards 65 from 2010.

Flexible retirement

266. We are keen to encourage people to work past State Pension Age where they want to, by developing further the concept of flexible retirement. At present, people who defer taking their State Pension when they reach State Pension Age (currently 60 for a woman and 65 for a man) get an increase in their State Pension of around 7.5 per cent for every deferred year up to a maximum of five years.

267. To encourage more people to consider later retirement, we propose to bring forward to 2005 changes that were due to come into effect in 2010 that will increase the deferral rate from around 7.5 per cent to around 10.4 per cent for each year of deferment, and remove the maximum time limit for earning an increase to the State Pension. We also propose, where people defer taking their State Pension for at least a year, to offer a choice of either an increased regular State Pension or a taxable lump sum payment. Table 1.3 gives examples of the effect of these changes.

268. We are also determined to do more for those in employment who are prevented by tax rules from carrying on working. We propose to allow individuals to continue working for the sponsoring employer while drawing their occupational pension, and to consult on best practice to ensure that occupational pension rules do not discourage flexible retirement.

Table 1.3: Example of the effect of changes to the deferred rate and lump sum payments

a) Basic State Pension of £79.60 a week			
Years of deferral	Weekly pension with increments		
	At old rate (£)	At new rate (£)	Lump sum (£)
1	85.57	87.88	4,280
2	91.54	96.16	8,849
3	97.51	104.44	13,726
4	103.48	112.71	18,933
5	109.45	120.99	24,491

b) Combined basic and additional pension of £105 a week (the average for men aged 65)			
Years of deferral	Weekly pension with increments		
	At old rate (£)	At new rate (£)	Lump sum (£)
1	112.88	115.92	5,646
2	120.75	126.84	11,673
3	128.63	137.76	18,106
4	136.50	148.68	24,974
5	144.38	159.60	32,306

Notes: Figures in 2004/05 prices. Interest rate assumed at 4.75 per cent plus 2 per cent.

Action against age discrimination

269. In October 2000, we supported the European Union Directive on Equal Treatment in employment and vocational training, confirming our commitment to introduce age legislation. When the Directive is fully implemented, it will be against the law to discriminate on grounds of age in the workplace. Compulsory retirement ages are likely to be unlawful (except where employers can show they are objectively justified). We understand that employers and individuals will need time to prepare for this change. The age discrimination legislation will therefore come into force on 1 October 2006.

Raising awareness

270. Budget 2004 announced a new high-profile national guidance campaign to raise employers' awareness of, and ability to adopt, flexible employment and retirement opportunities in order to increase the recruitment, retention and training of older workers.

271. The guidance campaign will work with external partners to provide information for all employers prior to the introduction of the legislation in 2006. This work will coincide with the implementation of various measures to give individuals more choice in working longer. Measures include improved

options for deferring the State Pension from April 2005 and plans to enable people to carry on working for their employer while drawing their occupational pension from April 2006.

272. Through the Age Positive campaign and its associated website,⁷⁵ we are encouraging employers to adopt non-ageist employment practices. There are now over 100 Age Positive Champion employers listed on the website, with examples of their good practice.

Developing networks of services for older people

273. Research evidence⁷⁶ clearly shows that older people want services delivered in a joined-up way which suits their needs, rather than the fragmented services that have traditionally been delivered. A recent research report,⁷⁷ also showed how older people preferred to access services from a single point of contact. To move in that direction, we have been developing more effective strategic and operational links between the various organisations which provide services to older people.

274. The first phase of this work has begun and includes:

- the development of joint teams to provide joined-up services for pensioners;
- the introduction of an Alternative Office facility; and
- working in partnership across government to deliver services.

Joint Teams

275. Joint Teams are made up of staff from The Pension Service Local Service, local authority social services and, in some cases, the voluntary sector, for example Age Concern. We intend to roll out nationally and as at August 2004, there are 18 Joint Teams in place. Joint Teams aim to offer a holistic financial assessment and benefit service, including Fairer Charging, Supporting People, Housing Benefit and Council Tax Benefit.

276. This approach:

- increases our ability to contact and support the most vulnerable members of society;
- increases take-up of entitlements and services, and reduces duplication of effort;
- enables customers to provide details of their personal circumstances only once; and
- improves the quality of life and independence of older people, by intervening before the time of acute need.

Alternative Office

277. The Alternative Office facility enables accredited partner organisations to take claims for Pension Credit and benefits and to verify supporting information. This is currently being piloted. It will give older people the choice of conducting their business with other service providers (for example, the local authority or voluntary body). This will mean:

- customers can access a local organisation who will act on behalf of The Pension Service;
- the date of claim may be earlier than hitherto and customers may receive more money as a consequence;
- customers will not need to send original documents to The Pension Service; and
- the applications received by The Pension Service should contain all necessary information for processing, reducing the need for further contact with the customer for clarification purposes.

Working in partnership

Link-Age

278. The *Link-Age* document⁷⁸ sets out how The Pension Service and partner organisations can work more effectively together to provide joined-up services for older people, and seeks ideas for future developments. The document outlines a vision of easy access to services through, for example, single telephone numbers which older people or their carers can use for advice about a wide range of services which can help them live enjoyable and independent lives. The vision goes beyond the traditional areas of entitlements, health and social care, to access to information about leisure and lifelong learning.

Pension Partnership Fund

279. The Pension Partnership Fund enables the not-for-profit sector to run innovative pilots aimed at identifying ways of encouraging harder-to-reach customers to claim benefits. We have received 750 applications and expect to start making contracts by the end of 2004. Further details of this fund are in Chapter three.

Meeting the needs of our customers – The Pension Service

“This is all about providing a 21st century service to our older people. We’re changing the way central and local government link up – people should no longer have to navigate their way around complex systems and give the same information over and over again. We need to restructure local welfare states around the needs of older people.” (Malcolm Wicks MP – Minister for Pensions and Older People)

280. The Pension Service has been established to focus on the needs of today’s and future pensioners. The Pension Service offers a dedicated and responsive service to meet the needs of its customers. It is committed to improving the way that their financial entitlements are administered. In line with our goals, The Pension Service’s objectives are:

- to combat poverty among today’s pensioners;

- to encourage future pensioners to save for their retirement through the private sector, and to provide security for those likely to rely on state provision; and
- to further improve and modernise services for today's and future pensioners.

281. The Pension Service operates through a national network of pension centres providing a telephone-based service, backed up by a face-to-face local service. The Pension Service Local Service will meet with customers face-to-face, in partnership with a range of organisations accomplished in dealing with pensioners' needs in locations accessible to pensioners.

282. Over the coming months, priorities for The Pension Service will include meeting the continuing challenge of Pension Credit take-up and making sure that customers' entitlements are paid directly into their bank accounts. At the same time, The Pension Service will improve and increase its ability to offer future customers an informed choice about their financial status in retirement. It will continue to deliver a radically transformed and improved service to customers that is increasingly:

- accessible to customers and available at convenient times to encourage the take-up of the service;
- accessible through a single point of contact so that all benefits and entitlements, information needs and links with other services can be delivered in a single transaction;

- tailored to reflect different customer needs with its resources; and
- focused effectively on the most vulnerable customer groups.

Pension Credit – a customer view

A pensioner first heard about Pension Credit through friends. "I wasn't keen at first to apply for the credit, as I thought it may be complicated, but I chatted to my friend about it and the rep from the local Pension Service suggested I give it a try." The pensioner phoned the Pension Credit application line and an application form was completed within 15 minutes. "I phoned up and spoke to a very friendly girl who sorted everything out for me. I found it so much easier to talk through the form, so you know exactly what information you need to give. The girl on the phone then sent the form back to me to read, check the details and sign. About three weeks later, I received £133 backdated pay and an extra £6 a week credit."

Section four: Our public services strategy

283. Delivering high-quality public services is a key part of our overall strategy to tackle poverty and social exclusion. Raising income is not enough to break the cycles of deprivation associated with poverty – we must also address deficiencies in service delivery, to ensure that everyone has access to high-quality public services. We will therefore describe our efforts in raising standards of delivery in health, housing, crime reduction and legal services.

284. The Social Exclusion Unit's *Breaking the cycle*⁷⁹ report examines the barriers to delivery for disadvantaged groups, and looked at how they can be overcome.

285. A client-centred approach is critical, with individually-tailored help and support that can address different sets of multiple needs through a single telephone number or a one-stop shop. Having personal advisers who help individuals understand what services and benefits are available and can negotiate access to a range of them has been successful in developing a more client-centred approach. However, personal advisers need to have flexibility, be able to call on a range of support, have the skills to identify clients' needs and work out how best to deal with them, and be able to build up a trusting and collaborative relationship with clients.

286. There is still scope for services to become more relevant, accessible and appropriate to the most disadvantaged people. User involvement in the design and delivery of services, and closer working with voluntary and community groups, can help make them more relevant. Increased devolution and delegation – one of the four principles of public service reform – is also important, to give service providers the flexibility to design and develop services around local needs. Services also need to be accessible at times and locations that clients can make and services need to be culturally appropriate and free of stigma.

Tackling health inequalities

287. There is a clear link between poverty and health. Poverty and social exclusion are associated with worse health outcomes. Poverty is both a cause and a consequence of ill health. Despite overall improvements, the gap in health outcomes between those at the top and bottom ends of the social scale remains large and in some areas continues to widen.

288. The cross-cutting review on health inequalities⁸⁰ set out a long-term strategy to meet the target *to reduce health inequalities by 10 per cent by 2010 as measured by infant mortality and life expectancy at birth*.

289. The review also recognised that to achieve a real sustained improvement in health inequalities, there must be concerted action right across government.

290. As a result of the review, *Tackling Health Inequalities: A Programme for Action*⁸¹ was published in July 2003. It sets out a three-year plan reflecting the commitment of 12 government departments. It will help lay the foundation for meeting the 2010 target and a narrowing of the health gap in the long term.

291. The Programme for Action is organised around four themes. These are:

- supporting families, mothers and children – to ensure the best possible start in life and break the inter-generational cycle of health;
- engaging communities and individuals – to ensure relevance, responsiveness and sustainability;
- preventing illness and providing effective treatment and care – making certain that the National Health Service provides leadership and makes the contribution to reducing inequalities that is expected of it; and
- addressing the underlying determinants of health – dealing with the long-term underlying causes of health inequalities.

292. These themes are underpinned by five discrete principles:

- preventing health inequalities getting worse by reducing exposure to risks and addressing the underlying causes of ill health;

- working through the mainstream by making services more responsive to the needs of disadvantaged populations;
- targeting specific interventions through new ways of meeting need, particularly in areas resistant to change;
- supporting action from the centre by clear policies effectively managed; and
- delivering at a local level and meeting national standards through diversity of provision.

293. The Programme for Action provides the basis for meeting the 2010 national health inequalities target on life expectancy (by geographical area) and infant mortality (by social class) by building on current work, and addressing the wider causes of inequalities in the years beyond.

294. The target is supported by two more detailed objectives.

- 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 (see pages 163–164).
- Starting with local authorities, by 2010 to reduce by at least 10 per cent the gap between the fifth of areas with the worst health and deprivation indicators and the population as a whole (see pages 217–218).

295. We have undertaken a public health consultation with the aim of producing a White Paper in the autumn 2004. This is expected to address a range of issues, including health inequalities, and will build on the work of the cross-cutting review and the Programme for Action.

296. The 2004 Spending Review has provided for further work on tackling health inequalities in a number of public health areas that disproportionately affect lower socio-economic groups, including smoking, childhood obesity, cardiovascular disease and cancer, through the inclusion of health inequality components or ‘floor targets’ within targets.

Housing

Housing policy

297. We set out our long-term programme of action to improve housing and planning in *Sustainable Communities: Building for the future*, launched in February 2003.⁸²

298. The plan covers a wide agenda, which recognises that to develop communities in which people wish to live, housing policy needs to be linked to improving economies, public services, transport and the environment at a local level. The plan aims to:

- increase the provision of high-quality affordable housing in areas of high demand;

- further tackle the housing shortage in London and the South East by providing for major growth in the four growth areas: Thames Gateway, Milton Keynes/South Midlands, Ashford, and London–Stansted–Cambridge;

- address housing market decline by setting up nine pathfinders to tackle areas of low demand and abandonment in the North and Midlands;

- bring all social housing up to a decent standard by 2010;

- improve the efficiency of the planning system; and

- protect the countryside and improve the local environment.

299. Since the launch of the plan there have been two progress reports, *Making it Happen: Thames Gateway and the Growth Areas*⁸³ and *Making it Happen: The Northern Way*.⁸⁴

300. We are committed to improving access to housing for vulnerable households through a major expansion in provision of social housing for rent, and low cost homes for purchase or part purchase, aimed at those on moderate incomes. As a result, we expect to increase provision of social homes for rent by 10,000 a year by 2008. We expect to deliver around 75,000 social homes for rent by 2008, and facilitate home ownership for around 40,000 key worker and moderate-income

households. This key worker housing is intended to support better public services by improving recruitment and retention in key public services, including nursing, teaching and the police.

301. Looking forward, we are examining our response to Kate Barker's *Review of Housing Supply*.⁸⁵ This made a number of recommendations on which we are consulting, including a new approach to housing market data, planning reform and the establishment of clear affordability targets for regional planning bodies. Although no decisions have yet been reached, we have accepted the report's key recommendation that we need to increase the supply of housing if we are to continue to tackle homelessness, promote choice and competitiveness and safeguard economic growth and stability.

302. In December 2003, a Housing Bill was introduced into the House of Commons. This is a key piece of legislation, which will protect the most vulnerable in society and help to create a fairer and better housing market. Among its key provisions are:

- a new Housing Health and Safety Rating System to replace the current housing fitness standard;
- the licensing of Houses in Multiple Occupation;
- a provision to update, by order, the statutory overcrowding provisions;

- extending the Disabled Facilities Grant to all those occupying caravans as their only or main residence; and
- enabling local authorities to tackle low housing demand and problems of anti-social behaviour through new powers to selectively license private landlords.

Decent homes

303. Successful thriving communities need decent homes. Homes in poor condition damage the health of occupants and undermine the sustainability of neighbourhoods (see Chapter two). A home is decent if it is warm, weatherproof and has reasonably modern facilities.⁸⁶

304. We have reduced the number of non-decent homes by around 1 million compared with 1997. Over the same period we have also helped around 120,000 households in the private sector to make their homes decent. Two of our indicators of progress (see pages 171 and 207) also show the reduction in the proportion of children living in non-decent homes (down from 43 per cent in 1996 to 30 per cent in 2001), and older people living in non-decent homes (down from 48 per cent to 34 per cent over the same period).

305. The 2004 Spending Review allocated extra funding for improving the quality of housing. We will continue to deliver more decent homes in the social sector in order to ensure that all social housing is decent by 2010. We are also committed to ensuring that 70 per cent of vulnerable households in the private sector are living in a decent home by 2010.

Fuel poverty

306. Eradicating fuel poverty, so that no one has to struggle to keep their home warm enough at a reasonable cost, is a key priority.⁸⁷ *The UK Fuel Poverty Strategy*,⁸⁸ published in November 2001 and the first of its kind in the world, sets out a coherent programme to end the blight of fuel poverty for vulnerable households by 2010, and all households by 2016–18. A vulnerable household is one containing older, disabled or chronically ill people, or children. In 2001 there were around 3 million fuel poor households in the United Kingdom; it is estimated that this reduced to 2.25 million by 2002.

307. Much of this improvement has resulted from a reduction in fuel prices and income increases, including the rise in benefit incomes for all vulnerable groups. Other measures, such as the reduction of Value Added Tax charges on fuel and the installation of insulation measures, and Ofgem’s fostering of competition to keep fuel prices down, have also made a valuable contribution. However, the other main cause of fuel poverty along with low incomes and fuel costs is energy inefficiency – the disproportionately high and sometimes prohibitive cost of keeping warm older, and sometimes under-occupied, housing stock, often with poor insulation and deteriorating fabric.

308. It is this large-scale and deep-rooted problem that our Warm Front scheme – the main programme for tackling fuel poverty in the private sector in England – is designed to address head-on. The

programme offers grants of up to £2,500 for a range of heating and insulation measures (including central heating where appropriate) to vulnerable people on certain benefits. Since the launch of Warm Front in June 2000, over 800,000 households have received assistance.

309. A supplementary feature of Warm Front introduced in late 2003 is the ‘benefit health-check’, which ensures that Warm Front applicants who are not receiving a qualifying benefit are, in fact, receiving all their benefit entitlements. This has had considerable success so far, with 2,150 such checks carried out by the end of February 2004 and 800 applicants found to be eligible for benefits. The ‘health-check’ is now a routine part of the Warm Front assessment, and effectively complements our own efforts nationally to maximise benefit take-up, particularly among older people. We are also exploring ways in which The Pension Service and Jobcentre Plus might be able to contribute towards Warm Front take-up.

310. The 2004 Spending Review provided an additional £140 million to the Warm Front programme over the years 2005–08. A new Public Service Agreement target has been set to *eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government’s fuel poverty strategy objective*. Building on this progress, we are developing a Fuel Poverty Implementation Plan for England, expected to be published later in 2004, which will set out recommendations and plans for further action needed to meet the fuel poverty target.

Homelessness

311. In addition to our strategy on homes and housing stock, there are legislative and other initiatives that are designed to tackle and prevent the problems of homelessness and rough sleeping.

312. People who are homeless or vulnerable to homelessness, and people who have experienced homelessness and are living in temporary accommodation, are among the most disadvantaged and socially excluded groups. Homeless or insecurely housed people are more likely to suffer poor physical, mental and emotional health than the general population. Many homeless people also face difficulty in accessing a range of services and opportunities, including welfare benefits, health care, training and employment, which would help them make the move to a more independent and settled lifestyle. There is also evidence that children of families who have experienced homelessness and are living in temporary accommodation are more likely to experience delayed development and poor educational attainment, and to experience homelessness themselves in adulthood.⁸⁹

313. The Homelessness Act 2002 requires housing authorities in England and Wales to have a strategy – based on a review of homelessness in their area – for tackling and preventing homelessness, and for ensuring that accommodation and support is available for people who are homeless or at risk of homelessness. Employment and training schemes can play an important role in preventing homelessness and in resettling homeless

people, both by lifting people out of poverty and by re-integrating them into society. Access to health care and other basic services is also important in ensuring that homeless people, and those living in temporary accommodation, can benefit from the same life chances as other people and lead a more independent lifestyle.

314. Significantly increased resources and new legislation to strengthen the help for homeless people has reduced rough sleeping and the use of B&B hotels for families with children.

315. Estimates for June 2003 showed that 504 people were sleeping rough in England on any single night – the lowest recorded level and well below the 1998 baseline of 1,850.

316. The reduction in the number of rough sleepers has been achieved by locally targeted strategies that take account of best practice in assertive outreach, day centres and hostels, as well as providing better access to statutory services such as substance misuse treatment and mental health support. The reduction has since been maintained with an increased emphasis on prevention and tenancy support that is embedded in the local homelessness strategy.

317. The number of families with children living in B&B hotels for more than six weeks fell by 99.3 per cent between March 2002 and March 2004, from an estimated 3,500–4,000 homeless families to only 26. The overall number of homeless families with children in B&B accommodation fell from 6,730 in March 2002 to 830 in March 2004.

318. The Homelessness (Suitability of Accommodation) (England) Order 2003, which came into force on 1 April 2004, to reinforce and sustain the target that by March 2004, no homeless family with children should have to live in a B&B hotel, except in an emergency, and even then for no more than six weeks. The Order means that local authorities are no longer able to discharge their homelessness duty to secure accommodation by placing families with children in B&B hotels for longer than six weeks.

319. The number of families with children who had experienced homelessness and were living in some form of temporary accommodation increased between March 2002 and March 2004 from around 40,000 to 64,000. This is a new indicator of progress (see pages 172–173).

320. At the same time, however, the proportion of households in temporary accommodation housed in hostels or women’s refuges fell from 23 per cent to 11 per cent between March 1997 and March 2004. Half of all households placed in temporary accommodation were in private sector accommodation in March 2004, compared with just under a third in 1997, reflecting the increased use of self-contained accommodation as an alternative to B&B accommodation.

321. Our initial priority was to reduce the use of B&B hotels for families, and rough sleeping, given that these are the most extreme and damaging aspects of homelessness. We are now focusing attention on possible approaches to reduce the record numbers of households

placed in temporary accommodation after experiencing homelessness. In recognition of this, from April 2004 a new Best Value Performance Indicator was introduced to measure the percentage yearly change in the average number of homeless families with children, or pregnant women, placed in temporary accommodation. This will help us measure outcomes achieved by housing authorities in tackling homelessness and building sustainable communities, and complements our national headline indicator for health inequalities.

322. In the short term, having consulted on improving the standard of temporary accommodation used to accommodate households who have experienced homelessness, the revised statutory Homelessness Code of Guidance for Local Authorities will include guidance on new standards for B&B accommodation and will bring together and restate the existing minimum standards for temporary accommodation. The revised Code of Guidance is due to be published later in 2004.

Supporting People

323. Over 1.2 million vulnerable people now benefit from the Supporting People programme introduced in April 2003. Supporting People provides the opportunity for vulnerable people to live independently in their own home and community. The 2004 Spending Review awarded around £1.7 billion each year to administering authorities to provide housing-related support services to vulnerable people locally. Supporting People is a local programme, delivered by

150 administering authorities, with over 6,000 providers of housing-related support and an estimated 37,000 individual contracts.

324. Through the strategic development and funding of housing-related support, Supporting People supports the health inequalities agenda and improves quality of life for vulnerable people. The programme also prevents vulnerable people staying longer in hospital or other institutions than necessary, and therefore creates positive outcomes.

325. With the Supporting People grant, vulnerable people, including people with learning and mental disabilities, homeless people, young people leaving care, teenage parents and ex-offenders, are able to learn life skills to help them gain employment, sustain independent living and sustain their tenancies.

Crime

326. There is a clear link between poverty, social exclusion and crime. Poverty and social exclusion are closely correlated to higher crime rates – 67 of the 88 neighbourhood renewal areas are defined as high crime areas.⁹⁰ By reducing crime, especially in the poorest areas, a significant impact can be made on social exclusion and poverty. Chapter two explores this in detail.

327. The 2004 Spending Review announced new targets which are focused on cutting crime. These commit us to *reduce crime by 15 per cent, and further in high crime areas, by 2007/08, and to reassure the public, reducing the*

fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System without compromising fairness.

328. Anti-social behaviour is a blight on people's lives, particularly in poorer areas. Significant funding has been provided to tackle anti-social behaviour and the Together campaign to tackle anti-social behaviour was launched in October 2003. Ten area-based Trailblazers have been developing new approaches to address some of the most difficult, most entrenched and most challenging problems. These focused initiatives to tackle nuisance families, begging and abandoned cars centre on a strategic partnership with the Anti-Social Behaviour Unit to develop best practice and innovation. The aim is to engender a cultural shift, so that anti-social behaviour is tackled, not tolerated. A further 50 Action Areas will be announced in autumn 2004. The Together Actionline, website and Academy events have been open to all local authorities and their partners to help them strengthen their response to anti-social behaviour. A national team of anti-social behaviour prosecutors has been established. Local organisations now have the tools they need to enforce clear standards of behaviour.

329. Fear of crime can greatly impair an individual's or even a community's quality of life. Work is ongoing to create communication strategies to ensure agencies promulgate a consistent message in the way they talk about crime and provide crime prevention advice. Crime and Disorder Reduction

Partnerships, local government, councils, community practitioners, charities, police and strategic local partnerships must inform citizens of the common-sense precautions that will reduce the likelihood of becoming a victim of crime.

330. Work is ongoing to ensure a co-ordinated approach to tackling social exclusion and poverty by encouraging Crime and Disorder Reduction Partnerships and Business Crime Regional Advisers to work with Local Strategic Partnerships and Regional Development Agencies.

Women's Offending Reduction Programme

331. Around 8,000 children a year have their living arrangements disrupted by their mother going to prison, and 12 per cent of women prisoners have children going into fostering, care or adoption compared with 2 per cent of male prisoners.⁹¹

332. The *Women's Offending Reduction Programme*,⁹² published in March 2004, aims to deliver a distinct response to the complex needs and characteristics of women offenders in order to reduce women's offending and the number of women in custody. To achieve these aims, the Programme co-ordinates work across departments and agencies to ensure that, throughout the criminal justice system, policies, services, programmes and other interventions respond more appropriately to the particular needs of women offenders.

333. If the Programme is successful at reducing offending among women and the numbers going to prison, it will have wider benefits in terms of reducing social exclusion and transmitting disadvantage to the next generation.

Access to justice

334. The people who most need access to the justice system are the poor, the vulnerable and the victimised. Making their rights a reality can help prevent or reduce social exclusion. Solving debt or welfare problems or preventing homelessness stops problems spiralling out of control.

335. The Community Legal Service focuses on the social welfare categories of law that mostly impact on an individual's day-to-day life and includes debt, housing, welfare benefits, employment, immigration and family issues.

336. The Legal Services Commission has been working with some success to integrate legal advice provided by the Community Legal Service into other advisory services such as Connexions, Jobcentre Plus and The Pension Service.

337. Community Legal Service Direct, a national telephone helpline, was launched in July 2004 by the Legal Services Commission. Callers can speak direct to qualified Legal Advisers about issues concerning welfare benefits, debt and education as well as being signposted to approved providers in their local area for guidance on other areas of law. A new website – www.clsdirect.org.uk – provides online information.

338. The Family Advice and Information Service aims to facilitate the dissolution of broken marriages and relationships in ways which minimise distress to parents and children, and which promote ongoing family relationships and co-operative parenting. It also aims to provide tailored information and access to services that may assist in resolving disputes or may assist those who are trying to save their relationship.

339. The Department for Constitutional Affairs Consumer Strategy project aims to improve people's experiences of resolving legal problems. For debt, this focuses on ensuring that, where possible, debt problems and disputes can be resolved without the stress and additional expense of court proceedings. The courts should only be used in the last resort to resolve genuine legal disputes and enforce judgments against those who refuse to pay. When it is needed, we aim to ensure that the court provides an efficient, speedy and effective service.

340. The Community Legal Service targets its resources to vulnerable and deprived people and communities – for example, over two-thirds of Legal Services Commission-funded Legal Help Spending is mainstreamed into the 88 Neighbourhood Renewal Areas. Some of those people living in these areas are disadvantaged by literacy or language difficulties, are in poor health, or suffer from mental impairments. The Community Legal Service aims to remove barriers which prevent individuals seeking assistance in resolving their problems, which will enable them to play a full role in society.

Chapter two: Deprived areas

Introduction

1. Over the past 20 years, hundreds of poor neighbourhoods have seen their basic quality of life become increasingly detached from the rest of society. People living just streets apart have become separated by a gulf in prosperity and opportunity.

2. Many neighbourhoods have been stuck in a spiral of decline. Areas with high crime and unemployment rates acquire poor reputations, so people, shops and employers leave. As people move out, high turnover and empty homes create more opportunities for crime, vandalism and drug dealing. These neighbourhoods exist right across the country, North and South, rural and urban. They may be cut off on the edge of cities, or close to city centres and wealthy suburbs. They may be high-rise council estates, or streets of private rented accommodation or even owner-occupied homes.

3. In developing our strategy to tackle the disadvantage caused by poverty we always face dilemmas. Half of poor people live in areas which have been identified as being deprived,¹ but poverty does not just exist in these areas. It affects individual streets and households and is often hidden, due to the fact that at this level it is often found cheek-by-jowl with relative affluence – for example, a lone parent living on benefits may live next door to a young couple both of whom are in well-paid jobs. Nor is poverty a permanent state for many people. Some may spend their lives on

the edges of the labour market, while for others poverty is more temporary, the result of ill health, job loss or divorce. These require different responses.

4. This leads to complex questions, the answers to which impact on how we design and tailor our policies. For example, how much is poverty to do with who you are – your educational qualifications, your ethnicity, your health – and how much is it due to where you live? Does living in a deprived area with high concentrations of poor people worsen people's outcomes? Therefore, while it is important that we focus our policies on individuals, we also have to address the problems of the area in which they live.

5. Poverty is not concentrated in any one area of the country. Analysis of where poor people live shows that there is not a simple North–South divide: there are rich and poor areas in every region, city or town, although the problems facing these areas may vary. Similarly there is no straightforward urban–rural divide. Some rural areas have better education and employment rates than urban areas and *vice versa*.

6. Since 1997, we have made progress in tackling disadvantage, and this success has been shared by every region of the United Kingdom. Every region has employment rates above the European Union average. Gaps have narrowed for the most deprived areas:

- The gap in unemployment rates between the best and worst regions has fallen from 4.7 percentage points in 1997 to 2.4 percentage points in 2004.
- The proportion of 16-year-olds attaining five A*–C GCSEs has improved faster in areas receiving neighbourhood renewal funds than in other areas, as has life expectancy for males.

7. Our priority is to provide opportunities for all to escape poverty wherever they live. To do this we need to understand poverty in terms of the individual as well as the compounding impact of living in a deprived area. That is why our strategy on tackling poverty and social exclusion is based on a dual approach, combining policies which target both disadvantaged people and disadvantaged areas.

8. The first part of this chapter brings together the most recent evidence and analysis on deprived areas to explain the problems people face and the basis for our overall strategy. The second half of the chapter looks in detail at the issues people face in deprived areas in relation to the economy, their location and their local environment. It gives specific examples of how we are tackling these issues.

What do we mean by deprived areas?

9. The term area deprivation (or disadvantage) can have different meanings, which in turn require different policies to address them.^{2,3} Area deprivation can refer to the social characteristics of an area – who lives there and the reputation of that area. An area can be deprived because it contains a large number of poor or deprived people. This can then have a compounding impact on the individuals who live there. For example, there could be prejudice by employers against employing people from a certain area. Peer effects such as lower aspirations, or lack of established networks to find out about job opportunities, could also have a negative impact.

10. Area deprivation can also refer to the physical characteristics of an area – lack of facilities or services in an area; isolation or poor transport links; and poor environmental conditions like high pollution levels. It also has important effects on the liveability of an area. Liveability includes all factors that impact on the quality of an area – crime, anti-social behaviour and the quality of the local environment. Poor liveability has a direct impact on the residents of an area. This can result in poorer health, and lower levels of community engagement and fewer social networks which others in less deprived areas take for granted. These factors can combine to drive an area into a complex cycle of decline, with those who have greater choices leaving an area, thus increasing concentrations of the most deprived residents.

Where is deprivation located in Britain today?

11. Deprived areas can be found in all regions of the country, even in what are considered the most prosperous regions like the South East. Some areas in London and Southern England have some of the lowest employment rates – Tower Hamlets (53 per cent), Thanet (66 per cent) and Great Yarmouth (67 per cent) are similar to or lower than areas in Northern England like Burnley (72 per cent) or Newcastle-upon-Tyne (65 per cent). Meanwhile, areas like Macclesfield (82 per cent), Kettering (85 per cent) and South Staffordshire (84 per cent) all have employment rates that are far higher than the national average.

12. The less well off regions do tend to be found in the North of England. There is a higher incidence of low income in places like Tyneside, Merseyside and the North East (about 25 per cent of households are poor). But around 15 per cent of households in more prosperous regions like the South East are also poor.^{4,5}

13. However, analysis of local areas can exaggerate the width of the gap between regions if this is stated simply on the basis of the number of low-income neighbourhoods. Tyneside, Merseyside and the North East have eight times as many low-income neighbourhoods as the South East, but they have less than twice as many poor households.

14. A common belief is that social exclusion is confined to poor council estates or to urban areas. This is not true. Around half of poor people live in areas that have been identified as deprived by the Index of Multiple Deprivation and these are predominately urban. But factors which impact negatively on people's lives are not confined to our cities:

- 18 per cent of the rural population in England (2.6 million) live on a low income.⁶
- 700,000 children living in rural areas in England (23 per cent of rural children) live in poverty.

15. Deprivation in rural areas tends to be both more dispersed than in urban areas, but also hidden among apparent affluence. Therefore, it can go unnoticed. People in rural areas can face disadvantage just as severe as in our conurbations – low incomes, difficulty in accessing good-quality public services, and poor transport links – leading to feelings of isolation and powerlessness. Therefore, in helping these people we need to take account of the particular barriers they face.

Regional variations

16. Looking at poverty and deprivation by region can be too simplistic. Areas within a region are not all the same and differences within regions can often be greater than between regions.

Variations in inactivity rates

The national level of inactivity is 21.2 per cent, but rates of inactivity vary between regions with the highest in the North East (26 per cent) and lowest in the Eastern region (17.5 per cent).

There are, however, greater differences within the regions. For example, in the North East the inactivity rate in Tynedale is 20.5 per cent, which is below the national average, while in the Eastern region Great Yarmouth has an inactivity rate of 29.4 per cent, well above the national average.

17. The Index of Multiple Deprivation shows that most urban centres contain high levels of deprivation. However, looking at the results at a much more local level – super output areas⁷ – many of the very deprived areas are in close proximity to areas which are less deprived. The same holds true in rural areas. This means that there is a wide range of deprivation levels within any one region (see Figure 2.1).

18. There is also variation within cities, with extremes of high and low levels of deprivation (combining income, employment, education and health measures). For example:

- Swindon has 119 super output areas. Of these, eight are in the least deprived 10 per cent in England and seven are in the most deprived 10 per cent in England.

- In Kensington and Chelsea, there are 24 super output areas which are among the 20 per cent least deprived in England, and 20 that are among the 20 per cent most deprived.⁸

19. London has some specific challenges of its own. It has a highly-productive economy, from which all regions benefit. But London's growing population, diversity and changing living patterns put strains on housing, transport and public service delivery.⁹

London

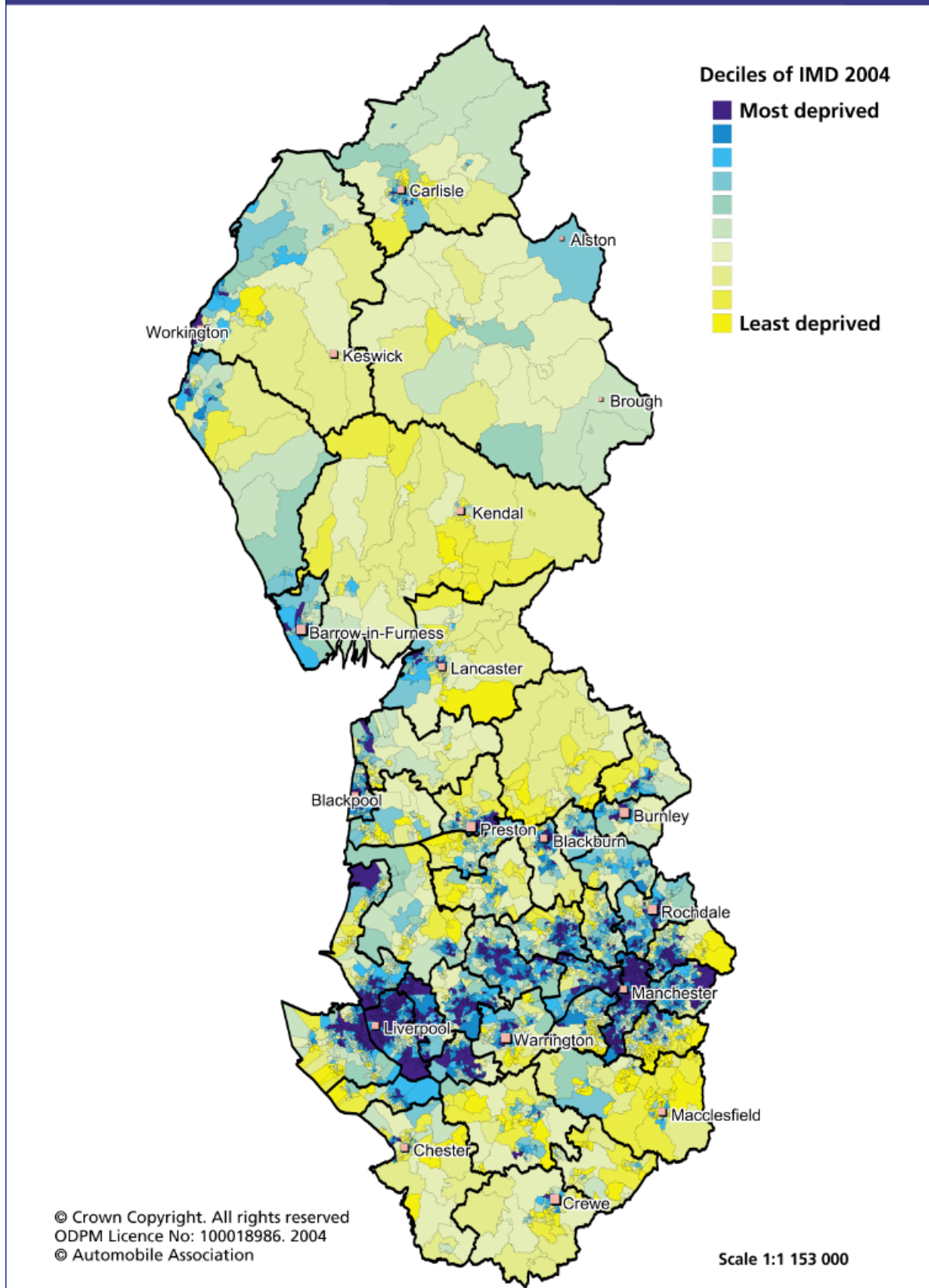
London has six of the 20 most deprived English local authorities – similar to the North West (five) and the North East (five).

Three of the five most deprived English local authorities are in London: Tower Hamlets, Hackney and Newham.

London has the third highest percentage (27 per cent) of its super output areas in the most deprived 20 per cent, compared with the North East (39 per cent) and the North West (33 per cent).

London has a highly deprived 'sub city' of the Inner-East embedded within the relative prosperity of the rest of London.

Figure 2.1: North West Government Office Region – Index of Multiple Deprivation (IMD) 2004



Pockets of deprivation

20. Our analysis is now focusing on much smaller areas, looking at wards, neighbourhoods and in some cases streets. Recent advances in local-level data analysis mean that we can now identify the concentrations or pockets of deprivation that can occur in all types of areas. This can help in identifying concentrations of worklessness at ward level, in local authority districts or regions with high overall employment rates, for example the Wisbech area of Cambridgeshire described below.

Wisbech area, Cambridgeshire

The Fenland District of North Cambridgeshire has an overall employment rate of 79 per cent and approximately 12 per cent of people of working age are claiming benefits (the comparable national figure is 13 per cent).

But the figure for working age benefit claimants in the super output area with the highest claim rate in North Wisbech is approximately 36 per cent. This puts it within the top 3 per cent of super output areas in England for benefit dependence (comparable with areas like Belle Vale in Liverpool or Smethwick in Sandwell).

The same super output area in Wisbech was ranked 2,542 out of 32,482 super output areas in the 2004 English Index of Multiple Deprivation. This puts it within the 10 per cent most deprived super output areas.

21. In the past, analysis has tended to focus upon wards and districts (because this is how the information has been organised). But these administrative boundaries/units do not always reflect economic, functional or social communities. For example, neither wards nor districts are consistent in size of population or the geographical area that they cover.

22. This has hampered our understanding of how locality or local factors like accessibility and settlement patterns affect communities and individuals. This is especially true for those living in smaller neighbourhoods or widely dispersed communities, such as those found in rural areas.

23. The Index of Multiple Deprivation for England at super output area level makes it easier to identify small pockets of deprivation, even in rural areas. Similar indexes of deprivation have been produced for Wales, Scotland and Northern Ireland, although at different geographical levels.

24. The new rural–urban area classification,¹⁰ developed through a two-year research project, provides a valuable new tool for analysing the demographic, social and economic characteristics of rural England at a much more local level than has been possible before. Using this information, we will be better able to target policies to reach those rural communities and individuals that need most support.

Who lives in deprived areas?

25. Only about half of poor people live in deprived areas, and not everyone who lives in a deprived area will be poor. There are 9.8 million people living in the most deprived areas in England (the top 20 per cent of most deprived super output areas). This is just over 20 per cent of the whole population of England. On average, just under a third of people living in the most deprived areas are income deprived.¹¹

26. There are relatively high numbers of poor children living in deprived areas. For example, on average, over half (57 per cent) of poor children in England live in the 10 per cent most deprived super output areas identified by the Index of Multiple Deprivation for England.

27. There are also key differences in the demography of different types of deprived areas.

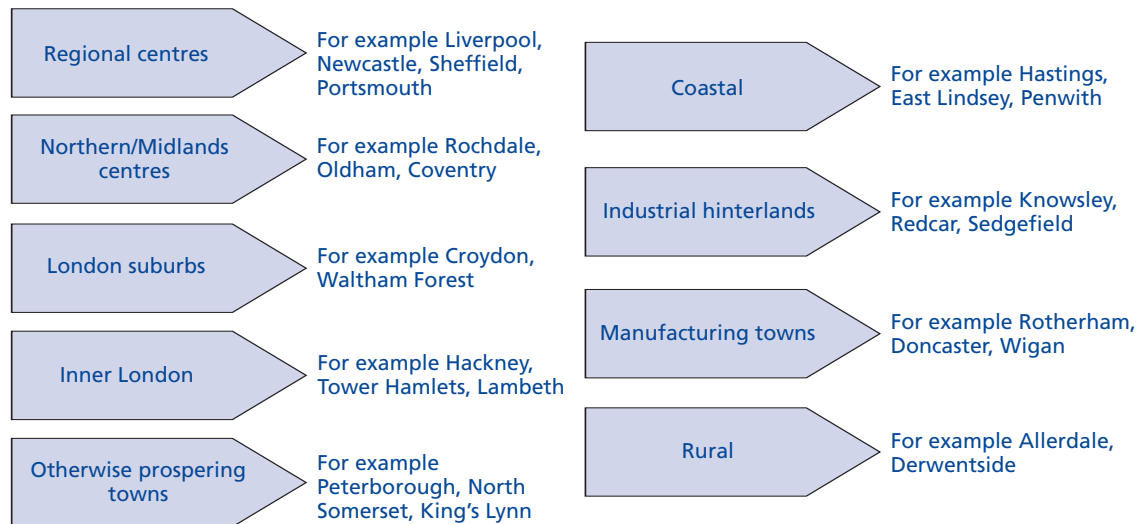
28. People from ethnic minority populations are more likely to live in deprived areas – 68 per cent of the ethnic minority population of England live in deprived areas, although patterns in migration and clustering vary by ethnic group and locality.¹² For example, urban areas are much more likely to have high concentrations of lone parents and people from ethnic minority groups.

Greater numbers of poor children live in urban areas. Those living in urban areas are more likely to live in social housing. The majority of people in receipt of Incapacity Benefit are from urban areas. By contrast the populations of rural areas are more likely to be older, contain smaller concentrations of ethnic minority groups and are more likely to live in private housing.

29. The stability of local populations also varies in deprived areas. Some have a very stable population, but others are very transient with few people staying for long.¹³

30. Recent work by the Prime Minister's Strategy Unit identifies nine types of deprived areas¹⁴ (see Figure 2.2).

Figure 2.2: Examples of types of disadvantaged areas in England



Source: Prime Minister's Strategy Unit analysis of the Index of Multiple Deprivation and Office for National Statistics 2001 Census area classifications.

31. Each of these groupings identifies areas with particular characteristics, of both the population and the area itself, although not all disadvantaged areas will share the same characteristics.

For example:

- Deprived areas in *regional centres* like Liverpool, Bristol and Portsmouth have high proportions of permanently sick or disabled residents, social housing, predominantly white residents and an ageing population. Many of these areas experience extreme deprivation with problems in both economic and environmental factors.
- *Coastal* deprived areas such as Hastings are affected by both the decline of the seaside holiday industry and, in some cases, the loss of land-based industries,

fishing and some manufacturing industry. In some coastal towns the redundant hotels are being used as care homes, cheap bedsits or hostels for homeless people. This results in a concentration of vulnerable people – refugees, asylum seekers, elderly people living in care and children.

- Area deprivation both in *rural areas* and in *otherwise prospering towns* tends to take the form of geographical access to services and education and skills. Rural areas also have higher rates of fuel poverty.

32. Developing this kind of typology can give a better idea of the problems faced by people living in different areas and of how to tackle them.

What is the impact of living in a deprived area?

33. The most deprived neighbourhoods have a lot in common: poor health, poor housing, poor educational attainment, high rates of economic inactivity and high crime rates. These problems hit residents of deprived communities hard:

- People in deprived areas have lower incomes and poorer employment histories than the rest of the population.
- A far higher proportion of people in deprived areas suffer from a limiting long-term illness than in the rest of the country, and life expectancy tends to be lower.
- People in deprived areas are more likely to be victims of crime than people in other areas.
- People in deprived areas tend to suffer more from poor transport and accessibility, low social capital and poor mobility.¹⁵

34. These problems are not straightforward to tackle and we need to understand fully the impact they have on people's lives.

35. There is a large body of evidence on the effects of living in a deprived area, from the United Kingdom and overseas. Although the effects are smaller than the impact of family or individual characteristics, they can still be significant and can damage people's life chances. They can have a cumulative impact, especially for children and young people. This can come on top of the problems associated with poverty for individuals.

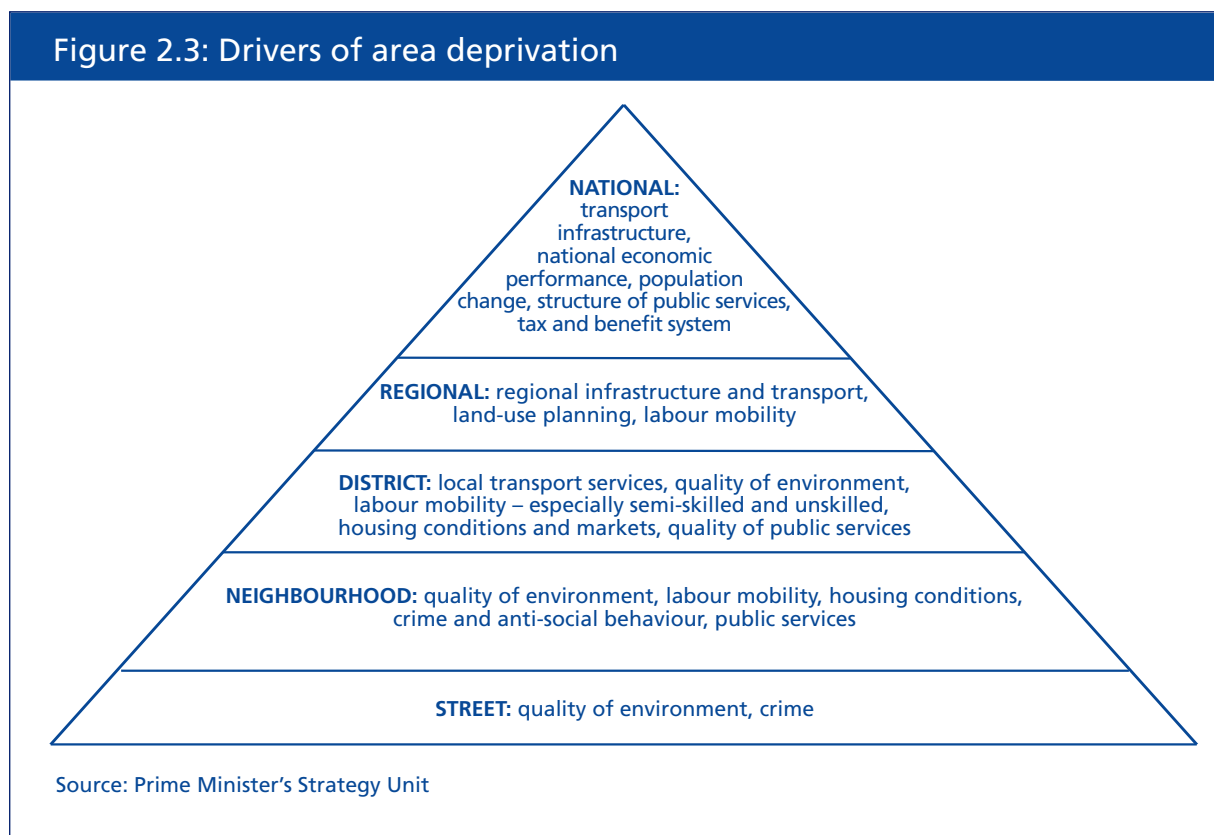
36. For example, there is a link between children's test scores at age 4–5 and the level of neighbourhood poverty, even allowing for characteristics of the parents.¹⁶ Living in the most deprived areas with the highest unemployment has a particularly strong negative effect on a person's chance of leaving poverty. Such effects are strongest at a scale smaller than an average ward.

37. It is not possible to identify exactly how these effects happen, and they vary between areas and outcomes. But it appears to come from both the social makeup of the areas and physical characteristics of deprived places. For example, someone living in an area with few people in work is less likely to hear about job opportunities, but also may be held back by a lack of transport to workplaces.

38. When considering area effects on an individual, a number of geographical levels may come into play. People will consider the quality of their immediate environment or street, their local services, but also a wider area in terms of job opportunities, for example.¹⁷ Additionally, drivers of area deprivation can impact at different levels (see Figure 2.3).

39. Area effects can work at different levels (street, neighbourhood, district and even region), and in different ways for different dimensions and types of people. This makes it hard to measure a direct impact, or to quantify the size of the impact. The complex way in which individuals interact with their neighbourhoods may make it difficult to untangle area effects from the individual.¹⁸

Figure 2.3: Drivers of area deprivation



40. Overall, the balance of evidence suggests that living in a deprived area can impact negatively on individuals. Therefore, while individual circumstances and characteristics will have a greater impact, the extent of problems in deprived areas makes it clear that we must continue to focus on improving areas alongside policies focused on individuals.¹⁹

Our strategy

41. Deprived areas are all affected by a cycle of decline, but different parts of that cycle will apply to different areas, while for other areas there will be multiple problems. Tackling each of these problems in isolation will not deliver lasting solutions. The Government's strategy for deprived areas is based on joined-up policies to deliver decent housing, successful schools, high quality public services and real employment opportunities. Our policies will ensure that people living in deprived areas share in the quality of life enjoyed by people in more prosperous areas – with better health, lower crime rates and better housing.

42. Central government cannot tackle the problems of deprived areas alone. Local communities need to be involved in the design and implementation of policies to improve the areas in which they live as well as being the beneficiaries. An integrated approach is also required to tackle the more dispersed deprivation found in rural areas.

Neighbourhood renewal

43. Neighbourhood renewal is about reversing the spiral of decline and tackling deprivation in our most disadvantaged communities. A *New Commitment to Neighbourhood Renewal*, our national strategy action plan for revitalising the most deprived parts of England, was launched in January 2001.²⁰

44. The strategy sets out an ambitious, far-reaching plan for redressing the balance between England's poorest communities and the rest of the country. Our vision for the national strategy is that within 10–20 years, no one will be seriously disadvantaged by where they live. This vision is reflected in two long-term goals:

- in all the most deprived neighbourhoods, to have common goals of lower worklessness and crime, better health, skills, housing and physical environment; and
- to narrow the gap on these measures between the most deprived neighbourhoods and the rest of England.

45. The national strategy for neighbourhood renewal represents a key departure in policy towards tackling spatial deprivation. The strategy stresses the need for mainstream public services to deliver as effectively in deprived areas as elsewhere, and to reduce the reliance on ad hoc area-based initiatives.

Rural strategy

46. Area-based programmes can help tackle deprivation in rural areas. However, the dispersed nature of rural deprivation means that different approaches may be needed to complement area-based programmes. These include:

- the development of more effective voluntary sector infrastructure;
- specialist initiatives which seek to provide for specific population groups (for example children and older people); and
- other rural needs (particularly access to services such as training and healthcare).

Tynedale District Council – reversing 50 years of Kielder decline

The challenge – Kielder, a village of just 100 homes and 200 people, lies close to the source of the River Tyne, at the heart of the country's largest forest, at the head of northern Europe's largest reservoir and just a couple of miles from the Scottish border. Planned after World War II as a village of 300 houses to meet the labour needs of local forestry operations, Kielder's turning point came with the development of the chainsaw that transformed timber harvesting. The development of the Kielder reservoir brought new jobs and helped mask the impact of the changes in forestry for a time, but during the

continued

continued

1990s five key challenges for the successful economic regeneration of the village became clear:

Isolation – The village is remote. Northumbrian Water and others have spent millions of pounds developing tourism resources at the reservoir, which attracts over 200,000 people each year. Yet fewer than 50,000 of them travelled 9 miles further to Kielder Castle.

People – The population had been falling for many years. Forty years ago the parish had nearly 500 residents. Then, flooding for the reservoir meant one-third of the homes were lost.

The population was also ageing, with retirees replacing families. The first school had three pupils. The community lacked confidence.

Infrastructure – The village's infrastructure was very weak. Only one mains utility, electricity, was available. There was no gas, and the water came from a nearby spring, rather than Northumbrian Water.

Premises – There was little business space and just a handful of businesses operating. The petrol station closed in 1999 and the local business start-up rate was very low.

Access – Much of the land in the village remained in Forestry Commission ownership with limited public access and all roads still privately owned.

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The approach – A village appraisal was completed in 1996 and an extensive list of small-scale projects was completed. Following an unsuccessful Rural Challenge bid, local agencies and groups formed a partnership to launch a successful Single Regeneration Budget bid, based on a business plan for the village completed in 1999, to tackle the major challenges outlined above.

The method of delivery – Tynedale Council employed a Regeneration Manager with responsibility to the local steering group. The programme began to get underway in 2000 with a series of local meetings to set the village's own priorities for the next few years. Attracting younger people to stay and so reversing the population decline in the area was important, but the key was promoting a sense of enterprise in the village. This was not just about creating opportunities for local people to develop business ideas, but looking for ways to stimulate other ideas to improve life in the village in general.

To date, progress has been made on a number of projects, including:

- 5,000 square feet of workshops for local companies and an artist in residence programme;
- re-opening of the village petrol station and a new community minibus run by a community company; and
- a scheme to provide a wood-fired district heating scheme to heat the workshops, the school, new affordable homes and the forestry centre.

47. With more accurate mapping of rural deprivation using the new definition, policy and delivery can be better focused on tackling rural deprivation. The evidence shows:²¹

- Relative prosperity in rural England – especially in more accessible areas, which have higher income per head than the national average – but with a disadvantaged minority amid prevailing affluence.
- Structural economic weaknesses, with associated social deprivation, in a minority of rural areas. This is characteristically in areas adjusting to a decline in employment in mining, agriculture or fishing.

48. To counter this is challenging and requires a more targeted area-based policy to maximise the benefits of mainstream public funding, to attract business investment and foster business development, to improve skills and to build local institutional and community capacity.

49. We are working with regional and local partners to tackle social exclusion wherever it occurs in rural areas.²² We are working with local government to pilot innovative new joint approaches in rural areas. For example, the Department for Environment, Food and Rural Affairs is working with the Local Government Association, local authorities and others on how best to help rural communities shape services to meet their needs through co-location and co-delivery. In addition, we will focus economic development resources on lagging areas. This will include increasing resources allocated for rural social and economic development via Regional Development Agencies. This is explored further in Chapter three of this report.

Richmondshire District Council – partnership infrastructure

Within Richmondshire (North Yorkshire) there are six local action groups – Community Investment Prospectus groups – based in six locally distinctive geographical areas. They each have a formal constitution and, supported by Council Project Officers (funded by the Single Regeneration Budget), have been responsible for undertaking needs assessment studies. Subsequently they have produced a Community Investment Prospectus document that details local needs, projects to address those needs, and a ten-year strategy for community economic development. These ask the fundamental question ‘what would make someone invest in our area?’ Having identified projects, these local groups have then prepared the necessary funding applications and where successful have delivered them.

The partnership of Regeneration Board and Community Investment Prospectus groups has worked very effectively for Richmondshire; the district has the greatest number of Single Regeneration Budget projects approved in North Yorkshire and a strong base of local community-led organisations with deep strategic awareness, some of which are now moving toward self-sufficiency. Partner stakeholders have developed a deep understanding of local needs and have learnt from the range of projects that has been delivered.

Local solutions

50. Area-based initiatives can be highly effective in transforming areas of high deprivation and improving the life chances of communities not able to access sufficient mainstream funding and services. But in concentrating resources on particular areas, care must be taken to avoid resentment and frustration among some communities because of perceptions of favoured treatment.

51. In response to concerns about both the number of area-based initiatives and the need to avoid exacerbating any community tensions, the Area-Based Initiatives Gateway was established. This ensures that proposed initiatives meet agreed design criteria and that relevant regional perspectives are fed into the policy development and delivery process.

52. The development of Local Area Agreements will further rationalise area-based initiatives by:

- simplifying the number of funding streams from central government; and
- focusing on a range of agreed outcomes shared by local partners that will also help to devolve decision making.

53. Local Area Agreements will be piloted in nine areas in England in 2005/06 with a view to rolling them out more widely, if successful, from April 2006. The pilot Local Area Agreements will be structured around three key blocks: *children and young people; safer and stronger communities; and healthier communities and older people*. In the meantime, a new Safer and Stronger Communities Fund will bring together neighbourhood management and wardens, community empowerment and liveability funding streams with those on tackling crime and anti-social behaviour.

54. Local Area Agreements will encourage clearer, more coherent outcome targets, reduce bureaucracy, give greater freedom to local councils and partners and encourage them to adopt a more strategic approach to delivering neighbourhood renewal in their area.

55. There needs to be flexibility in the application of scheme boundaries to provide benefits to direct and indirect participants, with meaningful consultation with recipient communities. Funding rules and mechanisms must not of themselves become a barrier to interaction between communities, and community cohesion needs to be reflected in the development and governance of local initiatives.

Community Champions Fund

The Community Champions Fund was set up in April 2000 to help support and develop the work of local people who are involved in, or who want to be involved in, changing their communities for the better.

The purpose of the fund, worth £3 million a year until March 2006, is to support individuals who have already shown leadership in stimulating community activity, or who have ideas for encouraging greater community activity.

The Community Champions Fund recognises the diversity and contribution of communities and has been particularly successful in attracting volunteers over the age of 50. It has also been successful at targeting ethnic minority communities with take-up being three times that of their presence in the population as a whole.

The Community Champions Fund complements the work being undertaken in the 88 areas targeted by the Neighbourhood Renewal Fund, as well as being able to reach areas not eligible for Neighbourhood Renewal Fund money and where there is limited access to this type of funding support.

continued

continued

Some examples of where funding is making a difference:

In the **Midlands**, the Scarman Trust works through volunteers to organise a number of activities aimed particularly at young people in inner city communities to develop their life skills, increase self-esteem and prevent anti-social or socially divisive behaviour.

In **Herefordshire and Worcestershire** a number of initiatives have been supported at both ends of the age spectrum to overcome social and rural isolation. An example is Just Us, which trains volunteers in getting older people fitter and stronger through exercise, so they can live independent lives.

56. Local Strategic Partnerships bring together the public and private sector with voluntary, business and community groups with the aim of finding local solutions to local problems in the regeneration of deprived neighbourhoods.

Devolved administrations

57. These problems are not unique to England and there is an equal commitment to eliminate social disadvantage and promote greater social justice in the devolved administrations in Scotland, Wales and Northern Ireland.

58. In Scotland, the strategic approach is similarly holistic and targeted at the most deprived areas – as indicated by the new Scottish Index of Multiple Deprivation 2004. The Community Planning

Partnership – an amalgamation of key delivery partners including local authorities – within each local authority area will prepare a Regeneration Outcome Agreement. The Regeneration Outcome Agreement outlines how the Partnership will tackle regeneration and address deprivation locally – in line with national priorities – and the outcomes it will deliver.

59. In Wales, the Assembly Government has established a Ministerial post for Social Justice and Regeneration to carry forward and deliver the Social Justice agenda for Wales. The Assembly's flagship regeneration programme, Communities First, brings a spatially targeted approach to the 142 most deprived areas in Wales; while the Assembly's national economic development strategy, *A Winning Wales*, aims to tackle economic disadvantage across the country.

60. In Northern Ireland, the April 2003 Joint Declaration between the British and Irish Governments gave a commitment to bring forward a strategic and integrated approach aimed at regenerating areas of greatest disadvantage, particularly those that have suffered the worst impact of the troubles. *People and Place, the Neighbourhood Renewal Strategy for Northern Ireland* was published in June 2003. It targets the 32 most disadvantaged areas accounting for one in seven of the population. The strategy is being further strengthened by a recently announced Areas At Risk pilot programme to help combat deprivation in areas with interface tensions.

Summary

61. Physical geography and the distribution of natural resources have influenced and continue to strongly influence access to economic, employment and social opportunities for many communities. Many areas remain locked in a complex cycle of decline, driven by poor housing, deteriorating environments and poor local economic outcomes. The rest of this chapter looks at the specific problems facing deprived areas and how our policies are making a difference.

Economy

62. The economies of deprived areas have changed significantly in the past 20 years, with some having become areas of high unemployment, low skill employment and under-investment by businesses. Levels of business growth and employment growth have not kept pace with the wider economy.

63. We recognise that employment and enterprise are central to the revival of neighbourhoods. It is not possible for an economy to meet its full potential if a significant minority of people are out of work involuntarily. Economic instability in an area also discourages enterprise and self-employment.

Employment

What are the problems?

64. As set out in Chapter one of this report, the United Kingdom is a very high employment country and now has one of the highest employment rates in its history. We are on course to reach our

ambition of sustaining a higher proportion of people in work than ever before.

65. The vast majority of geographical areas in the United Kingdom have employment rates above the European Union and Organisation for Economic Co-operation and Development average (around 65 per cent). The areas that are exceptions to this are concentrated in cities, some (though by no means all) ex-industrial areas and some seaside and coastal towns. These concentrations can be very localised – generally below local authority level, and even below ward level.²³

66. While there have been rising employment rates in all regions in recent years, this has not been accompanied by a general decline in inactivity. Differences in the levels of worklessness between regions primarily reflect variations in the levels of inactivity. Wales, for example, has one of the lowest unemployment rates but also has a low employment rate because it has one of the highest inactivity rates.

67. While people receiving incapacity-related benefits represent most of the inactivity in all regions, there are some sources of variation: for example, the particularly high numbers of Incapacity Benefit claimants in South Wales, the North East and the North West (see Figure 2.4). There are also higher ward level rates for lone parents in receipt of Income Support in London, the East Midlands and North West regions (see Figure 2.5).

Figure 2.4: Percentage of working-age population resident in a ward that falls in the top decile of wards for Incapacity Benefit receipt by region: August 2003

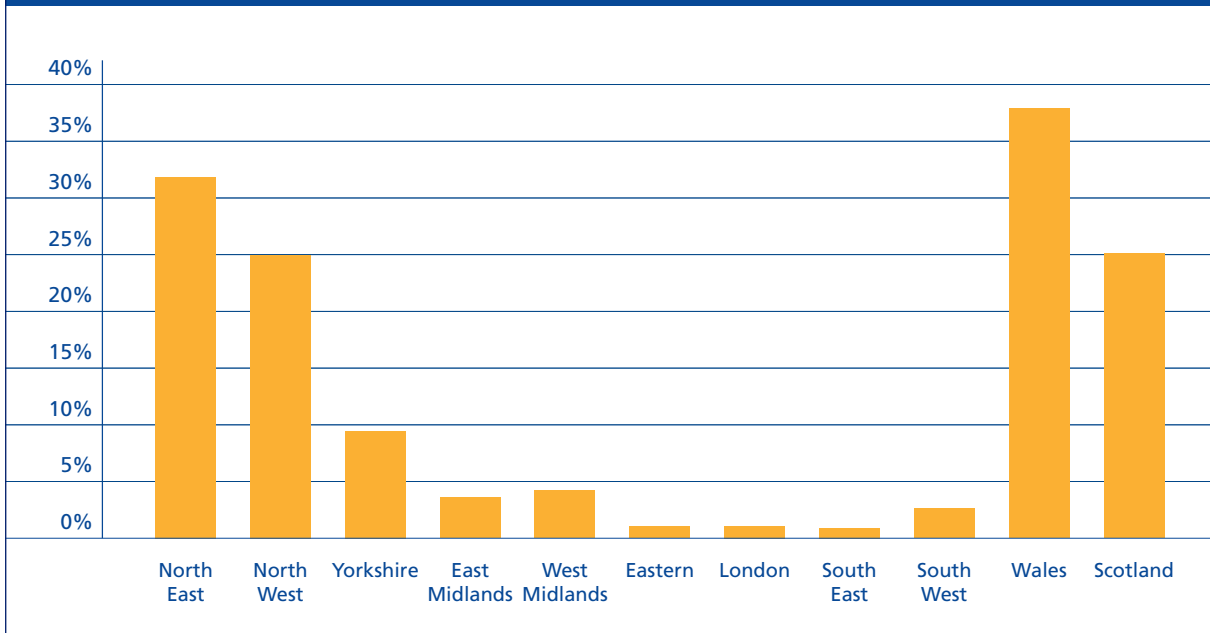
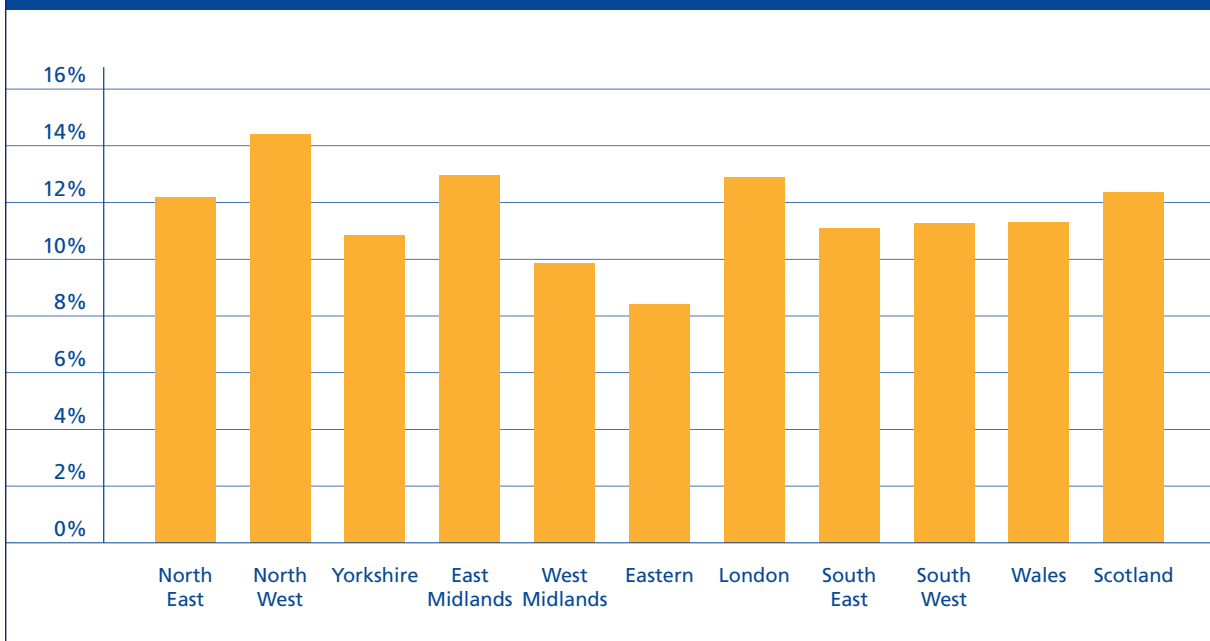


Figure 2.5: Income Support for lone parents: highest ward level claim rate by region: August 2003



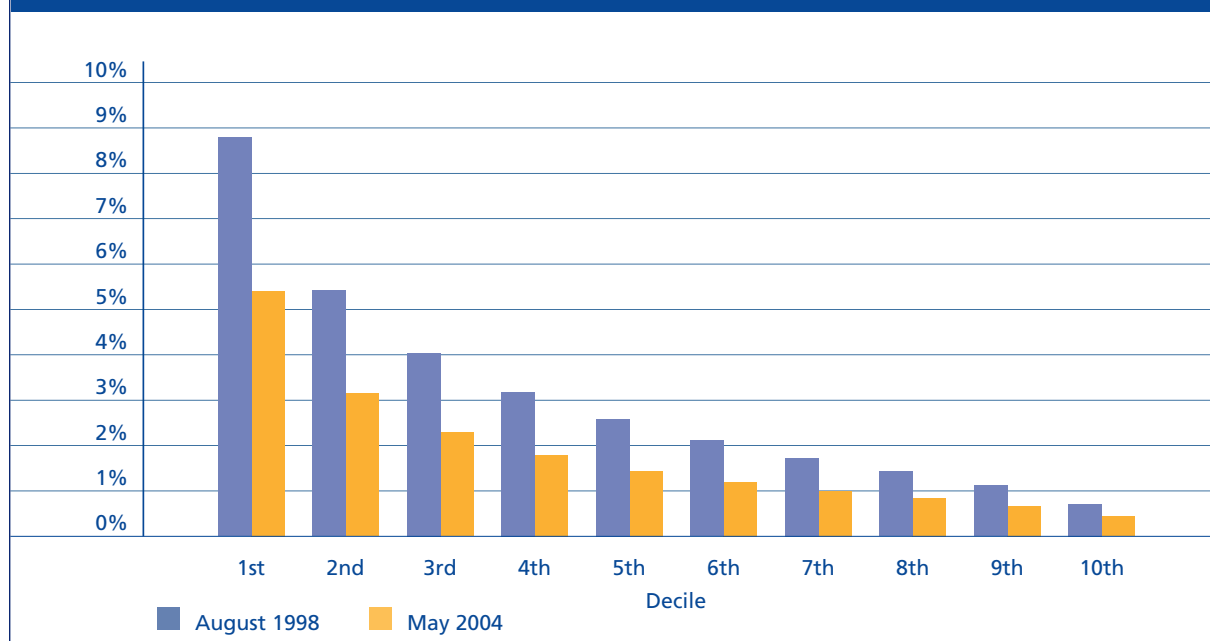
68. Variations in employment and inactivity are much more pronounced within regions than between them. Looking below local authority level illustrates even more starkly the extent to which local variation is more significant than regional variation. For example, in the bottom decile (or 10 per cent) of wards, over 5 per cent of the population is claiming Jobseeker’s Allowance; by contrast, in the top decile of wards less than 1 per cent of the population claim this benefit (see Figure 2.6).²⁴

69. New analysis looks at patterns in worklessness right down to the level of Census super output areas, equivalent to an individual street or block of flats.²⁵ This shows that worklessness in the worst affected tenth of streets is 23 times higher than in the best tenth. These worst affected tenth of streets account

for more than a quarter of people on out-of-work benefits.²⁶ They occur all over the country – including some very prosperous areas – but they are more common in northern regions and some types of area than others. While a lack of jobs is certainly not the main explanation, a minority occur in places where accessible job opportunities are limited.

70. Social capital describes the pattern and intensity of networks among people and the shared values which arise from those networks. While definitions of social capital vary, the main aspects are citizenship, neighbourliness, trust and shared values, community involvement, volunteering, social networks and civic participation. The networks and contacts that constitute social capital can be a highly effective means of finding work and support.

Figure 2.6: Jobseeker’s Allowance claimant rates as a percentage of the working age population by ward decile (1998 and 2004)



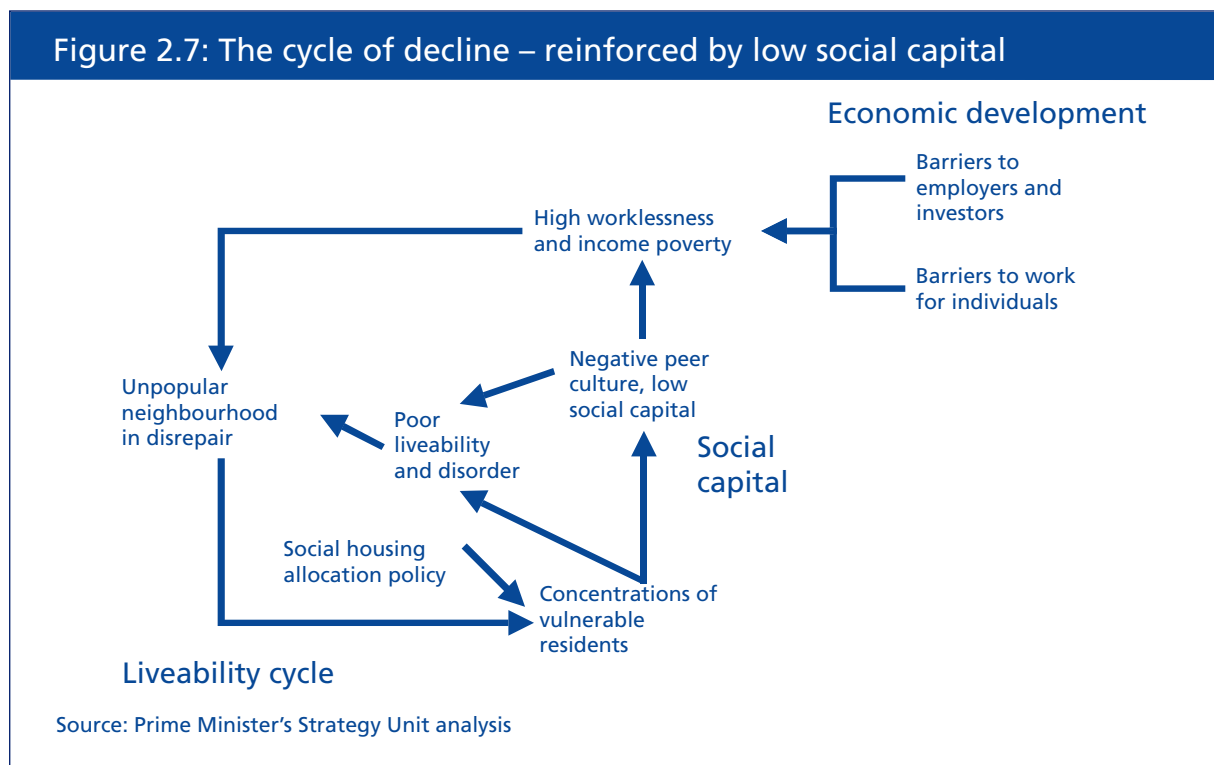
71. A lack of such influential social networks may help explain why individuals living in neighbourhoods of concentrated disadvantage are even more unlikely to escape poverty than their individual characteristics would suggest. Trends towards social polarisation and segregation may be exacerbating this problem (see Figure 2.7).

72. Internal migration patterns may mean that those who have never worked, young unemployed people and people who are economically inactive are increasingly living in the same areas and becoming more segregated from those who are working.

How are we tackling these problems?

73. Our national employment policies, described in Chapter one, target additional help on individuals and groups of people facing particular labour market disadvantage. The core elements of our labour market programmes have proved their worth nationally. National policies already ensure that resources are focused on the places where individual jobless people are concentrated, although they are not enough on their own to address the particular problems of disadvantaged areas. In some areas, a 'culture of worklessness' or 'poverty of aspirations' has developed, locking people into cycles of worklessness.

Figure 2.7: The cycle of decline – reinforced by low social capital



74. The areas with the highest concentration of unemployment and inactivity need targeted resources, and greater flexibility in how they are used, in order to address local barriers to work. To promote flexibility and responsiveness of delivery, and to encourage both new ideas and best practice, we have taken a number of steps including setting up Action Teams, Employment Zones and the Working Neighbourhoods Pilot.

75. The Working Neighbourhoods Pilot was established in April 2004 to test the effect of a programme of intensive, holistic, work-focused personal and neighbourhood support on worklessness in 12 deprived neighbourhoods. The pilot provides additional resources and allows Jobcentre Plus, working in conjunction with local partners, flexibility to deliver tailored services that best meet the needs of the neighbourhood. The help on offer includes both help to find work – by offering work-focused contacts at the earliest opportunity – and help to sustain work through in-work support and incentives.

76. In certain disadvantaged areas a combination of resources are used to support the local community. For example, in some of the New Deal for Communities areas, Jobcentre Plus benefit advisers and Action Teams work in partnership with other public and private sector organisations, providing a range of flexible and accessible support delivered within the community. Job search facilities and benefit advice are readily available with an emphasis on connecting with work.

Knowsley, Liverpool

In Knowsley, the Jobcentre Plus Action Team is at the centre of New Deal for Communities plans for an Employment Intermediary Project 'The Road 2 Work'. This aims to support residents who need help to find work, including employed residents looking to move into jobs at a higher level. By working in partnership they have established gaps in provision and are putting in place the extra support needed. For example:

- Staff have been seconded from the Action Team to work within the New Deal for Communities area and are leading an innovation team looking at introducing new approaches.
- The New Deal for Communities has created its own Client Discretionary Fund.
- Local Authority Neighbourhood Renewal funding has been given to the Action Team to assist residents who cannot access Action Team funding.
- The New Deal for Communities has funded the secondment of a trained member of staff from the Merseyside Drugs Council into the Action Team. They will work closely with drug and alcohol misusers who need extra support to access employment.

These extra flexibilities are helping the Action Team and the Employment Intermediary staff to help all residents in the New Deal for Communities area to start on The Road 2 Work.

77. Our Ethnic Minority Employment Strategy includes a number of measures targeting the most deprived areas where the majority of ethnic minority communities are found.²⁷ Measures include:

- the Fair Cities initiative, announced in the 2004 Budget, will establish projects in cities to connect ethnic minority people to the labour market by working with employers to deliver work-ready recruits with locally required skills;
- the new Specialist Employment Advisers in Jobcentre Plus offices in the major conurbations, who work with employers to help them develop workforces that reflect the ethnic mix of their local communities; and
- targeting of Jobcentre Plus resources on 272 wards with high ethnic minority populations and high worklessness.

Enterprise and investment

78. There is a substantial gap in levels of entrepreneurship between high performing areas of the United Kingdom and the most disadvantaged. For example, 70 of the 88 Neighbourhood Renewal Areas in England have Value Added Tax registration rates below the national average. Deprived areas contain fewer small businesses than other areas, and those that do exist are less sustainable. In recognition of the barriers faced by people and businesses in these areas, we have established the Phoenix Fund to promote enterprise in deprived areas and among groups under-represented in terms of business ownership.

The Phoenix Fund

The Phoenix Fund has committed £150 million from 1999 to 2006, and the 2004 Spending Review has provided an additional £22 million for the next two financial years. Money has also been provided in the Regional Development Agency single pot to allow work on enterprise in disadvantaged communities to be embedded into Regional Development Agency economic development activity.

The Phoenix Fund has been very successful. To date the development element of the Fund has supported over 90 projects testing out innovative ways of providing business support to disadvantaged areas and under-represented groups. These projects have been involved in the creation of 8,100 new businesses, and have helped over 8,900 existing businesses. The Challenge aspect of the Fund has allocated over £40 million to more than 60 Community Development Finance Institutions for on-lending to enterprises in disadvantaged communities, and have accredited for Community Investment Tax Relief over 20 Community Development Finance Institutions who aim to raise more than £80 million from the private sector to be lent to such enterprises.

The Phoenix Fund has also invested £20 million, on a pound for pound basis alongside private sector investors, in a Community Development Venture Fund ('Bridges' Fund). This venture capital fund is investing in small and medium-sized enterprises in the 25 per cent most disadvantaged wards in England.

79. The importance of this activity is reflected in Part 3 of the Department of Trade and Industry's Public Service Agreement to *help to build an enterprise society ... [with] ... more enterprise in disadvantaged communities*. This target will also be used as part of the tasking framework for Regional Development Agencies to ensure they too focus activity on these areas. The new approach will seek to encourage Regional Development Agencies and Government Offices for the Regions to link regional priorities more closely with national public service agreement targets, to deliver on the neighbourhood renewal and creating sustainable communities agendas. This will ensure that local strategic partnerships have the help they need to support economic growth, and tackle worklessness at the local level in a way that supports regional priorities and opportunities, and that fits within the overall regional economic framework. In line with this, Business Link Operators will also come under the remit of Regional Development Agencies from April 2005, ensuring a more focused approach to supporting enterprise in deprived areas.

80. In 2002, we designated the most deprived areas of the United Kingdom (1,262 in England) as Enterprise Areas. A range of fiscal, planning and business support measures to help both people and businesses in disadvantaged communities are available in Enterprise Areas. This includes stamp duty exemption, which is exclusive to Enterprise Areas. We are encouraging key organisations such as local authorities, Regional Development Agencies, Business Link Operators and Local Strategic Partnerships to work with the business

community to raise awareness of the help and support available and to co-ordinate and target their activities on Enterprise Areas (discussed in more detail in Chapter three).

81. City Growth Strategies, launched in England in June 2001 and funded through the Phoenix Fund, also focus on deprived areas. However, they put competitiveness and entrepreneurship at the centre of urban regeneration. City Growth is private-sector led and brings together leadership from all parts of the community, including the public sector and the voluntary sector, to build strategies and action plans based on competitive advantage that encourage private-sector growth and create a new vision of success for these areas. Evaluation has shown the City Growth approach (in the seven pilot areas) has been successful in engaging the private sector to take the lead in the development. The City Growth approach is being refined in the light of the experiences in the pilots and is currently being rolled out in ten new areas from April 2004.

82. Better co-ordination between Jobcentre Plus and business services, and improved access to small-scale finance when entering self-employment, will help to ensure that support for self-employment and business start-up in deprived areas is improved and focused on the most deprived 15 per cent of wards designated as Enterprise Areas. We are also looking at ways to take advantage of the skills and entrepreneurship that already exist in deprived areas, but are in the informal economy.

83. The current rural funding framework is being streamlined by the Department for Environment, Food and Rural Affairs into three major funds to simplify investment in rural areas. In addition, administrative procedures will be streamlined and simplified, and there will be better and more accessible advisory services. These will provide rural businesses with advice that is more relevant to them and to the area in which they work and live. These changes will play an important investment role in rural areas.

Location

84. Location can be a major factor in increasing disadvantage in an area. Problems with transport and access to services can reinforce social exclusion.

What are the problems?

85. The most deprived areas often have the poorest services and the most fragmented approach to tackling multiple problems, which can be mutually reinforcing. These problems can prevent people from accessing key local services or activities, such as jobs, learning, healthcare or leisure. They can also reinforce feelings of social exclusion. Problems vary by type of area and for different groups of people.

86. As in urban communities, disadvantaged people in rural areas can be concentrated in pockets of deprivation. Many of these pockets are geographically isolated or remote, often

they are or have been dependent upon a handful of traditional industries such as mineral extraction and farming. For example, nationally 6 per cent of the workforce in rural areas (using workplace-based figures) are employed in agriculture, but in some of the poorest rural districts this rises above 20 per cent – including parts of Lincolnshire, Cornwall and Northumberland.²⁸ These communities also often have relatively poor access to public goods and services, new markets and investment. These factors both explain and compound the problems of worklessness and social exclusion in rural areas mentioned earlier.

87. But accessibility is not just about remoteness or distance. It can be as much a problem in towns or urban areas as in rural communities. For example, if you have small children or are unable to walk far, a bus stop that is 600 metres away may be perceived as just as much of a barrier to using public transport as having one six kilometres away.

88. Isolation also is not confined to rural communities and can be experienced on large estates with few facilities and poor transport links on the edge of towns or even in inner cities. In addition, the effects of road traffic can also disproportionately impact on socially excluded areas and individuals through pedestrian accidents, air pollution, noise and the effect on local communities of busy roads cutting through residential areas.²⁹

Thames View in Barking and Dagenham

Thames View in Barking and Dagenham is cut off from the rest of the borough by a trunk road and a main railway line on one side, and the Thames on the other three. The consequence of this was that people in the area found it difficult to access services and tended to get overlooked when facilities were allocated.

Sure Start has funded expansion and refurbishment of existing buildings and creation of play facilities in the area. It has also paid for dedicated workers for the area. The main Sure Start building will be at the front of a larger development which will include a neighbourhood learning village and a rebuilt library facility. There will also be a physical link with the existing health clinic to provide a multi-functional campus providing a range of services to families.

How are we tackling these problems?

89. The Social Exclusion Unit report *Making the Connections*³⁰ set out how we are going to address transport and accessibility problems that affect social exclusion. Our strategy contains 37 key policies, which crucially do not just involve improving transport to key services (such as healthcare, education and employment), but changing where and how these jobs and key services are delivered.

90. The cornerstone of the strategy to improve access to jobs and services is the development and implementation of accessibility planning, to be led by local transport authorities in partnership with other local agencies.

91. The Department for Transport has overseen an extensive work programme to develop approaches to accessibility planning that are transferable to other areas and locations, including the piloting of accessibility planning in eight areas. The work programme has been used to inform the development of various guidance documents on accessibility planning which will be issued by a number of government departments in summer/autumn 2004.³¹

92. Local authorities will be expected to report against a range of core indicators to assess how transport is being improved for the whole population in general and for socially excluded groups in particular. This will enable authorities to ensure that action to improve accessibility is targeted at the groups and areas that need it most. These indicators will monitor access to compulsory education, further education, work, hospitals, GPs and major retail centres.³² Authorities will also be encouraged to develop locally appropriate indicators to supplement this core set.

Using accessibility assessments to inform funding, policy and delivery

Following the accessibility planning pilots, accessibility assessments and indicators are being used:

- in **Nottinghamshire** to adapt tendered bus services to accommodate the needs of new employment developments; to assist negotiations with developers on the requirements of their travel plans; and to inform the marketing of bus services (for example, to people in no-car households);
- in **Greater Manchester** by partners to ensure that the secondary school building programme 'schools for the future' includes accessibility criteria (led by Wigan Metropolitan Borough Council);
- in **Lincolnshire** by partners to demonstrate and test the use of accessibility modelling techniques to inform decisions on new health facilities serving both wide and local areas; and
- in **Merseyside** by partners, particularly the Strategic Health Authority, to monitor Primary Care Trust performance on health equity audits across North West England and travel plans by Hospital Trusts (using the core accessibility indicators). The partners will also be using the assessments to inform site selection of local health centres based on accessibility criteria.

93. Sure Start Local Programmes have shown what can be done to improve the situation by providing integrated services for young children, with different agencies working together to deliver the services local people say they want and need (see Chapter one). Not only do programmes improve and reshape existing services, they often also bring in services, such as advice and further education, which were not previously available on an outreach basis. This is particularly helpful in rural areas and estates with poor transport links on the periphery of towns. Our new network of Children's Centres will build on the success of Sure Start Local Programmes.

94. Delivering services for children in rural areas can present its own unique set of problems in addition to those encountered in urban areas. The obvious ones are geographical isolation and a dispersed population. They can suffer from lower expectations, risks to sustainability due to lower numbers, additional time and cost to provide services, and lack of suitable premises. Urban areas also suffer from historically separated communities being unwilling to share facilities, but this can be a particular problem in rural and coalfield areas.

95. Sure Start Local Programmes have shown how we can make the best of existing facilities and spread resources to cover large areas. Sure Start Local Programmes have used schools, village halls and even a fire station to bring services to remote communities.

Sure Start Local Programmes

The **Oswestry Children's Centre** in Shropshire covers deprived wards in the market town itself plus four outlying villages. The primary schools in the villages have extensive grounds and the programmes have built high quality demountable centres, capable of offering a variety of services including full daycare (providing much-needed employment for local business) in these grounds.

Berwick Borough is a massive, sparsely-populated area. The only other major community apart from Berwick-upon-Tweed itself is Wooler, a town of around 2,000 inhabitants at the foot of the Cheviots and 18 miles from Berwick. Here the programme extended the local fire station to provide an area to deliver services.

China Clay in Cornwall is investing in space in existing community facilities including village halls, some of which have seen better days, as well as a school to cover the ten communities in the catchment area.

96. Sure Start is also working in urban areas. One major area in which many Sure Start Local Programmes reorganised services was to put health visiting on estates on a geographical basis rather than being attached to GP surgeries. Many peripheral estates did not have a surgery.

Ore Valley, Hastings

Prior to Sure Start, up to 27 different health visitors could be practising on the estates and also families mainly accessed medical advice through the local hospital's accident and emergency department. The estate now has a dedicated team of health visitors and a nurse practitioner clinic in the Sure Start building, for minor ailments and routine treatment. There are also outreach facilities from local colleges and Jobcentre Plus in the same building. Before Sure Start provided local accommodation, people had to use two buses to take advantage of education and training facilities at the local college.

97. The lesson that has been reinforced by the Sure Start experience is that what works for the specific community is what counts, whether it is mobile, shared, new build or regenerated facilities.

A better environment

98. Alongside high levels of crime, inadequate standards of housing and poorly planned and often degraded environments are all too often key features of deprived areas. In turn, a derelict physical environment can contribute to a range of other issues affecting deprived neighbourhoods.

What are the problems?

99. There are some obvious and direct links between a poor environment and other aspects of people's lives.

100. There are consequences for the health of local people – and especially children and the elderly – from environmental hazards like air quality and refuse. Research evidence³³ in the United Kingdom and elsewhere shows that people who experience one or more of: material disadvantage, lower educational attainment or insecure employment, are likely to experience worse health than the rest of the population. In addition, there is evidence that living in materially deprived neighbourhoods contributes to worse health for individuals.

101. Badly managed traffic, the lack of green space and inadequate access to amenities all reduce opportunities for leisure, sport and exercise. Recent research shows that lack of access to clean air and green spaces can often exacerbate respiratory diseases like asthma, and other health problems like obesity.³⁴

102. A neighbourhood's poor environment can sustain its unpopularity, resulting in reduced demand for housing in the area, which in turn can undermine local residents' confidence and self-esteem.

103. A variety of issues combine to create that combination of neglect, unpopularity, stigma and disadvantage

that are present in many deprived areas, such as underinvestment in and neglect of the physical housing stock – which includes inadequate maintenance of social housing stock, and lack of upkeep by private landlords and homeowners.

104. Changes in patterns of demand for social housing will have a major impact on an area. The growing unpopularity of social housing in some areas, and the fact that for many it is seen as a stepping stone to owner occupation, means that new households seeking social housing are likely to be in less secure employment than in the past, adding to the increasing volatility of the housing market. The relatively large numbers of elderly people living in social housing will lead to an increased flow of social housing properties in the next few years – with the risk of a further increase in neighbourhood instability.

105. Changes in the local economy can also have wider consequences for the stability of an area. Job losses in an area can lead to migration elsewhere in search of jobs. This in turn can lead to empty properties and the start of a downward spiral in the local environment.

106. Some regeneration and renewal partnerships have found that the quality of the local environment affects an area's ability to attract and, perhaps even more importantly, retain investment and therefore employment.

Upper Lee Valley Partnership

The Upper Lee Valley Partnership in North East London invested in environmental improvements in the area's industrial estates, including improving the appearance of roundabouts and access roads. A number of multinational firms located in the area, such as Coca Cola and Merck Sharpe & Dohme, said that the improvements played a major part in their decision to remain and reinvest in the area.

107. There is a close correlation between areas of high deprivation and those experiencing the worst levels of crime and disorder. Levels of deprivation can cause and underline inter-community tensions and conflict which can in turn lead to levels of disorder, disturbance and crime. This can affect the reputation of an area and make properties more difficult to let, leading to problems with vandalism of empty properties, or their use for illegal purposes such as drug misuse.

108. Anti-social behaviour by a minority can have a disproportionate impact on residents of deprived areas, compounding other problems and creating an environment where the behaviour of a few individuals and families is tolerated but not tackled. These problems can cause further decline of neighbourhoods and, if left unchecked, have the power to undermine communities and prevent regeneration and social inclusion.

109. High crime levels can also deter employers from setting up in an area, or

lead to current employers leaving an area, which affects levels of local employment and worklessness. Lack of job opportunities can make re-offending more likely by ex-offenders.³⁵

How are we tackling these problems?

110. The standards of the local environment can make a major difference to how people feel about the area where they live. Improvements in the local environment also give people confidence that things can change. To halt the years of neglect and decline in the quality of local environments, we are working to get the basics in place with better co-ordination across government and beyond, new powers and more funding.

111. The strategic approach we are taking is to:

- invest in creating good quality new places and spaces;
- sustain high quality care and management of existing places;
- encourage better social use; and
- empower communities to engage and take pride in and ownership of their local environments.

112. As part of this, we are promoting best practice, encouraging greater leadership and supporting improved standards of delivery for public spaces. We are also targeting resources at our most deprived areas, which often experience the poorest quality local environments.

113. Our aim is to ensure local environments meet the needs of everyone in our communities through better planning, design, management and maintenance. We have introduced a new national Public Service Agreement target to *lead the delivery of cleaner, safer and greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvement by 2008.*³⁶

114. Parks and green spaces have an essential role to play in building sustainable communities and enhancing people's quality of life in our towns and cities. We recognise the need for targeted action to improve our local environment and we are providing help through a number of programmes, including the £30 million Living Spaces Scheme, the Special Grants Programme, the £89 million Liveability Fund and the Commission for Architecture and the Built Environment's Space advisory scheme.

115. Programmes like Community Civic Leadership and Living Spaces are also showing how, if given the opportunity and support, local people can transform and look after the quality of their local spaces. In addition, we sponsor Groundwork to help take forward our aim of bringing about environmental regeneration in deprived urban areas.

116. Groundwork aims to build sustainable communities through environmental action. This means

working with local people, businesses, local authorities and other bodies to undertake such action in a way which also generates social, economic and regenerative benefits. Groundwork's approach means communities are actively engaged in making decisions about their area, including the design, implementation and management of projects, thus developing a unique sense of ownership. Success of projects depends on local involvement by residents, community groups, local authorities and other players.

Groundwork in Oldham

The Greening Glodwick programme has tackled a number of run-down and derelict sites in Glodwick, scene of the summer 2001 riots. In consultation with the local community, Groundwork helped to form a community group, which established a committee that operated for 18 months, supervising the distribution of consultation pictures and questions that ultimately resulted in the transformation of five sites across the Glodwick area, with more underway. For example, land surrounding a community mosque which was previously derelict, unsafe and badly flytipped has been landscaped and planted. Community relations have been enhanced by the consultation process and parties to celebrate the finished result.

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Funding from the Neighbourhood Renewal Fund has enabled Groundwork to reclaim and open up Holyrood Street, a previously disused pathway that links Derker and St Mary's wards, both predominantly white areas and in the top one per cent of the Index of Multiple Deprivation. The process involved a full community consultation and participants on the Jobcentre Plus Step-Up programme improved the pathway and planted trees and foliage.

Oldham has proportionately more children and young people than the country as a whole. There is a huge challenge in ensuring the inclusion of this group, which has a disproportionately high ethnic minority content. As a result, a great deal of Groundwork's activities in Oldham focus on catering for and involving young people in the community.

Groundwork Oldham and Rochdale has the largest Prince's Trust franchise in the country and is the lead delivery partner for The Prince's Trust in the North West. Groundwork and The Prince's Trust have been running a 12-week personal development programme for young people aged between 16 and 25 since 1998.

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The programme uses practical tasks to tackle a range of issues, including communication skills, working with others, confidence building and team work, allowing participants to learn basic life skills in a practical manner. Key elements include a month spent working on a community project which is organised, designed, fund-raised for and delivered by the team. Recent examples include redecorating a community centre and creating a herb garden for and with children at Greenacres Primary School (which derives most of its children from the Glodwick area).

117. The Sustainable Communities Plan³⁷ is at the heart of our commitment to transform communities and improve the quality of life for everyone. It aims to tackle housing supply issues in the South East, low demand in other parts of the country, and the quality of our public spaces. It is backed with £22 billion of investment over three years and marks a step change in our approach to housing, planning and economic development.

New Deal for Communities

118. New Deal for Communities is a key programme in our strategy to tackle multiple deprivation in the most deprived neighbourhoods in the country, giving some of our poorest communities the resources to tackle their problems in an intensive and co-ordinated way. The aim is to bridge the gap between these neighbourhoods and the rest of England. New Deal for Communities partnerships are having a real impact on people's lives.

Haringey New Deal for Communities

One of Seven Sisters' New Deal for Communities pilot neighbourhood services is the Clean Team, a dedicated area-based group of three workers. They work closely with the neighbourhood pest control enforcement officer, environmental teams, and the local abandoned vehicles officer.

"We don't separate our environmental and crime-fighting work," says director Angus Johnson. "We know that we can't make this community safe if we don't clean it up in every sense of the word. Respect for the environment goes hand-in-hand with respect for neighbours and their property."

119. We are also making a difference in rural areas. A similar area-based approach, with an emphasis on partnership working and looking at problems holistically, has also proved effective in tackling rural deprivation.

Investing in Communities: rural regeneration in the East of England

In December 2003, the East of England Development Agency launched Investing in Communities, an exciting and innovative major new programme. It will encourage a holistic partnership approach to tackling long-term regeneration and renewal in deprived communities in the East of England. The key priorities for action include social inclusion, learning and skills, community and voluntary capacity building, business development, the social economy and social capital. It will be delivered through strategic partnerships at regional level and local level. Over the next ten years the Development Agency plans to invest at least £230 million through the programme to communities across the region.

This Development Agency has already awarded just over £4 million under this programme in support of the Breckland Community Regeneration Programme. The programme includes a rural outreach project working with disadvantaged youths. The project aims to enable disadvantaged youths to participate in proven programme activities with a view to them progressing into mainstream training, self-employment, employment or volunteering.

Decent homes, decent places

120. The relationship between housing and neighbourhood renewal extends beyond the physical condition of the housing stock. Our overall housing strategy is discussed in detail in Chapter one of this report. Critical issues that neighbourhood renewal partnerships need to consider in developing strategies for housing and the environment include:

- the relationship between tenure mix and the stability of the population within neighbourhoods – tenure diversification (through the introduction of higher levels of owner occupation) is often seen as a way of stabilising populations by increasing residents’ stake in the area;
- the impact of housing design on patterns and types of crime;
- the consequences of sub-standard physical conditions for health, and of overcrowding for educational attainment;
- the impact of standards of housing management – often remote and unresponsive – on resident satisfaction; and
- the relationship between neighbourhood (and indeed local authority district) housing strategies and the wider housing market.

Decent homes, decent places

In **Boscombe (Bournemouth)**

Neighbourhood Wardens work closely with the local council in the removal of abandoned vehicles, and have undertaken a five-day car initiative in conjunction with the local police that resulted in the successful removal of 91 cars. They also liaise with the council on the renewal of street lighting, removal of graffiti and other community safety issues such as overgrown hedges and the removal of fly-tipping. Wardens have also been instrumental in organising anti-fouling campaigns to encourage responsible dog ownership, and have provided and fitted ‘no fouling zone’ signs within the patrol area.

In September 2000, the whole of **Coventry City’s** housing stock (20,000 homes) transferred to Whitefriars Housing Group under the Large Scale Voluntary Transfer provisions. By March 2003, Whitefriars had installed new windows in 10,000 properties, modernised around 5,500 kitchens and bathrooms, and replaced almost 4,000 heating boilers as well as carrying out a range of other improvements. By 2010, all its homes should meet the Decent Homes Standard.

The level of investment by Whitefriars has provided a boost for the local economy in Coventry, while the focus on training and wider investment by the partnership is providing additional benefits for the communities involved.

Culture

121. Culture has an important role to play in area regeneration. Iconic buildings such as Tate Modern in Southwark and BALTIC at Gateshead Quays show how ambitious cultural centres contribute to the economic, as well as the physical, social and creative regeneration of an area.

Bellenden Renewal Area

The Bellenden area in Peckham, South London was launched as a renewal area in July 1997, qualifying because of a high level of deprivation and poor living standards in private housing: 78 per cent of dwellings are privately owned; over a third of residents are on means-tested benefits; and 28 per cent are from ethnic minority groups.

One of the main aims was to improve the private housing stock through high quality renovation of whole streets, including replacement roofs, windows and front walls to give each street a distinctive look. Associated with this were improvements to social housing, public spaces and local business premises, particularly run-down shops, pubs and cafes. From the outset, Southwark Council, in partnership with private-sector developers, placed a strong emphasis on community consultation and participation in the process of deciding what changes would be made. A number of local artists (some internationally known) offered their services and worked with the council and residents to design environmental improvements that would help address the negative

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stereotypes about the area. Some of the projects include:

- street bollards and service covers designed by Antony Gormley, sculptor of Angel of the North;
- pavements inscribed with poems chosen by residents;
- lamp posts, bus stops, service covers and bollards designed by fashion designer Zandra Rhodes;
- lamp posts, gates, seating, children's play equipment and mosaic murals by visual artist Tom Phillips; and
- Choumert Market, formerly a health hazard, redesigned by the sculptor Sokari Douglas Camp to reflect the culture of the large and long-established Caribbean population.

The renewal process has bolstered community spirit and many residents, including ex-offenders and those in community care, are now actively involved in making their area a better place to live. Residents take pride in the highly distinctive public art and design – something they played a direct part in bringing about. Local businesses have been revived by significant investment from the council, and many local artists and designers have been recruited to work on a wide range of projects. People living in Bellenden not only have an improved quality of life, but are part of a highly distinctive and sustainable community. The area has received national and international recognition and acclaim, and was awarded Visit London's Tourism Initiative Award in 2003.

122. The Department for Culture, Media and Sport's consultation paper *Culture at the Heart of Regeneration*³⁸ has identified three priority areas for action to ensure that culture is firmly embedded in regeneration from the very beginning, and is not simply a minor component or an add-on:

- *building partnerships* – across central, local and regional government, the private and voluntary sectors and culture and regeneration practitioners; identifying effective methods of involving local people as partners in the process;
- *supporting delivery* – spreading good practice on instilling culture and measuring the outcomes; and
- *strengthening evidence* – finding coherent and robust methods for measuring impacts in the short and long term.

123. Responses to this consultation will form the basis of a detailed delivery plan outlining how the Department for Culture, Media and Sport will work with its sponsored bodies and wider stakeholders to tackle these priority areas.

Conclusions

124. We are tackling poverty and social exclusion in every region head-on through a combination of national policies and area-based initiatives aimed at helping both disadvantaged individuals and disadvantaged areas.

125. Britain has made progress in tackling disadvantage and this success has been shared by every region. But while there are many affluent areas, there also remain many disadvantaged areas – in every region, both rural and urban. Disadvantaged areas and the people who live in them suffer from many of the same problems, wherever they are. This includes problems arising from structural change in the economy, poor provision and lack of access to services. Often there are also additional problems that reflect local history or geography that can compound the problem. These require local solutions based on an improved small-area analysis and increased local flexibility.

126. Recognising the need for local solutions, we have put in place a Neighbourhood Renewal Strategy to reverse the spiral of decline and tackle deprivation in our most disadvantaged communities. Our strategy sets out an ambitious, far-reaching plan for redressing the balance between England's poorest communities and the rest of the country. The vision for the national strategy is that within 10–20 years no one will be seriously disadvantaged by where they live.

127. The strategy sets out long-term goals for narrowing the gap between the most deprived areas and the rest by delivering to the poorest parts of the country:

- employment and local economies;
- safe communities;

- high-quality education;
- decent housing; and
- better health.

128. Alongside this, the conclusions from the forthcoming report *Improving the prospects of people living in areas of multiple deprivation in England* will be taken forward.³⁹

129. Nationally, we have adopted key targets which focus on the areas and people that need support the most. This approach is encapsulated in the revised Public Service Agreement target for the Office of the Deputy Prime Minister, agreed through the 2004 Spending Review on neighbourhood renewal and social exclusion – *to narrow the gap in key outcomes between deprived areas and the rest*.

130. These problems cannot be tackled by central government alone, and an effective strategy is based on partnership working – central, devolved and local government in conjunction with voluntary and community sectors.

131. In Wales, good progress is being made on implementing the spatially targeted Communities First programme through local Communities First Partnerships. A wealth of experience has been gained over the first two years of operation which will be used, in conjunction with the ongoing evaluation, to further develop the programme.

132. The Northern Ireland strategy focuses on the worst 10 per cent of deprived wards, which includes approximately 250,000 people. A total of 32 Neighbourhood Renewal Areas have been identified in Belfast and Londonderry, as well as other regional towns and cities.

133. In Scotland, the main focus is on the most deprived 15 per cent of areas identified by the new Scottish Index of Multiple Deprivation 2004. The index is being used as the main determinant for allocating the new Community Regeneration Fund – £104 million of resources – to Community Planning Partnerships. The combination of targeted resources with small area geography and the use of Community Planning Partnerships will enable deprivation to be tackled at a local level.

134. Regionally, Government Offices join up policy for the regions, and focus on tackling deprivation in the most deprived areas. At the local and community levels, partnerships of public services, the private sector and community and voluntary groups (Local Strategic Partnerships) are asked to work together to tackle local concentrations of deprivation. National, regional and local service delivery agents are incentivised (through programmes and performance management systems) to make mainstream services work better in deprived neighbourhoods.

135. Chapter three of this report looks at working in partnership in more detail.

Chapter three: Working in partnership

Introduction

1. The multi-dimensional nature of poverty and social exclusion means that effective strategies need to involve the widest possible range of participants. Central, devolved, and local government need to work together and in partnership with the voluntary and community sector and with business, and also need to draw on the expertise available in the academic world.

2. The Government is committed to removing bureaucratic barriers to joined-up working. This chapter includes sections which describe the contribution that the European Union, devolved governments and regional and local government are making to the fight against poverty and social exclusion. The chapter concludes with a description of how the Government is working with the voluntary and community sector and the private sector to develop and deliver its anti-poverty strategy.

Europe

3. *Opportunity for all: Fifth Annual Report 2003* set out our commitment to working closely with the European Union on social exclusion. The *UK National Action Plan on social inclusion 2003–2005* sets out the anti-poverty strategy in the context of the European Union's common objectives and commonly agreed indicators.¹ Based on the participation of the devolved administrations, local authorities, the voluntary and community sector and people with direct experience of poverty, it seeks to complement *Opportunity for all* by drawing on good practice across the United Kingdom in support of a

long-term strategy from an international perspective.

4. Building on the UK National Action Plan, we are working with other member states to identify and learn from examples of good practice across the European Union. The United Kingdom has already hosted a peer review in which our work in tackling rough sleeping was examined from an international perspective. We are also working with a number of transnational research projects on social inclusion to inform future National Action Plans. These projects include:

- a study of services for elders from ethnic minorities which seeks to identify new ways of meeting the special needs of this group, who may be doubly vulnerable to social exclusion because of age and race;
- the Local Authority Social Inclusion Project, which seeks to address the capacity of local authorities, in partnership with other local agencies and local communities, to promote a more effective response to the problems of poverty and social exclusion, and to assist in implementing the National Action Plans for each participating country; and
- Learning from Families in Europe, a project which aims to address policies and programmes from the point of view of families themselves in order to help governments and statutory and voluntary bodies to build social environments that lessen the accumulation of risks, encourage protective buffers and help families out of social exclusion.

Devolved and regional administrations

5. Central government and devolved administrations share common goals. In particular, we have a shared commitment to the eradication of child poverty by 2020; we also share the goal of tackling social exclusion more generally and of extending opportunity for all. Approaches to these issues differ across the countries and regions of the United Kingdom, reflecting the different challenges and opportunities that we face.

6. We are committed to effective partnership working with devolved and regional government. In addition to established means of communication, we are using the UK National Action Plan to enhance dialogue on social inclusion issues. The devolved and regional administrations have also developed innovative approaches to working in partnership with non-government organisations. These developments offer new insights into ways of tackling poverty.

Wales

7. *Wales: A Better Country*,² published in September 2003, sets out the Welsh Assembly Government's agenda for the next four years. It shows how the Assembly Government will set about making Wales a more prosperous, healthier and better educated country, rooted in a commitment to social justice at the heart of policy making. In taking forward its vision in this second Assembly term, there are four key areas that the Assembly Government will focus on:

- helping more people into jobs;
- improving health;
- developing strong and safe communities; and
- creating better jobs and skills.

8. In each of the last three years the Welsh Assembly Government has published an *Annual Report on Social Inclusion in Wales*. In May 2003, the First Minister of the Welsh Assembly Government announced a major change in the structure of his Cabinet by appointing a dedicated Minister to carry forward and deliver the social justice agenda for Wales. *The Social Justice Report 2004*,³ focusing on the policies and programmes of the new Social Justice and Regeneration portfolio, was published in March 2004.

9. The flagship Communities First programme is a response to the problems of poverty and social disadvantage. The programme offers a long-term approach to improving opportunities and the quality of life for people living and working in the most disadvantaged communities in Wales. The lessons learned from the evaluation of this programme, which is now under way, will be used to further develop support for disadvantaged communities.

10. A range of organisations have been working together on a project to create a new training centre for construction industry skills in the Communities First area of Caerau, Bridgend. Up to 6,500 houses in Bridgend will require

refurbishment following the transfer of council-owned houses to the new Valleys to Coast housing association. The centre should open by autumn 2004.

11. Action is being taken on anti-social behaviour. The new Safer Communities Fund, for example, is providing at least £7 million for the 22 Community Safety Partnerships to spend on projects that focus on youth crime and disorder. £2.6 million is being provided to support Operation Tarian – the intelligence-led policing scheme which tackles organised gangs and the illegal supply of heroin and crack cocaine. During its first six months, Operation Tarian seized 1.3 kilograms of heroin and assets in excess of £1 million.

Review of over-indebtedness in Wales

12. In December 2003, the Minister for Social Justice and Regeneration asked her Deputy Minister to undertake a review to consider the scale and nature of over-indebtedness in Wales.

13. The review, which is taking place between May and September 2004, will identify existing information about over-indebtedness in Wales; conduct an audit of existing public sector policies and programmes and those beyond the public sector which impact on over-indebtedness; and identify areas of good practice. The review will take into account relevant United Kingdom government initiatives and policies, including the United Kingdom's over-indebtedness strategy. A report will be produced which sets out a long-term strategic direction and recommendations for further action including, where

appropriate, representations to the United Kingdom Government.

Strategy for Older People

14. Over the next 20 years the number of people of current retirement age in Wales will increase by 11 per cent to 650,000 and the number of very old people (aged 85 and over) in Wales is projected to increase by over a third to 82,000.

15. These significant demographic changes in the ageing population have led to the Welsh Assembly Government implementing its Strategy for Older People to address priority issues over the next decade and beyond. Funding of £10 million is being made available to implement this broad-based strategy that seeks to improve engagement of older people and address age discrimination. Substantial progress has been made in taking forward the implementation programme, including proposals for a Commissioner for Older People in Wales.

Child Poverty Task Group

16. The Welsh Assembly Government believes that tackling poverty and inequality among children and young people is a fundamental component of its broader strategy to improve quality of life and promote social inclusion and equal opportunities in every community in Wales. The Child Poverty Task Group was set up in support of this aim and met for the first time in April 2003. A report⁴ on the outcome of work undertaken by the Task Group was published in June 2004 and it is intended that it should inform the work of the

Assembly Government in producing a child poverty strategy for Wales.

Conclusion

17. Over the coming months the Assembly Government will be considering how it might achieve better co-ordination of the policies and programmes for which it is responsible and those of the bodies it sponsors. It will also be seeking to encourage all those involved in the delivery of the key services to similarly consider how they might better co-ordinate their work. As part of this all spending across the Assembly will be reviewed in the context of the social justice objectives.

Northern Ireland

18. New Targeting Social Need was launched in 1998. It is Northern Ireland's key anti-poverty policy, aimed at tackling social need and social exclusion by targeting effort and resources available within existing departmental programmes towards people and areas in greatest social need.

19. The former Executive's Programme for Government included a commitment to carry out an evaluation of New Targeting Social Need by the end of 2003, to assess the way in which the policy was being implemented across departments and to examine its impact with a view to informing future development of the policy. The review of New Targeting Social Need has highlighted the policy's strengths and perceived weaknesses and has identified a number of challenges.

20. We have responded by publishing proposals for a new Anti-Poverty Strategy,⁵ aimed at strengthening the policy to make it more effective at tackling the problems of poverty and social exclusion. The Anti-Poverty Strategy seeks to reinforce partnership working at all levels between departments, agencies and non-governmental organisations, as originally recognised under New Targeting Social Need. The proposed Ministerial-led Anti-Poverty Forum and the extension to Promoting Social Inclusion are tangible strategies to achieve this goal.

21. The partnership approach recognises that many measures do not sit well within a single department and that inter-sectoral working will provide access to knowledge and expertise of those with most direct experience of poverty and social exclusion.

22. The United Kingdom Government is committed to tackling poverty and disadvantage and, in particular, to eliminating child poverty by the year 2020. In Northern Ireland, this will require actions and initiatives across the full range of public service areas, a shared and clear strategic direction and a means of monitoring progress towards this. This is what the proposed Northern Ireland Anti-Poverty Strategy aims to achieve.

Proposed format of Northern Ireland Regional Action Plans

23. It is proposed that the format of Northern Ireland Regional Action Plans will be consistent with the Common Outline used for the development of the UK National Action Plan.

24. As with the UK National Action Plan it is proposed that the Northern Ireland Regional Action Plan will reflect the three strategic priority areas:

- building individual capacity through a wide range of programmes, including health, education and training;
- creating employment opportunities; and
- tackling financial exclusion – to increase the uptake of financial entitlements including benefits, tax credits, reliefs and discounts and to reduce levels of high-interest debt among low-income groups.

25. In respect of each of the three strategic priorities the Strategy will:

- summarise existing related policy measures;
- detail any new and additional policies or programmes that are introduced;
- identify the groups, areas, communities or specific problems being addressed by particular policy measures;
- outline as appropriate the policy indicators being used to measure progress; and
- indicate how a gender perspective has been incorporated.

26. Recognising the increased risk of poverty experienced by those bringing up children without the support of a partner, the new strategy proposes to set up a

new Promoting Social Inclusion group which will develop a strategy to tackle poverty and social exclusion experienced by lone parents.

27. Evidence of changing vulnerability to poverty comes from independent research which compared data from the Northern Ireland Continuous Household Survey over roughly a 12-year period (1990–2002).⁶ It is also based on research findings of the Northern Ireland Poverty and Social Exclusion Survey.⁷ Evidence of reductions in socio-economic differentials, particularly between Catholic and Protestant communities, also comes from the Continuous Household Survey study.

28. Together these analyses suggest:

- higher levels of poverty in Northern Ireland generally compared with Great Britain and similar levels compared with the Republic of Ireland (using a standard measure of poverty defined as households whose income is below half of the average income and lacking three or more basic necessities – this is known as ‘consensual poverty’);
- increasingly, households in the bottom 30 per cent of income distribution are made up of lone parents (92 per cent of whom are women), people with disabilities and workless households;
- certain groups, particularly women, children, households looking after children with disabilities and young households, are over-represented in terms of having low income and lacking basic necessities;

- socio-economic differentials between the two main communities in Northern Ireland have decreased, particularly in relation to unemployment levels, which have fallen to a much greater extent for Catholics than for Protestants in recent years. However, labour market gaps remain, with unemployment among Catholics still higher than that for Protestants; and
- the number of children living in poor households, that is in the bottom 30 per cent of income distribution, has decreased over the past decade. However, around 150,000 children in Northern Ireland were found to live in households experiencing consensual poverty. There is a connection between inequalities associated with gender and child poverty: 65 per cent of lone parents in receipt of Jobseeker's Allowance are women and 93 per cent of lone parents in receipt of Income Support are women.

29. Policy must evolve in a way that builds on success, avoids past shortcomings and is relevant to current needs and challenges. The current review of New Targeting Social Need has helped identify strengths, weaknesses and challenges for future development of policies to tackle poverty and social exclusion in Northern Ireland.

Scotland

30. *Social Justice: a Scotland where everyone matters*⁸ originally set out the Scottish Executive's first strategy for tackling poverty and disadvantage

through partnership, underpinned by 29 milestones covering a range of issues at different life-cycle stages.

31. *A Partnership for a Better Scotland*⁹ set out how the new Scottish Executive will tackle social, educational and economic barriers that create inequality, and how it will work to end child poverty by tackling deprivation and social need. The document included many specific anti-poverty commitments, such as reducing the gap in unemployment rates between the worst 10 per cent of areas and the Scottish average by 2006, and increasing childcare support in areas of high unemployment in order to help those in work, training or education.

32. The Executive's *Closing the Opportunity Gap*¹⁰ approach now commits the Executive to six priority objectives:

- to increase the chances of sustained employment for vulnerable and disadvantaged groups;
- to improve the confidence and skills of the most disadvantaged children and young people;
- to reduce the vulnerability of low-income families to financial exclusion and multiple debt;
- to regenerate the most disadvantaged neighbourhoods;
- to increase the rate of improvement of the health status of people living in the most deprived communities; and

- to improve access to high-quality services for the most disadvantaged groups and individuals in rural communities.

33. The Executive’s Cabinet Delivery Group on Closing the Opportunity Gap is co-ordinating joint actions for tackling poverty and disadvantage across all its departments. Communities Scotland, an Executive agency, is leading the implementation of the Community Regeneration Statement, *Better Communities in Scotland: Closing the gap*.¹¹

34. At the forefront of this regeneration strategy, Community Planning Partnerships, comprising a range of public, private, community and voluntary bodies, will be responsible for working with communities to determine local priorities and put together a strategic planning framework for the delivery of change. The Community Planning Partnerships will prepare a Regeneration Outcome Agreement and target support to the most disadvantaged areas. The Regeneration Outcome Agreement specifies what outcomes will be achieved and outlines how the Community Planning Partnerships will tackle regeneration and address deprivation locally, in line with national priorities.

35. The new £104 million Community Regeneration Fund – which replaces existing programmes such as the Social Inclusion Partnership in 2005/06 – will be the main tool to help regenerate the most deprived areas. The Community Regeneration Fund uses the new Scottish Index of Multiple Deprivation 2004. This

is a small area-based index – consisting of data zones of approximately 750 people – that allows discrete pockets of deprived areas to be targeted within each local authority area. The top 15 per cent of data zones – as shown by the Scottish Index of Multiple Deprivation – will be the focus of the main deprivation work.

36. The Executive is also providing financial support to the voluntary sector to ensure that it fully engages with Community Planning Partnerships.

37. The Executive also works in partnership on specific themes, many of which have direct impacts on poverty.

- The Working for Families Fund, delivered in partnership with local authorities, is helping disadvantaged parents in deprived areas into work by ensuring that availability of childcare is not a barrier to entering education, training or employment.

- Integrated Community Schools are being rolled out across Scotland, bringing teachers, social workers, family workers and health personnel to work together to secure good outcomes, not only for children’s education, but also for their social welfare, their health and the well-being of the community where they live.

- The Glasgow Welfare to Work Forum aims to bring together the work of Scottish Enterprise Glasgow, Jobcentre Plus, Greater Glasgow Health Board, Glasgow City Council, the United Kingdom Government and the Scottish Executive, to improve processes to

support more people into sustained employment in Glasgow. Around two-thirds of the long-term unemployed who participate in the Glasgow Works intermediate labour market programme enter employment, with over 70 per cent still in work after a year.

- The Scottish Executive Older People's Consultative Forum gives the main Scottish older people's organisations a sounding-board for policy thinking in areas affecting older people, and acts as a forum for discussion and resolution of concerns. It is currently working with the Convention of Scottish Local Authorities on promoting the effective involvement of older people in community planning.

38. The Scottish Executive also recognises that the private and voluntary sectors have an important partnership role to play in promoting a wide range of social inclusion activities. For example it is working with credit unions, Citizens Advice Bureaux and other providers of money advice, as well as the wider voluntary sector, to tackle debt and promote financial inclusion.

39. The £1.1 million Capacity Fund is in place to support credit unions to increase their membership and to allow them to invest in and improve their infrastructure, so that they may provide a credible alternative to mainstream financial services provision.

40. A number of projects have been established to focus on the delivery of money advice to specific vulnerable

groups of people, such as ethnic minority communities, people with mental illnesses or learning disabilities, young people, ex-offenders, lone parents and those making the transition from benefits to employment.

The English regions

41. In recent years, we have taken a number of effective steps to draw together policies, strategies and funding streams at the regional level. For example, since their establishment in 1994, the Government Offices for the Regions have expanded considerably. They now carry out work on behalf of ten government departments, influence regional investment of around £9 billion, and are involved in the delivery of 39 national Public Service Agreements.

42. The work of the Government Offices includes issues that are central to the delivery of local priorities, and sees them working with local agencies (including local authorities) in a variety of strategic and operational contexts on a daily basis. Key elements include Neighbourhood Renewal – including supporting the development of Local Strategic Partnerships and building community cohesion – local authority improvement, health inequalities, crime, drugs, housing, planning, transport and programmes for children. Such developments have improved the linkages between national and local government. They have also helped a variety of local agencies to understand better the complex policy framework, and access funding more easily.

43. Their position means that Government Offices have a key role to play in promoting partnership between the voluntary and community sector and local agencies. Government Offices are taking forward discussions on regional-level engagement with the sector with Regional Development Agencies and Regional Chambers or Assemblies.

Regional Development Agencies

44. Economic development is central to our strategy for tackling social exclusion. The nine Regional Development Agencies aim to promote sustainable economic development in England. They are business led. Their main task is to help the English regions improve their relative economic performance and reduce social and economic disparities within and between regions. A regional approach to economic development allows businesses and communities to formulate solutions that are appropriate for the particular circumstances and strengths of each region.

45. When they were set up, each Regional Development Agency was required to work with its partners in the region to draw together a Regional Economic Strategy, setting out for the whole region how the Agency's statutory objectives would be met and the region developed. These strategies are owned by the whole region, not just the Regional Development Agency.

46. Importantly, they provide the context for all other economic development and regeneration activity in the region and provide departments with a framework

that sets out the direction that their policies in that region should support.

The local dimension

47. Local authorities are crucial to the promotion of social inclusion and the creation of integrated communities, as is maintaining and building effective partnership arrangements between central and local government. Local government is in a unique position to influence the work going on in communities to tackle social exclusion, for example supporting individuals and families suffering isolation by offering self-help services to form community groups.

48. Seven shared priorities were agreed with the Local Government Association. These are:

- raising standards across schools;
- improving the quality of life of older people, children, young people and families at risk;
- promoting healthier communities and narrowing health inequalities;
- creating safer and stronger communities;
- transforming the local environment;
- meeting local transport needs more effectively; and
- promoting the economic vitality of communities.

49. Local Public Service Agreements enable English local authorities to focus on priorities for improvement. Local authorities have to meet demanding targets and deliver improved services and are rewarded for this financially and by a more 'hands-off' approach from central government. Work is under way by central and local government to encourage councils, where appropriate, to adopt targets relating to tackling child poverty and social exclusion as the second generation of Local Public Service Agreements are negotiated.

50. We are developing the Local Public Service Agreement approach through piloting nine Local Area Agreements, one in each of the English regions, in 2005/06. A Local Area Agreement will be struck between the Government, the council and its major delivery partners in an area (working through the Local Strategic Partnership). Local Area Agreements will deliver national outcomes in a way that reflects the local priorities identified in community strategies. This will give local authorities and their partners the freedom and flexibility to find local solutions to local problems, and to prioritise spending to achieve the outcomes identified in the Local Area Agreement.

51. We are also looking to develop sustainable improvements to the delivery of local services, and to make the service providers more accountable to local communities. Information on public service performance will be more freely available and transparent, with service providers held accountable for poor performance. Floor targets will be set below which standards should not be

allowed to fall. Most importantly, communities will be encouraged to engage with the design, delivery and political accountability of public services.

52. Local Strategic Partnerships have been established to help communities work together more coherently by providing a single strategic focus within a locality. This focus is provided by a multi-sectoral partnership body, the composition of which varies according to local circumstances. Local Strategic Partnerships bring together local stakeholders around common goals and outcomes in dealing with social inclusion. They attempt to ensure that as many members of the community as possible have a say in local issues.

53. In many local areas there are specific subgroups focusing on services tackling inequalities for children and young people, the family or older people. These subgroups will lead on development of local preventative strategies and other joint planning initiatives.

54. Local Strategic Partnerships are also working hard to ensure the engagement of the local business community, both to provide strategic advice on employment, skills and economic development, and to get involved in specific actions to tackle social exclusion.

55. Local Compacts are the framework for partnership working between public-sector bodies and the voluntary and community sector. Local Strategic Partnerships are encouraged to take a leading role in Local Compact development by co-ordinating a strategic, streamlined approach to engagement

with the sector between the range of bodies represented on the Local Strategic Partnership.

'Take the credit' – Bedfordshire

Bedfordshire Rights and Information Exchange Forum organised a campaign to encourage take-up of Child Tax Credit, Working Tax Credit and Pension Credit. The campaign aimed to raise awareness and understanding of the three new credits, to increase take-up and to encourage local advice and information groups to publicise and advise on the new credits. The campaign was launched in September 2003. During the campaign, seven advice sessions were held across Bedfordshire. A special telephone advice line was also opened for a week during the campaign. Advice desks and the telephone advice line were staffed by advisers from a number of local agencies who provide independent advice. Each advice session also had advisers from The Pension Service, a dedicated phone line to the Inland Revenue, and some had advisers from Jobcentre Plus.

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In addition to the members of the Bedfordshire Rights and Information Exchange Forum (70 organisations and individuals, including local authority, statutory and voluntary bodies), the campaign involved a wide range of partners including:

- local Citizens Advice Bureaux;
- local authority welfare rights services;
- housing associations and housing benefits offices;
- The Pension Service;
- Jobcentre Plus;
- Inland Revenue;
- Bedfordshire Rural Communities Charity;
- Age Concern Bedfordshire; and
- Bedfordshire Child Poverty Action Group.

The campaign was successful in raising awareness and understanding of the three new credits. Over 180 people attended the advice sessions and there was wide coverage in local press and radio. Over 340 benefit enquiries were received, resulting in a potential benefit gain of over £90,500.

Legal advice

56. The Lawworks Project, originally funded by the Active Community Unit of the Home Office and the Legal Services Commission, commenced in 2001.

A partnership between the Solicitors' Pro Bono Group, the Bar Pro Bono unit and the Law Centres Federation, it substantially exceeded its initial target to recruit 2,000 volunteer lawyers and provide training for them in the social welfare categories of law. Phase 2 of the Project (funded by the Legal Services Commission and the Department for Constitutional Affairs) commences in September 2004 and aims, through the work of its volunteers, to provide pro bono legal help and advice to 45,000 people a year by 2007.

57. The Attorney General's Pro Bono Co-ordinating Committee (supported by the Department for Constitutional Affairs) aims to raise awareness of pro bono services, both in the legal community and beyond, to promote links between various agencies, and to encourage their participation. Its members include representatives of various legal bodies including the Law Society, the Bar and the College of Law, together with the key volunteering bodies. These include Citizens Advice Bureaux and the Law Centres Federation.

58. In 2001, the Department for Constitutional Affairs collaborated with the Law Centres Federation and the Legal Services Commission to produce a publication entitled *Legal and Advice Services: A Pathway out of social exclusion*.¹² This publication advised that a full survey of central government

spending on legal and advice services should be carried out. As a result, the Department for Constitutional Affairs set up an Interdepartmental Working Group, which has mapped the scope and extent of advice services across government departments. The membership of the group which is drawn from ten government departments, is considering a range of specific actions that will effect more joined-up and Community Legal Service-focused advice provision.

59. The Department for Constitutional Affairs worked closely with the Law Centres Federation to publish a follow-up paper entitled *Legal and Advice Services: A Pathway to regeneration*.¹³

This document stresses that co-operation and partnership working between agencies can have a real impact on social exclusion, and gives many examples of the success of this collaboration.

60. Local authorities are the biggest funders – and often a direct provider – of advice services. They are also key members of Community Legal Service partnerships. Best Value Performance Indicators are national measures of performance by local authorities set by central government; the specific Indicator in respect of the Community Legal Service measures the amount that local authorities spend on Quality Marked advice.

Islington Schools Advice Project

Supported by the Islington Community Legal Service Partnership, the Islington Schools Advice Project was launched in January 2002 with Partnership Initiative Budget funding of £211,000. Working with school staff and parents, Islington Law Centre provides a housing and welfare benefits advice service targeted at low-income families in 19 schools in the borough. This initiative has been particularly successful in targeting those groups or individuals who have not used advice agencies before. Indications are that 63 per cent of users fall into this category, with 93 per cent of users not having English as a first language.

In Round Two of the Partnership Initiative Budget, funding of £48,615 has been made available to provide legal education, information, guidance and practical support for refugees and people from minority ethnic groups living in North London. The project, led by the Tamil Relief Centre, provides an Information Officer to work in partnership with statutory, voluntary and community organisations to help raise awareness of local advice services amongst these socially excluded groups.

Local Crime and Disorder Reduction Partnerships

61. Local Crime and Disorder Reduction Partnerships have been established in each local authority area. They include representatives from the local police and local authorities and other agencies such

as Primary Care Trusts, probation committees, police authorities, the voluntary sector and local residents and businesses. Each Partnership has a statutory duty to develop and implement a three-year strategy for tackling priority crime and disorder problems within the local authority that have been identified through an audit of local problems and public consultation.

The Safer Communities Initiative

62. The Safer Communities Initiative provided all Crime and Disorder Reduction Partnerships with funding to tackle crime and disorder in their area to meet national crime reduction targets and other local priorities in 2002/03. The Partnership Development Fund has been established for innovative crime prevention projects and partnership capacity building. Crime is a focus for a range of funding programmes including New Deal for Communities, neighbourhood management pathfinders, the Neighbourhood Renewal Fund, the Neighbourhood Warden programme and the Communities Against Drugs Initiative.

63. From 1 April 2003, the Building Safer Communities Fund combined the Partnership Development Fund, the former Safer Communities Initiative Fund and the Communities Against Drugs Initiative into a single funding stream (the 'single pot'). This three-year programme, worth more than £80 million a year, implements government policy on area-based initiatives, in that it is designed to enable Crime and Disorder Reduction Partnerships to take a more holistic and structured approach to using their funds

in reducing crime and tackling drugs-related problems. Furthermore, it encourages Partnerships to use an intelligence-led problem-solving approach in agreeing their action plans.

64. Drug Action Teams, merged in some areas with Crime and Disorder Reduction Partnerships, are required to set strategy and invest funds in tackling drug misuse, and in some areas alcohol misuse as well. Such action is focused to ensure it reaches the poorest and most deprived communities where drug use is so destructive. Drug Action Teams are required to liaise closely with regeneration partnerships such as Local Strategic Partnerships and New Deal for Communities to provide localised services that are accessible to these communities and which address poverty created by drugs and the contribution of drugs to creating poverty. New targets for drug agencies in seeing more people from the poorest communities will focus their attention even further. Voluntary sector organisations are significant partners in this delivery, and we are encouraging far greater community engagement in the delivery of services.

The voluntary and community sector

Contributing to service delivery

65. Voluntary and community organisations are frequently well placed to help deliver public services, especially where their close understanding of local communities and of the needs of particular groups of the population enables them to provide more responsive

and personalised public services. However, many struggle to source funding to recruit volunteers or to access information and communication technology, and many, especially those in rural areas, work in isolation. There tends to be a high level of voluntary and community sector activity in rural areas and, while rural voluntary and community sector bodies are often well placed to tackle social exclusion, they tend to operate in an environment where unit costs of delivering services are higher and where it is often difficult for them to access advice and support on matters such as staffing and information and communication technology.

66. We are committed to supporting the role of the voluntary and community sector in service delivery, as illustrated by the Cross-Cutting Review carried out in the 2002 Spending Review.¹⁴ This commitment received a boost in the 2004 Spending Review. The Government will drive forward the role of the voluntary and community sector in public service delivery and reform through implementing the conclusions of the voluntary and community sector review. This review is exploring in greater depth the practical advantages the sector can bring to public service delivery and reform; setting out strategies for the sector's involvement in key areas; and developing a jointly-owned action plan to build a more effective and stable partnership between the voluntary and community sector and local public sector bodies. Interim findings of this review are set out in the 2004 Spending Review White Paper, and final findings of the review will be reported in autumn 2004.

67. The Active Community Unit is leading work to meet a challenging 2002 Spending Review Public Service Agreement target of increasing voluntary and community sector activity, including community participation, by 5 per cent by 2006. This involves building demand in government departments, local authorities and other statutory agencies for services to be delivered through the voluntary and community sector. New partnerships for shaping and delivering services are being encouraged. The capacity for the voluntary and community sector to play an appropriate role in this process will be increased, with a modernised funding and procurement process in place, a reduction of bureaucracy, and the introduction of a fit-for-purpose legal and regulatory framework for charities and other voluntary and community sector organisations.

Investing in infrastructure

68. During 2003, we developed a joint programme to ensure that frontline voluntary and community sector groups have access to the support and advice that they need. This programme includes:

- *ChangeUp*,¹⁵ the capacity-building and infrastructure framework for the voluntary and community sector, published by the Active Community Unit in June 2004;
- the Department for Environment, Food and Rural Affairs' infrastructure investment; and
- the Adventure Capital Fund.

ChangeUp

69. Capacity building is about ensuring that organisations have the skills, knowledge, structures and resources to realise their full potential. The Government's 2002 Cross-Cutting Review of the role of the voluntary and community sector in service delivery recognised that the sector and government have a mutual interest in building the capacity of voluntary and community organisations. The report made a series of recommendations that aim to strengthen the support and assistance available to voluntary and community organisations.

70. Our aim, as set out in *ChangeUp*, is that by 2014 the needs of frontline voluntary and community organisations will be met by support that is available nationwide, structured for maximum efficiency, offering excellent provision, accessible to all, truly reflecting and promoting diversity, and sustainably funded. *ChangeUp* describes the basic architecture of support which front-line organisations need.

71. Implementation of the *ChangeUp* programme is being supported by Home Office investment of £80 million over 2003/04 and 2005/06. Investment will catalyse modernisation of infrastructure provision to improve its sustainability, quality and reach in line with the high-level objectives set out in *ChangeUp*. Having already invested £8 million in developing this approach and in the early spend programme, £72 million remains to be invested by March 2006 to support implementation.

72. The Active Community Unit investment under the *ChangeUp* programme will develop:

- a highly skilled workforce, performance improvement, more effective use of information and communication technology, strengthened governance, improved volunteer support, and more diverse and effective income generation within the voluntary and community sector; and
- support for frontline organisations that is available nationwide, structured for maximum efficiency, offering excellent provision which is accessible to all while reflecting and promoting diversity, and is sustainably funded.

Infrastructure investment

73. The Department for Environment, Food and Rural Affairs' infrastructure investment has the corresponding aim of supporting the development of a voluntary and community sector that is equipped to improve the quality of life of the socially excluded in rural areas.

74. Investment will be focused on catalysing a step change in support available to frontline organisations for the longer term. It will be focused on strategic planning of support to frontline organisations, reconfiguration of services, improving quality and reach, and plugging gaps where there is clear evidence of need and a good chance of sustainability.

75. This investment will establish a consortium of voluntary and community sector and other local stakeholders, in each of the former shire counties, to

co-ordinate investment which will improve the quality of support available for frontline voluntary and community sector bodies serving rural areas in that county. Each consortium can access funds to establish itself, to prepare an investment proposal for the Department for Environment, Food and Rural Affairs by the end of July 2004 and then to deliver elements of the investment proposal by March 2006. Each county consortium whose investment proposal meets a minimum quality threshold is guaranteed £60,000 to invest in its county, and additional funding may be available where there is clear evidence of particular need. The programme is to be managed by the Government Office in each region.

The Adventure Capital Fund

76. The Adventure Capital Fund is a partnership between government and key organisations in the voluntary and community sector, exploring a new approach to investment in community activity. The Fund, which has already invested £2 million in a range of community enterprises, provides 'patient capital' – investment that recognises the long-term nature of community development and the importance of linking funding with support for organisational development.

Building capacity in Bradford

Action for Business (Bradford) Ltd is using a £300,000 loan received from the Adventure Capital Fund to purchase the Carlisle Business Centre in Manningham. Taking over ownership will act as a springboard for a range of new initiatives and projects for this multi-ethnic community. Acquisition of the Business Centre will secure the capital asset base of Action for Business (Bradford) Ltd, nearly triple its turnover and double its projected surplus. The additional funding will be used to provide small grants to support local community activities.

77. A further £4 million from recovered assets has been allocated to the Fund, and the second round of investments has a main focus on building capacity in black and minority ethnic community organisations, and encouraging growth in community-based service delivery in priority areas such as crime reduction, child care, education and training, and job creation

78. In addition to these resources, we have also allocated £125 million to a one-off, three-year investment fund. Futurebuilders will provide strategic investment to modernise the sector, and focus on organisations delivering key public services.

The Pension Partnership Fund

79. The Pension Partnership Fund, launched in March 2004, is available to support innovative approaches to reaching pensioners and encouraging

greater take-up of benefits and credits to which they are entitled. Many voluntary and community organisations are best placed to access pensioners who are not claiming. It is known that the incidence of non-uptake of pensions is high in rural areas, and the Fund, established and managed by The Pension Service, also incorporates support from the Department for Environment, Food and Rural Affairs for targeted action in deprived rural areas.

The Neighbourhood Support Fund

80. The Neighbourhood Support Fund aims to re-engage the hardest to reach 13–19-year-olds living in 40 of the most deprived local authority areas in England. The programme was originally a three-year pilot due to end in September 2003. Further funding of £10 million a year has been granted to March 2006.

81. It is delivered through local voluntary and community organisations and supports the hardest to reach 13–19-year-olds, including those excluded from school or at risk of becoming excluded, truants, care leavers, teenage parents, young offenders, young people with special educational needs, those who have under-performed at school, and young people with substance misuse problems. The Neighbourhood Support Fund provides a programme of informal learning and self-development tailored to the needs of the individual.

82. It is delivered through around 230 community-based projects. Of those young people taking part in Neighbourhood Support Fund activities

(almost 51,000 in the pilot period) 67 per cent have gone back into education, training or employment.

Looking forward

83. The Voluntary and Community Sector Review, which was carried out as part of the 2004 Spending Review, has identified some key areas for further development in this field, including:

- added value – the sector can offer many clear advantages in public service delivery and reform, but is limited by access to financial capital and poor levels of understanding within the public sector;
- specific services – there is potential for a greater or more effective role of the sector, in particular in health and social care services for older people, homeless hostel provision, correctional services, ethnic minority employment, and parenting support and adult learning. Government departments will publish actions plans in each of these areas in autumn 2004; and
- local partnerships – effective involvement of the sector relies on strong partnerships with local public-sector bodies. There are many examples of good practice, but there is more to be done to learn from these, in areas such as making Local Compacts work better, building the capacity of the voluntary and community sector and local public sector to work in partnership, improving funding and procurement practices to reduce unnecessary bureaucracy, and more effectively

sharing and learning from existing best practice.

Civil renewal

84. Civil renewal is at the heart of our vision for 21st century communities. It is the development of strong, active and empowered communities in which people are able to do things for themselves, define the problems that they face and tackle them in partnership with public bodies. Civil renewal seeks to promote:

- active citizenship – giving citizens more opportunities and support to become actively involved in defining and tackling the problems of their communities and improving their quality of life;
- strengthened communities – helping communities with developing their capacity to form and sustain their own organisations, in order to bring people together to deal with their common concerns; and
- partnership in meeting public needs – involving citizens and communities, within the established democratic framework, more effectively in improving the planning and delivery of public services.

85. Tackling poverty and particularly social exclusion is a theme that is intrinsic to civil renewal. Civil renewal is not only being embedded in work across the Home Office. Through the Civil Renewal Unit, the Home Office is also working closely with the Office of the Deputy Prime Minister and other government

departments to develop a shared approach to the involvement of communities in defining and tackling their problems and ultimately improving their quality of life.

Business sector

Working with providers of employment programmes

86. Jobcentre Plus currently has contracts with over 2,000 providers who deliver labour-market programmes, on its behalf, to individual clients. Providers are represented from across the private and not-for-profit sectors and are crucial to the success of employment programmes.

87. Providers have said that the complex mix of provision, sitting under different programmes, has obliged them to become involved in considerations of complex eligibility rules. The proposals for direct access to provision, and the streamlining of eligibility rules, will simplify current contracting and administration complexities. In addition the freedom conferred by our proposals will allow providers and Jobcentre Plus to use their respective expertise to work together to develop the best provision for clients and employers (see *Building on New Deal* section, Chapter one, paragraph 129).

88. Jobcentre Plus has also examined its own procurement systems following reports by consultants last year, and will be simplifying rules and processes to achieve better value for money. This will enable Jobcentre Plus to provide a more

efficient, streamlined service to providers and to introduce simplified contract management and monitoring arrangements. The reduction in bureaucracy will allow providers and Jobcentre Plus staff to concentrate more of their efforts on helping clients rather than on administration.

89. Jobcentre Plus is also developing a new procurement model which will support greater local flexibility as well as improving efficiency and value for money. We will be asking providers to deliver programme support on a basis of modular provision from the flexible menu described earlier. They will also have to respond to Jobcentre Plus District Managers' needs over time, where District Managers require variations or additions to the basic menu to suit their specific parts of the country.

90. This will require a degree of willingness on the part of providers to change and to adapt to the new environment, including the proposed move to more modular provision. Providers will need to do more in the way of customisation to satisfy the requirements of clients and local employers. Some already do this, but greater progress is needed. It will no longer be good enough to expect clients to attend training courses of set duration and set content. There will need to be a willingness to adapt what is currently on offer, for example to allow attendance in school hours to suit lone parents with young school-age children, to make reasonable adjustments so that disabled people can participate, or to add a disability-related element to a

mainstream programme for relevant clients. We will be working with providers on how to achieve this while still ensuring that they can undertake their own business planning.

91. Providers for our mainstream clients should expect a tougher, more commercially-based and target-driven business approach that also encourages innovation. There will be a more focused business link with them, with joint objectives and clear incentives for delivering successful results. It will be a challenge which, if seized successfully, will bring improvements and innovation and meet clients' needs more effectively.

Working with providers and partners to help the most disadvantaged clients

92. Many of the most disadvantaged clients need more time or support to make work a realistic prospect. We want to offer the providers who work with these clients greater flexibility and trust to develop and deliver the right support. We need to do more to acknowledge, in Jobcentre Plus funding mechanisms, the nature of the task that providers take on. It takes time to realise and sustain job outcomes, so the steps to get there should be recognised. However, there will still need to be a clear focus on progress in dealing with the barriers to getting, and keeping, work.

93. Working with the most disadvantaged will mean drawing in the contributions of partners to provide the necessary holistic packages of help. And

many of these clients will already be involved with partners: for example with the National Offender Management Service via drug or alcohol treatment. Two levels of partnership are needed to enable the necessary joint working:

- at a national level a strategy for the most disadvantaged, which draws together the range of government interventions and sets the direction of travel; and
- local (district level) delivery plans, agreed between Jobcentre Plus and the key agencies, to establish roles and referral mechanisms, volumes and outcomes.

94. These proposals reflect the well-founded recommendations of the National Employment Panel report on New Deal 25 plus *A New Deal For All*.¹⁶ The Social Exclusion Unit's report *Breaking the cycle* draws together evidence about what works best for the most vulnerable groups, and this work will inform the development of this strategy.

95. Planning in this way will need to connect to wider interventions for specific groups. For example the forthcoming National Rehabilitation Action Plan and the new National Offender Management Service will create a regional focus in England for work with offenders. Sharing information at regional level will inform the offender elements of local delivery plans.

Provider capacity

96. We are concerned that there should be sufficient providers on the ground to bring about these improvements. We recognise that a capacity-building strategy is needed to help providers to improve their quality generally, and to develop provider capacity where there are gaps, or where we may be stretched to deliver the full range of help for our clients. We also recognise that more needs to be done to develop the pool of specialist, often small voluntary sector providers on whom we rely to deliver services to the most disadvantaged people.

Social enterprise

97. We are working with and supporting a range of business models. This includes social enterprises, by which we mean businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than maximising profit for shareholders and owners.

98. Social enterprises provide goods and services, often where the private sector will not, and many provide employment in a supportive environment and boost skills and confidence of disadvantaged people. Examples of goods and services provided by social enterprises include recycling services, housing, leisure facilities, transport services, training, provision of recycled IT equipment, furniture and access to broadband.

99. In October 2003, the Department of Trade and Industry published a progress report on implementing our strategy for social enterprise.¹⁷ Highlights of recent activities include the Community Interest Company legislation going through Parliament, a book of case studies on finance for social enterprises, progress in mapping the social enterprise sector, and production of a procurement toolkit to help social enterprises win public sector contracts.

Working in partnership with the private sector

100. The Office of the Deputy Prime Minister is supporting the Under-Served Markets Demonstration Project, which will test a model to help businesses and communities identify and capitalise on under-served markets in deprived areas. The project aims to identify pilot areas with potential for private-sector investment, work with potential investors in those areas and act as a model for further development in other deprived areas.

101. The project developed from initial research commissioned by the Department of Trade and Industry and undertaken by Business in the Community, which examined the opportunities and barriers to business investment in deprived areas. The research resulted in the report *Business investment in under-served markets*.¹⁸

Tesco Regeneration Partnership

Due to maturing suburban markets and planning restrictions on greenfield sites, Tesco supermarkets have had to develop a scheme that allows for the difficulties encountered when entering an under-served market. The original Tesco Regeneration Partnership in Seacroft, Leeds (launched in July 1999) was awarded an Innovation Award in the Business in the Community Awards for Excellence in 2001, and its successes are well documented.

- 320 employees have been drawn from a 2-mile radius.
- 243 unemployed people have been brought into work.
- The drop-out rate after six months is only 2 per cent.
- The training programme has a 91 per cent success rate, compared with 40 per cent for other work-based learning schemes.
- At March 2001, Seacroft had the largest reduction in unemployment in Leeds in the previous 12 months.
- Awareness of how to help the unemployed get back to work has increased.

Evaluation of this initiative will focus on the challenges faced by the Partnership in the development of the store, and look at its impact on the various stakeholders. As a result of the success of the Seacroft pilot initiative, 12 new partnerships have been established in other parts of the country.

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. Indicators are reviewed annually and are agreed by the Indicators Steering Group to ensure that they capture our evolving strategy and use the best available information.¹ Consequently, the original set of indicators has been added to and some definitions have been refined. We also ask for feedback on the indicators.²
3. As in previous reports, the indicators are organised according to stages of the lifecycle. There are sets of indicators 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 the areas with the worst performance and other areas.
4. For the first time this year we are including a new section for each of the life stages. This provides an overview of what is happening behind the indicators, and gives references on where to find more detailed analysis. The Social Exclusion Unit's *Breaking the cycle* series provides more detail around trends across various indicators of poverty and social exclusion.³
5. We are changing two of the existing indicators this year, and also creating two new ones. We will now include new indicators on the number of families with children in temporary accommodation and on childhood obesity. We are adding the proportion of care leavers who are not in education, employment or training to the indicator on educational attainment of children in care. The indicator for burglary rates is now replaced with an indicator which compares crime rates for the highest crime quartile and the remaining quartiles.
6. Alterations have been made to a small number of the indicators to take account of changes in the way that data are collected or analysed.
7. The geographical coverage of the indicators is set out for each individual indicator. Some cover England only, while others (such as those for employment and low income) cover Great Britain. The indicators reported here concentrate on those matters that continue to be reserved for the United Kingdom Parliament. The Devolved Administrations of Scotland, Northern Ireland and Wales produce their own reports covering devolved issues (see Chapter three).

8. For the first time last year we made the indicators available on a special section of the Department for Work and Pensions' website.⁴ We will continue to update indicators on the website as new data become available – these updated indicators can be found on the site listed under the heading 'What's New'.
9. The website has given us the opportunity to include additional information – labelled 'further breaks' – for some indicators where appropriate. For example, the indicator on adult smoking rates provides web links to the source of the data, a discussion around different smoking rates for different socio-economic groups and also links which provide more information on aspects of the indicator, such as age and gender breaks. We will also be able to use the new urban/rural definition⁵ to provide breaks for some indicators in the future.

Measuring child poverty

10. Our final conclusions on measuring child poverty were published on 18 December 2003.⁶ This represents the final response to the consultation which was launched in 2002 to promote debate on how best to build on existing indicators to measure child poverty in the long term.
11. The new child poverty measure will use a tiered approach, consisting of a number of inter-related indicators which capture different aspects of poverty:
 - absolute low income – to measure whether the poorest families are seeing their incomes rise in real terms;
 - relative low income – to measure whether the poorest families are keeping pace with the growth of incomes in the economy as a whole; and
 - material deprivation and low income combined – to provide a wider measure of people's living standards.
12. Poverty is falling when all three indicators are moving in the right direction. This new measure will be used from 2004/05.⁷ Data on material deprivation will be available from 2006.
13. We recognise that poverty is multi-dimensional, which is why the new long-term measure is underpinned by the comprehensive range of child-specific indicators included in the *Opportunity for all* report.

Indicator summary

Significant progress has been made on a range of indicators since the baseline (which is 1997 for most indicators), with 35 of our indicators moving in the right direction. For example, we have seen improvements for: children living in workless households, people of all ages living in homes that are of the set standard of decency, employment rates (including those for disabled people, lone parents, ethnic minority people and people aged 50 and over) and the number of people sleeping rough.

There are three indicators for which the data are not moving in the right direction – childhood obesity, families living in temporary accommodation and employment rates for the lowest qualified. Strategies are in place to tackle these problems.

There are 9 indicators for which there are not enough data available to determine a trend since the baseline.

Progress since the baseline (mostly 1997)	Number of indicators
Data moving in the right direction	35
Broadly constant trend	11
Data moving in the wrong direction	3
Cannot determine trend	9
Total	58
Note: There are 42 indicators, some of which have sub-indicators. This means there are 58 indicators in total.	

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 – it is particularly important to bear this in mind when looking at the direction of the latest data.

The most recent data reported range from 2001 to 2003/04, depending on the data source.

- ✓ data moving in the right direction
- ≈ data show broadly constant trend or no significant movement
- ✗ data moving in the wrong direction
- ▲ only baseline data available or insufficient data available to determine a trend

Children and young people					
	Indicator	Covers	Trend since baseline	Direction of latest data	See page
1	Children in workless households	GB	✓	≈	148
2	Low income:				
	a) Relative	GB	✓	✓	149–151
	b) Absolute	GB	✓	✓	149–151
	c) Persistent	GB	≈	≈	149–151
3	Teenage pregnancy:				
	a) Teenage conceptions	England	✓	≈	152–153
	b) Teenage parents in education, employment or training	England	✓	✓	152–153
4	Children with appropriate levels of development in Sure Start areas	England	▲	▲	154
5	Key Stage 2 (11-year-olds) attainment	England	✓	✓	155
6	Attainment:				
	16-year-olds achievement	England	✓	✓	156
	Schools below floor target	England	✓	✓	156
7	19-year-olds with at least a Level 2 qualification	England	✓	✓	157
8	School attendance	England	≈	≈	158
9	Improvement in attainment/participation of children looked after by local authorities:				
	a) Education gap	England	≈	≈	159–160
	b) Not in education, employment or training	England	▲	▲	159–160

Children and young people (<i>continued</i>)				
Indicator	Covers	Trend since baseline	Direction of latest data	See page
10 16–18-year-olds in learning	England	≈	≈	161–162
11 Infant mortality	England and Wales	▲	▲	163–164
12 Serious unintentional injury	England	✓	≈	165
13 Smoking prevalence for:				
a) Pregnant women	England	▲	▲	166–167
b) Children aged 11–15	England	✓	✓	166–167
14 Obesity for children under 16	England	✗	✗	168–169
15 Re-registrations on Child Protection Register	England	✓	✓	170
16 Housing that falls below the set standard of decency	England	▲	✓	171
17 Families in temporary accommodation	England	✗	✗	172–173

People of working age				
Indicator	Covers	Trend since baseline	Direction of latest data	See page
18 Employment rate	GB	✓	≈	177–178
19 Employment of disadvantaged groups:				
Disabled people	GB	✓	✓	179–182
Lone parents	GB	✓	✓	179–182
Ethnic minority people	GB	✓	✓	179–182
People aged 50 and over	GB	✓	≈	179–182
Lowest qualified	GB	✗	≈	179–182
20 Working-age people in workless households	GB	✓	≈	183
21 Working-age people without an NVQ Level 2 qualification or higher	England	✓	≈	184
22 Long periods on income-related benefits	GB	✓	≈	185–186
23 Low income:				
a) Relative	GB	≈	≈	187–189
b) Absolute	GB	✓	≈	187–189
c) Persistent	GB	≈	≈	187–189
24 Smoking rates:				
All adults	England	✓	✓	190–191
Manual socio-economic groups	England	✓	✓	190–191
25 Death rates from suicide and undetermined injury	England	✓	≈	192–193
26 Rough sleepers	England	✓	≈	194
27 Use of Class A drugs	England and Wales	≈	≈	195

Older people				
Indicator	Covers	Trend since baseline	Direction of latest data	See page
28 Low income:				
a) Relative	GB	✓	✓	197–199
b) Absolute	GB	✓	✓	197–199
c) Persistent	GB	≈	≈	197–199
29 People contributing to a non-state pension	GB	≈	≈	200
30 Amount contributed to non-state pensions	UK	▲	▲	200
31 People making continuous contributions to a non-state pension	GB	✓	≈	201–202
32 Healthy life expectancy at age 65	England	≈	≈	203–204
33 Being helped to live independently:				
a) Receiving intensive home care	England	✓	✓	205–206
b) Receiving any community-based service	England	✓	≈	205–206
34 Housing that falls below the set standard of decency	England	▲	✓	207
35 Fear of crime	England and Wales	✓	✓	208

Communities				
Indicator	Covers	Trend since baseline	Direction of latest data	See page
36 Employment rates in deprived areas	GB	✓	✓	211–212
37 Crime rates in high crime areas	England and Wales	▲	✓	213
38 Housing that falls below the set standard of decency	England	▲	✓	214
39 Households in fuel poverty	England	✓	≈	215–216
40 Life expectancy at birth	England	≈	≈	217–218
41 Attainment gap at Key Stage 2 (11-year-olds)	England	✓	≈	219
42 Road accident casualties in deprived areas	England	✓	✓	220

Indicators of progress and overview of the life stages

Children and young people

This section discusses the picture behind some of the indicators for children and young people. We know that poverty and social exclusion are about more than low income alone, and in particular the impact that it has on outcomes for children and young people, and on their outcomes later in life.

Children in workless households

1. The number of children living in workless households (indicator 1) has reduced since 1997.
2. Children in workless families were more likely to live in low-income households than those with one or more adults in full-time work.⁸
3. The proportion of children in workless households has been falling since the mid-1990s and remained stable between 2000 and 2003. The changes in all these proportions can be attributed partly to changes in economic activity and partly to changes in household size and structure over time.⁹

Low income

4. The proportion of children living in both relative and absolute low-income households (indicator 2) has reduced since 1997 despite strong average income growth. From 1998/99 to 2002/03 there was a fall in the number of children below 60 per cent of contemporary median income on both before and after housing cost measures. The number of children living in persistent low income has remained around the same.
5. Children living in single-parent families were much more likely to live in low-income households than those in two-adult families. However, there has been a reduction in the risk of relative low income for children in lone-parent families since 1997/98. Children in large families were more likely to live in low-income households, although the risk of relative low income for this group has decreased since 1998/99.¹⁰
6. Children living in households headed by a person from an ethnic minority group (particularly those of Pakistani or Bangladeshi origin) and those in families containing one or more disabled people, were more likely to live in low-income households. Rates for children in households with an ethnic minority head, and those in families with a disabled person, have reduced broadly in line with the reduction for Great Britain.¹¹

Health

7. The proportion of teenage pregnancies has reduced (indicator 3a) since 1998. However, the likelihood of becoming a teenage mother was almost ten times higher for a girl whose family was in the lowest social class in 1999 compared with the highest social class.¹² The numbers of teenage mothers who are not in education, employment or training in England has declined since the 1997 baseline (indicator 3b).
8. The gap between the infant mortality rate (indicator 11) for routine and manual groups and the national average has widened slightly since 1997–99, though there was a slight narrowing in 2001. Because of the change to the new socio-economic classifications in 2001, care is needed in the interpretation of these results, and more data are required to determine a trend.
9. The death rate for the babies of teenage mothers was 60 per cent higher than for babies of older mothers. This group are also more likely to have low birth-weight babies.¹³ The infant mortality rate among routine and manual groups is 16 per cent higher than that for the population as a whole.¹⁴
10. The hospital admission rate for children with an unintentional injury resulting in a hospital stay exceeding three days (indicator 12) has fallen since 1997. The admission rate fell from 1.22 per 1,000 children in 1996/97 to 0.94 per 1,000 children in 2000/01. Since 2000/01 the admission rate has remained fairly constant.
11. The most recent Infant Feeding Survey in 2000 found that 19 per cent of women in England continued to smoke during pregnancy. Women from unskilled manual households were four times more likely to smoke during pregnancy (indicator 13a) than those in professional households.¹⁵
12. Smoking among children (indicator 13b) shows that overall the number of children smoking has declined slightly. In England in 2003, 9 per cent of those aged 11–15 smoked. There is a strong correlation between smoking and age (smoking rates increase from the age of 11 upwards) and a larger proportion of young girls than boys smoke (11 per cent compared with 7 per cent in 2003). Pupils in receipt of free school meals (used as a proxy for low income) are also more likely to smoke than those who are not in receipt of free school meals.¹⁶

Education

13. Overall attainment has improved. The percentage of pupils achieving five or more GCSE grades A*–C has increased (indicator 6), as has the proportion of 19-year-olds gaining at least a Level 2 qualification (indicator 7).
14. There is evidence that poorer children fare worse at school than their more affluent counterparts – and that children who receive free school meals are much less likely to gain five or more GCSEs than children who do not.^{17,18} The attainment levels for children in care continue to be much lower than the average for all children.
15. There has been an overall increase in school attendance (indicator 8), with some fluctuation in the years between the baseline and latest data. There are some groups which are much more likely to be excluded than others, for example, black Caribbean boys continue to be at higher risk, and are more likely than other pupils to be excluded from school.¹⁹

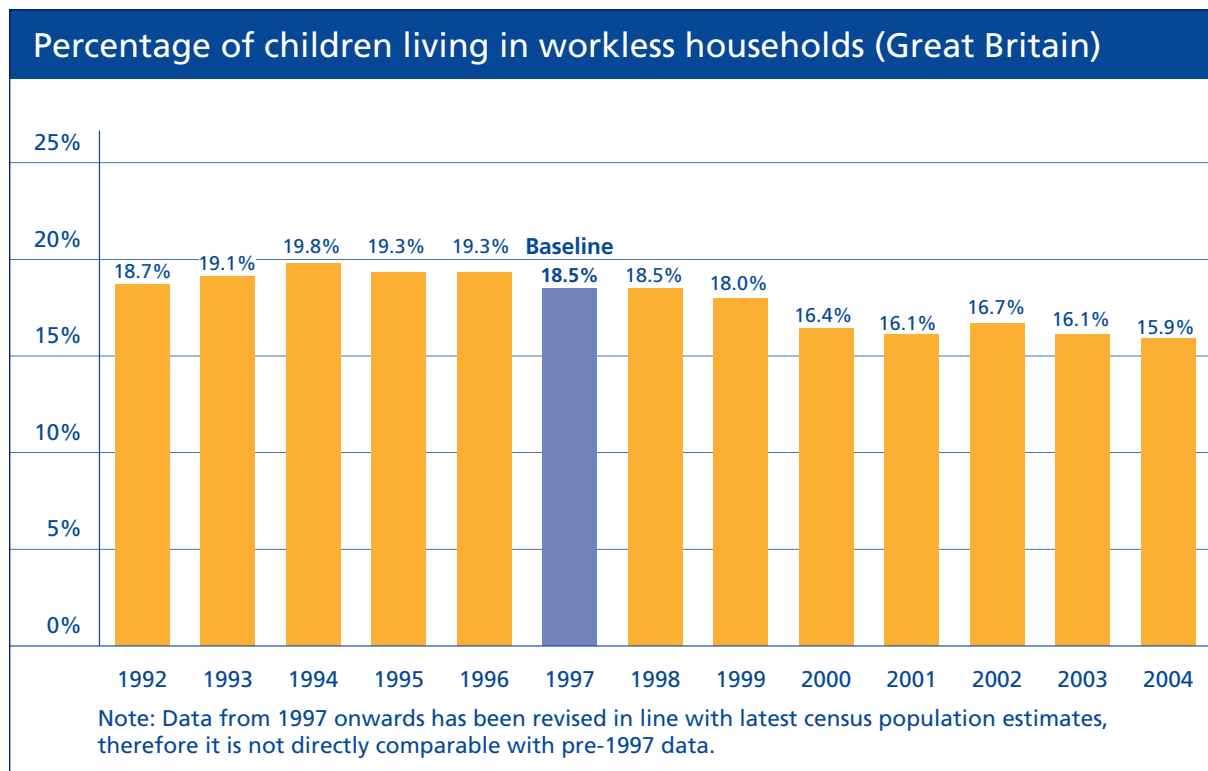
Housing

16. There have been significant increases in the numbers of households with children accepted as statutorily homeless and placed in temporary accommodation (indicator 17) increasing by 62 per cent between March 2002 and March 2004. In the same period, however, there has been a 99 per cent reduction in the use of B&B hotels for more than six weeks for homeless families with children. The use of temporary accommodation is greater in areas of high demand for housing.
17. See also indicator 26 on rough sleeping, which occurs predominantly among single male adults.

Indicators for children and young people

1 A reduction in the proportion of children living in working-age workless households (Great Britain).

Baseline and trends: Baseline year – 1997. Between 1992 and 1996 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 18.5 per cent in 1997 (baseline year) and stands at 15.9 per cent in 2004.



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).

The Labour Force Survey has been re-grossed this year to take account of Census 2001 population estimates. This re-grossing means that Labour Force Survey figures quoted in this report may differ from those published previously.

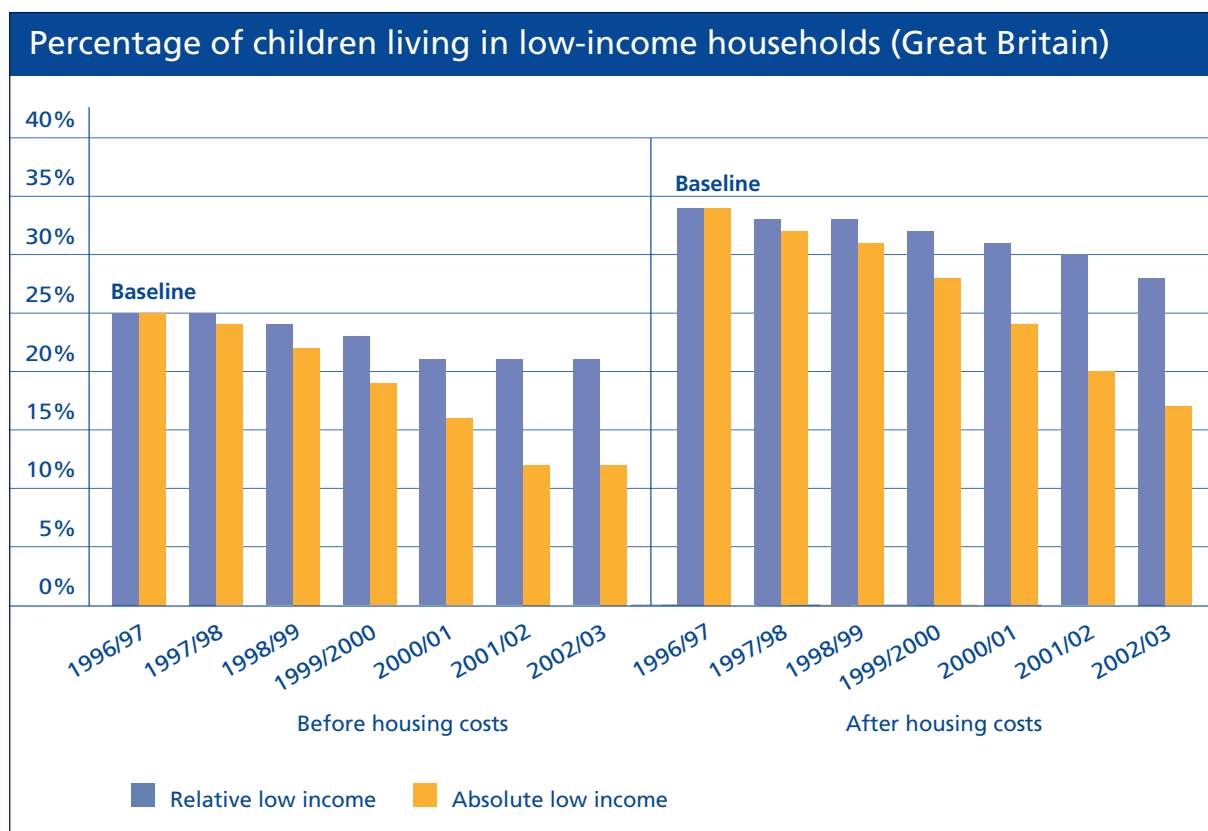
Data source: Labour Force Survey, spring quarters.

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.

2 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; and
- 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 are presented in the chart and tables below, though information for the persistent low-income indicator is shown only in the table. While the table aims 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 2002/03, from 34 per cent to 28 per cent on the after housing costs measure and 25 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 17 per cent on the after housing costs measure and from 25 per cent to 12 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 1999 and 2002.

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

	Low-income threshold	Relative low income			Absolute low income		
		50% of median*	60% of median	70% of median	50% of median*	60% of median	70% of median
Baseline Before housing costs	1996/97	12%	25%	36%	12%	25%	36%
	1997/98	13%	25%	36%	12%	24%	35%
	1998/99	12%	24%	35%	11%	22%	33%
	1999/2000	11%	23%	35%	9%	19%	31%
	2000/01	11%	21%	33%	8%	16%	26%
	2001/02	10%	21%	33%	6%	12%	22%
	2002/03	10%	21%	32%	6%	12%	21%
Baseline 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%
	1999/2000	22%	32%	41%	17%	28%	37%
	2000/01	19%	31%	39%	13%	24%	32%
	2001/02	19%	30%	39%	10%	20%	29%
	2002/03	19%	28%	39%	10%	17%	26%

*Households reporting the lowest incomes may not have the lowest living standards. The bottom 10 per cent of the income distribution should not, therefore, be interpreted as having the bottom 10 per cent of living standards. This is a particular issue for lower thresholds, such as 50 per cent median. Other higher thresholds are less affected by this.

Persistent low income (low income in three out of four years – Great Britain)

	1991–94	1992–95	1993–96	1994–97	1995–98	1996–99	1997–00	1998–01	1999–02
Below 60% of median	20%	18%	17%	17%	17%	16%	16%	15%	16%
Below 70% of median	29%	29%	29%	28%	28%	27%	26%	25%	26%

Note: Some of the figures have seen small revisions since their publication in the last (2002/03) *Households Below Average Income* report. This is due to changes to the base dataset made by the data suppliers of the *British Household Panel Study*.

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 income – low income (before housing costs only) in three out of the 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 1994/95–2002/03*. Methodological improvements have led to some amendments to the data for persistent low income, though the trend has not changed.

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

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

PSA target: To halve the number of children in relative low-income households between 1998/99 and 2010/11, on the way to eradicating child poverty by 2020.

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

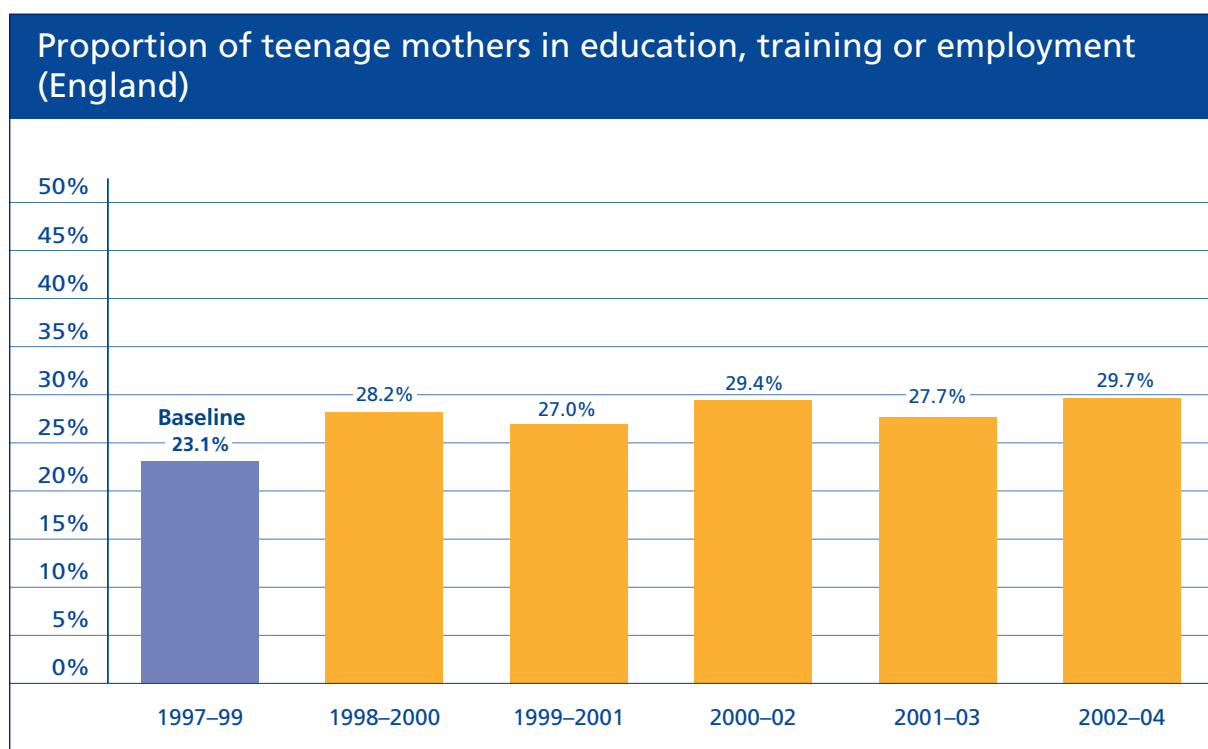
3 Teenage pregnancy indicators (England):

- a) a reduction in the rate of conceptions for those aged under 18; and
- b) an increase in the proportion of teenage mothers who are in education, employment or training.

Baseline and trends: a) 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 provisional rate for the year 2002 is 42.6 per thousand females aged 15–17, 9.4 per cent lower than in 1998. The 2002 data are provisional estimates released by Office for National Statistics in February 2004 and may be revised later in the year.

b) Baseline data based on three-year average for the years 1997–99. The proportion of teenage mothers who are in education, employment or training in England has risen slightly from 23.1 per cent for the period 1997–99 to 29.7 per cent in the period from 2002–04.

Under-18 conception rates per thousand females aged 15–17													
		Baseline											
1971	1981	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
54.7	38.7	45.5	43.2	42.1	41.6	41.6	45.9	45.8	47.0	45.3	43.8	42.3	42.6



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 15–17. The figures on teenage mothers in education, employment or training are for the 16–19-year-old age range.

Data have changed this year to present the proportion of teenage mothers who are in education, employment or training. In previous years we have used figures which show the proportion *Not* in Education, Employment or Training. The change reflects the Department for Education and Skills targets for improvement in this area. Data are now presented on a three-year average basis rather than individual years to take account of relatively small sample sizes.

Data source: Office for National Statistics Conception Statistics (England) and Labour Force Survey, spring quarters (England). Data for England are reported to reflect the coverage of the Teenage Pregnancy Strategy.

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, employment or training, and specifically to increase the proportion of teenage mothers in education, employment or training to 60 per cent by 2010.

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

4 An increase in the proportion of children (in Sure Start programme areas and Children's Centres) with appropriate levels of development (England).

Baseline and trends: Baseline year – 2003. Sure Start local programmes and Children's Centres aim to promote better outcomes for young children under 5 years of age. The Foundation Stage Profile was reported for the first time in 2003.

Percentage of 5-year-olds achieving appropriate levels of development at the end of the Foundation Stage (England)			
	CLL AOL of 24 or above	PSE AOL of 18 or above	
2003	All schools in Sure Start areas	54.6%	75.1%
	All schools in England	64.9%	81.4%
Areas of Learning (AOLs) – Communication, Language and Literacy (CLL) and Personal, Social and Emotional Development (PSE)			

Definition: The Foundation Stage Profile is finalised at the end of the Foundation Stage (when children are generally 5 years of age). It measures 13 assessment scales covering physical, intellectual, emotional and social development. In each assessment scale, there are nine points showing how far a child has progressed towards achieving the Early Learning Goals. A score of 0–3 indicates working towards the Early Learning Goals, 4–7 working within the Early Learning Goals, 8 achieving the Early Learning Goals and 9 working beyond the Early Learning Goals.

The indicator is based on the percentage of 5-year-olds achieving total scores of 24 or above in the Communication, Language and Literacy Area of Learning, and 18 or above in the Personal, Social and Emotional Development Area of Learning.

This is a proxy for a score of 6 or above in each assessment scale (which is viewed as securely working within the range of the Early Learning Goals). However, there may be children who achieved these scores without getting a score of 6 or above in each scale.

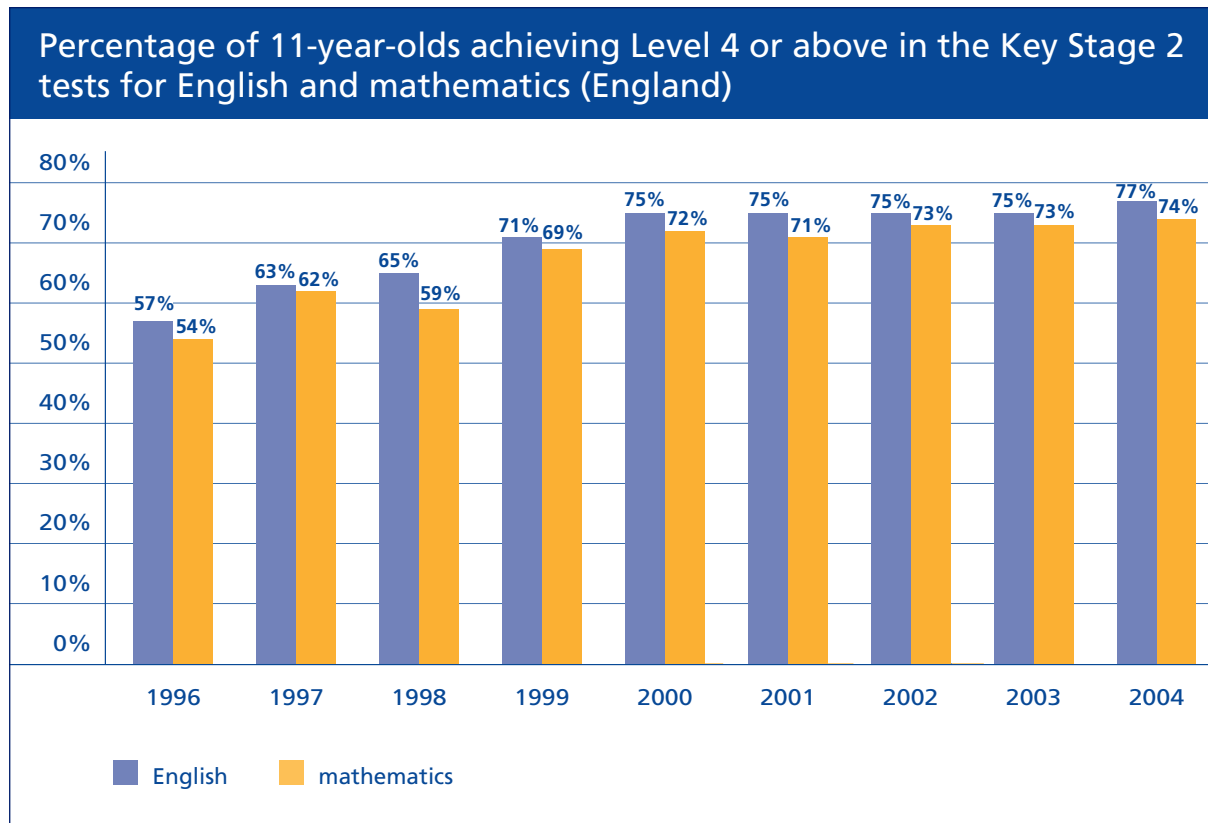
The data are taken from overall summary data, aggregated at Local Education Authority and Sure Start area level.

Data source: Department for Education and Skills.

Linked to Sure Start Output and Performance Analysis target, joint with Department for Work and Pensions: To improve children's communication, social and emotional development so that, by 2008, 50 per cent of children (provisional target, which may be revised in the light of more extensive Foundation Stage Profile data becoming available by 2006) reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20 per cent most disadvantaged areas and the rest of England.

5 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 2004, 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 77 per cent for English and from 62 per cent to 74 per cent for mathematics.



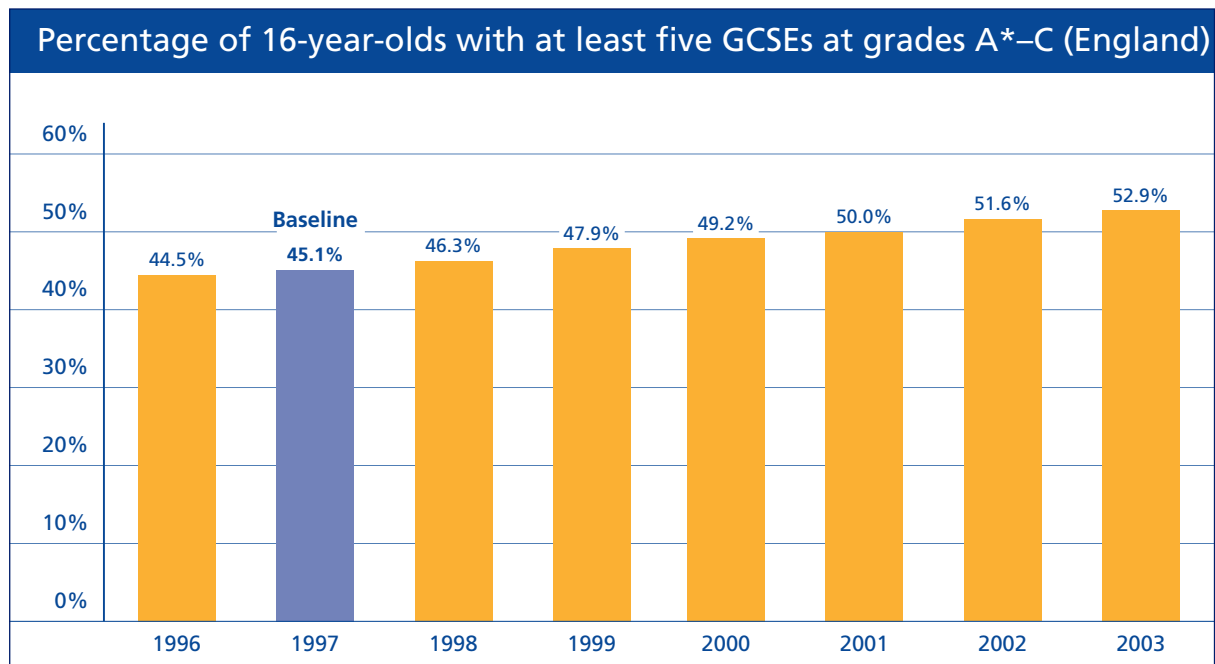
Definition: Percentage of 11-year-olds achieving Level 4 or above in Key Stage 2 English and mathematics tests.

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

Linked to Department for Education and Skills PSA targets: To raise standards in English and mathematics so that by 2006, 85 per cent of 11-year-olds achieve Level 4 or above, with this level of performance sustained to 2008.

6 An increase in the proportion of 16-year-olds with at least five GCSEs at grades A*–C, and in all schools at least 20 per cent to reach this standard by 2004, rising to 25 per cent by 2006 (England).

Baseline and trends: Baseline year – 1997. The proportion of 16-year-olds with at least five GCSEs at grades A*–C has risen from 45.1 per cent in 1997 to 52.9 per cent in 2003. The number of schools achieving below a floor target of 20 per cent and 25 per cent has also been steadily declining since the baseline year of 1997.



Number of schools achieving below a floor target at GCSE/GNVQ (England)

	Baseline 1997	1998	1999	2000	2001	2002	2003
Below 20%	361	325	277	241	196	157	114
Below 25%	616	553	487	436	369	294	228

Definition: Percentage of 16-year-olds (at the end of the academic year) with at least five GCSEs at grades A*–C 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 PSA targets: By 2008, 60 per cent of those aged 16 to achieve the equivalent of five GCSEs at grades A*–C; and in all schools at least 20 per cent of pupils to achieve this standard by 2004, rising to 25 per cent by 2006 and 30 per cent by 2008. (This target may be reviewed in the light of recommendations from the Tomlinson inquiry.²⁰)

7 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 76.1 per cent at the end of 2003.

Percentage of 19-year-olds with at least a Level 2 qualification (England)								
Baseline	1996	1997	1998	1999	2000	2001	2002	2003
	69.7%	72.3%	73.9%	74.9%	75.3%	74.8%	74.8%	76.1%

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, Intermediate GNVQ, five or more GCSEs at grades A*–C, or any equivalent qualifications.

Data source: Labour Force Survey, autumn quarters.

Linked to Department for Education and Skills PSA targets: To increase the proportion of 19-year-olds who achieve at least Level 2 by 3 percentage points between 2006 and 2008, and increase the proportion of young people who achieve Level 3.

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

8 An increase in overall school attendance (England).

Baseline and trends: Baseline year – 1996/97. There has been an overall increase in school attendance from the baseline year to 2002/03, although with some fluctuation in the intervening years.

Percentage of attendances in schools (England)							
	Baseline						
1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03
92.4%	92.8%	92.7%	92.9%	93.2%	92.7%	93.0%	93.2%

Definition: Authorised absence is absence that has been authorised by a teacher or other authorised representative of the school. Parents or guardians may provide an explanation for a particular absence, but only the school can authorise it. Unauthorised absence is absence without leave from a teacher or other authorised representative of the school. This includes all unexplained or unjustified absences. Authorised and unauthorised absences are measured in terms of the percentage of half days missed. Attendance would then be 100 per cent minus these percentage points.

Data source: Department for Education and Skills Pupil Absence Return.

Linked to Department for Education and Skills target: To improve levels of school attendance so that, by 2008, school absence is reduced by 8 per cent compared to 2003.

9 An improvement in the educational attainment and participation of children looked after by local authorities, including:

- a) a substantial narrowing of the gap between them and their peers; and
- b) a reduction in the proportion of care-leavers who are Not in Education, Employment or Training (England).

a) A substantial narrowing of the gap between them and their peers.

Baseline and trends: Baseline year – 1999/2000. The proportion of young people in care for at least one year who obtained at least five GCSEs at grades A*–C or equivalent in England increased from the baseline of 7.3 per cent in 1999/2000 to 8.7 per cent in 2002/03. The gap has changed from 41.9 per cent in 1999/2000 to 43.9 per cent in 2002/03.

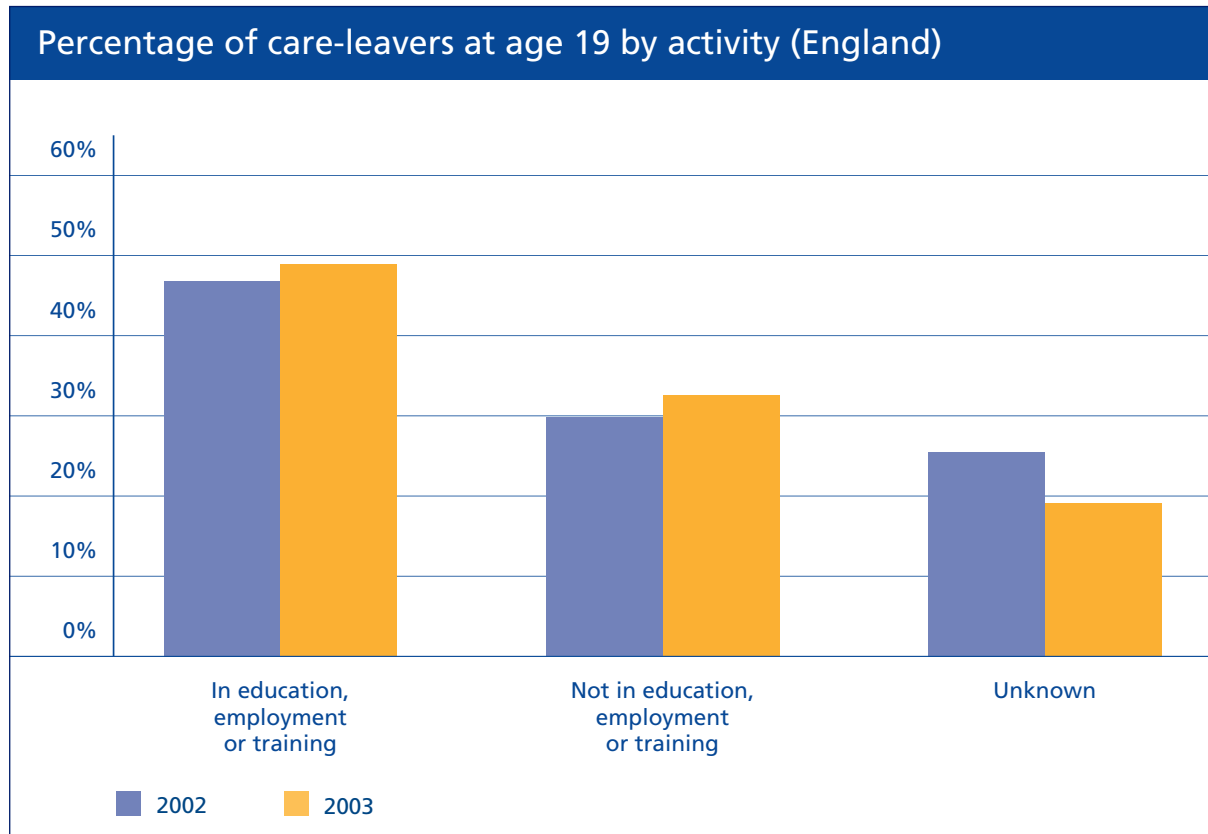
Definition: Percentage of young people in care for at least one year (year ending 30 September) with at least five GCSEs at grades A*–C or equivalent.

Data source: Outcome Indicator returns (OC2) – returns completed annually at the request of the Department for Education and Skills.

Linked to Department for Education and Skills PSA target: To narrow the gap in educational achievement between looked-after children and their peers, and improve their educational support and the stability of their lives so that, by 2008, 80 per cent of children under 16 who have been looked after for 2.5 or more years will have been living in the same placement for at least two years, or placed for adoption.

b) A reduction in the proportion of care-leavers who are not in education, employment or training.

Baseline and trends: Baseline year – 2002. The proportion of care-leavers who were Not in Education, Employment or Training in England increased from 29 per cent in 2002 to 32 per cent in 2003. However, much of the increase can be attributed to a more accurate reporting of care-leavers' destinations, leading to a reduction in the size of the unknown group.



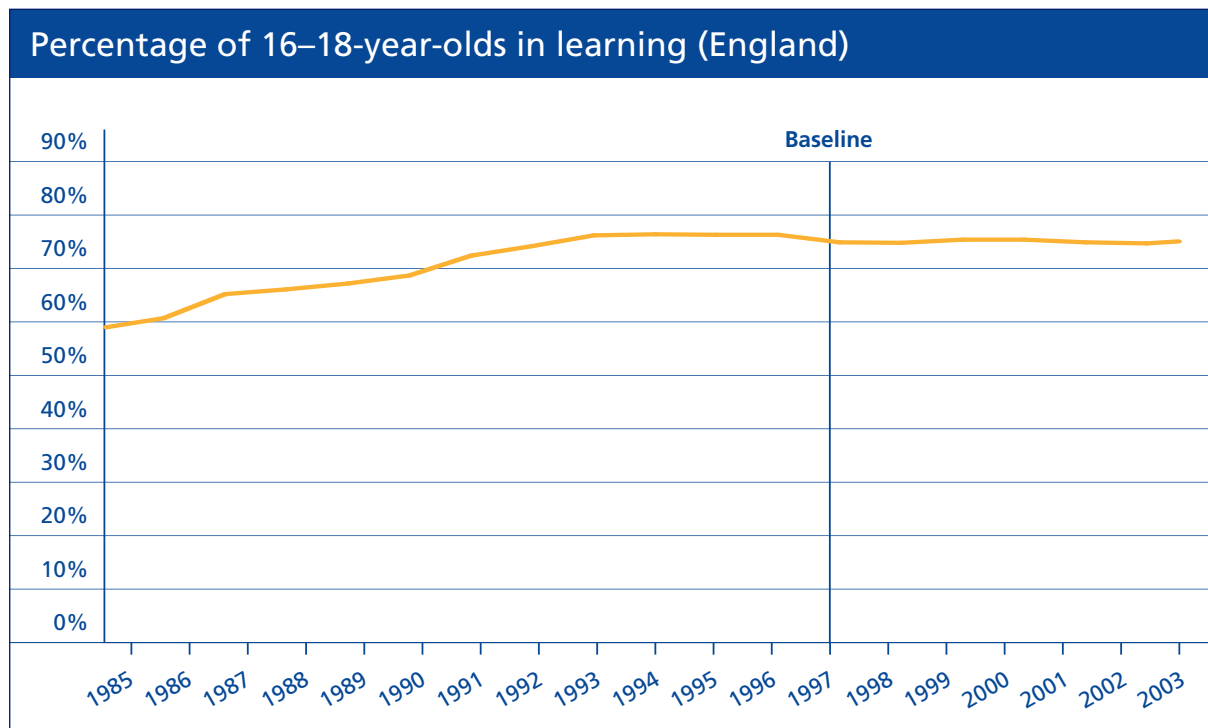
Definition: Care-leavers (who are looked after when aged 16 (in their 17th year)) who are not in education, employment or training activity on their 19th birthday.

Data source: Outcome Indicator returns (SSDA903) – returns completed annually at the request of the Department for Education and Skills, based on years ending 31 March 2002 and 2003.

Linked to Department for Education and Skills PSA target: To narrow the gap in educational achievement between looked-after children and that of their peers, and improve their educational support and the stability of their lives so that, by 2008, 80 per cent of children under 16 who have been looked after for 2.5 or more years will have been living in the same placement for at least two years, or are placed for adoption.

10 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 continued to be broadly constant at 75 per cent and stood at 75.5 per cent in 2003.



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	2002	2003
76.4%	76.3%	76.3%	74.9%	74.8%	75.4%	75.4%	74.9%	74.7%	75.5%

Note: Data for 2001 onwards which use Census 2001 are not comparable with data for earlier years. There are issues with the post-census population estimates when comparing population estimates for single years of age with the pupil count for the latest cohorts (years 2001 and 2002 and 2003). Therefore, comparison between years should be treated with caution.

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

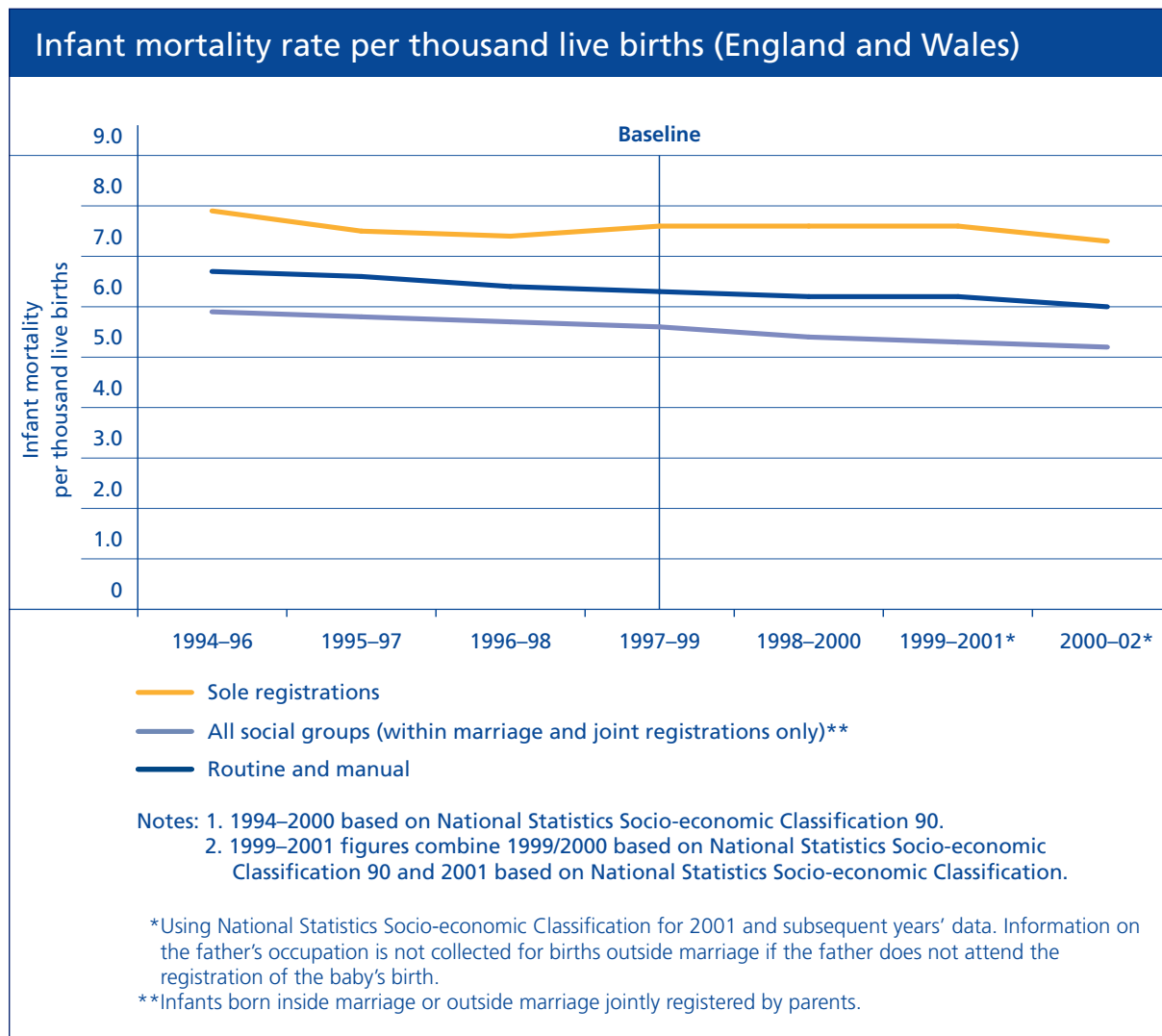
Estimates for 2001 onwards are not comparable with previous years due to the use of post-census population estimates. There are issues with the post-census estimates when comparing population estimates for single years of age with the pupil count for the latest cohorts. Comparison between years should be treated with caution. Further details on these issues can be found in the Statistical First Release *Participation in Education, Training and Employment by 16–18-year-olds in England: 2001 and 2002*. This is available at: www.dfes.gov.uk/rsgateway/DB/SFR/S000426/index.shtml

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

Linked to Department for Education and Skills PSA target: To increase the proportion of 19-year-olds who achieve at least Level 2 by 3 percentage points between 2004 and 2006, and a further 2 percentage points between 2006 and 2008, and to increase the proportion of young people who achieve Level 3.

11 A reduction in the gap in mortality for children under 1 year between routine and manual groups and the population as a whole (England and Wales).

Baseline and trends: Baseline data – 1998 (based on the average of the three years 1997–99). There are insufficient data available at present to determine a trend. The latest data show a slight fall in mortality rates across all groups.



Infant mortality rates per thousand live births (England and Wales)							
	NS SEC 90					NS SEC 2001	
	Baseline						
	1994– 96	1995– 97	1996– 98	1997– 99	1998– 2000	1999– 2001*	2000– 2002*
Sole registrations	7.9	7.5	7.4	7.6	7.6	7.6	7.3
All social groups (within marriage, joint registrations only)**	5.9	5.8	5.7	5.6	5.4	5.3	5.2
Routine and manual	6.7	6.6	6.4	6.3	6.2	6.2	6.0
Ratio: routine and manual/all	1.15	1.14	1.12	1.13	1.14	1.17	1.16
<p>*Using National Statistics Socio-economic Classification for 2001 and subsequent years' data. Information on the father's occupation is not collected for births outside marriage if the father does not attend the registration of the baby's birth.</p> <p>**Infants born inside marriage or outside marriage jointly registered by parents.</p>							

Definition: Infant mortality rate per thousand live births, England and Wales. Figures for the 'all social groups' and 'routine and manual' groups are for live births within marriage and joint registrations only, as social class can be allocated only 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 trends in all social groups (including sole registrations) – as shown in the chart – to check whether the gaps in mortality are narrowing.

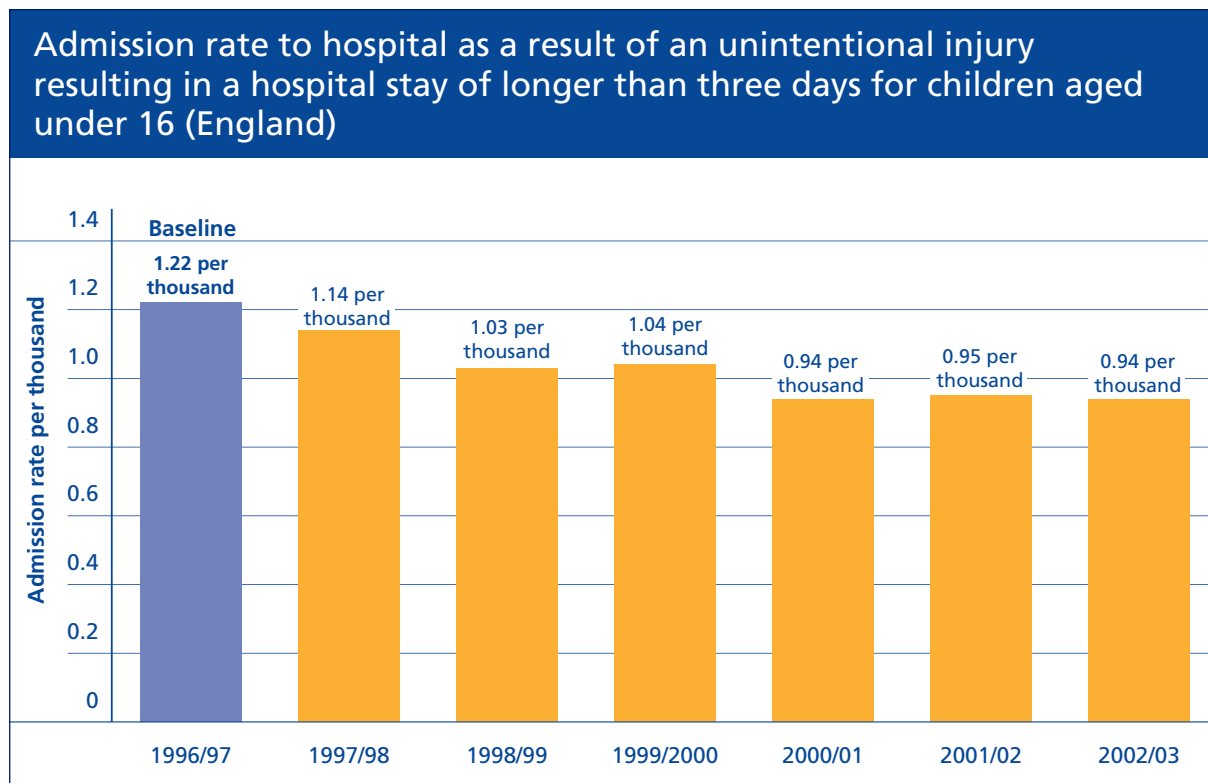
The indicator was originally set using manual and non-manual social classes. It has now been re-set using the new National Statistics Socio-economic Classification. The National Statistics Socio-economic Classification was introduced in 2001, but comparable data for previous years have been produced using an approximation called the National Statistics Socio-economic Classification 90. At the highest level, three social groups are identified: managerial and professional, intermediate, and routine and manual. Previous *Opportunity for all* reports set out the infant mortality rate per thousand live births (England and Wales) on the old basis.

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

Linked to Department of Health PSA target on health inequalities: By 2010, to reduce inequalities in health outcomes by 10 per cent as measured by infant mortality and life expectancy at birth. Also its supporting target: Starting with children under 1 year, by 2010 to reduce by at least 10 per cent the gap in mortality between routine and manual groups and the population as a whole.

12 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. The decline has continued in recent years with a fall in the admission rate from 1.22 per thousand to 0.94 per thousand between 1996/97 and 2000/01. Since 2000/01, the admission rate has remained fairly constant. The most recent data for 2002/03 show an admission rate of 0.94 per thousand.



Definition: Children aged under 16 whose injury is sufficiently serious to require a hospital stay exceeding three days. Population rates have been re-calculated using revised Census 2001 population estimates (which will be subject to further revision later in 2004).

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).

13 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.

Results for Great Britain from 1985, 1990 and 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 continue to smoke throughout pregnancy. This includes all women who smoked at all during their pregnancy or in the year before conception, and who were smokers at the time of the baby's birth.

The latest data shown on smoking in pregnancy are still the most recent, as this is based on data from the Infant Feeding Survey (2000), which is currently carried out every five years. Owing to some changes in the survey design in 2000, in which some questions were revised to improve the reliability of results, the data from 1995 and 2000 are not directly comparable. The Department of Health is planning to report smoking in pregnancy more frequently through health visitor returns in due course. However, the quality of this information is still being assessed.

Data source: Office for National Statistics Infant Feeding Surveys, 1985, 1990 and 1995 (data for Great Britain only are available from the 1985 and 1990 surveys); British Market Research Bureau Infant Feeding Survey 2000.

Linked to Smoking Kills White Paper target: To reduce the percentage of women in England who smoke during pregnancy from 23 per cent to 15 per cent by 2010, with a fall to 18 per cent by 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 1984, with no clear trend over time. The most recent estimate is 9 per cent in 2003.

Prevalence of smoking cigarettes among children aged 11–15 (England)								
	Baseline							
1984	1992	1994	1996	1998	1999	2000	2002	2003
13%	10%	12%	13%	11%	9%	10%	10%	9%

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: National Centre for Social Research/National Foundation for Educational Research, *Smoking, drinking and drug use among young people in England in 2003: Headline figures*.

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 2010, with a fall to 11 per cent by 2005.

14 A reduction in the rate of obesity in children below 16 years (England).

Baseline and trends: Baseline year – weighted average for the three-year period 1996–98. There is a clear upward trend in the prevalence of obesity among those aged 2 to 15. Between 1997 and 2002, the prevalence among boys aged 2 to 15 has increased by 3.8 percentage points and among girls by 4.5 percentage points. In England in 2002, 16.6 per cent of boys and 16.7 per cent of girls aged 2 to 15 were obese.

Obesity prevalence trends among those aged 2 to 15 by sex, based on national body mass index percentiles classification (England)

	Baseline						
	1995	1996	1997	1998	1999/2000	2001	2002
Boys	10.4%	11.6%	12.8%	13.2%	15.6%	14.6%	16.6%
Girls	11.7%	12.0%	12.2%	13.5%	14.1%	14.0%	16.7%

Note: The data are age-standardised using Census 2001 as a reference.

Definition: Children aged 2 to 15 are classified as obese if their body mass index score lies above the 95th percentile of the United Kingdom reference curves (referred to as the national body mass index classification). Further details on the classification are available in chapter 9 of the 2002 Health Survey for Education report: www.official-documents.co.uk/document/deps/doh/survey02/hse02.htm

There is no generally agreed definition of childhood obesity, but there are two widely used indicators: i) international classification – based on reference points derived from an international survey; and ii) national body mass index percentile classification – based on the United Kingdom 1990 reference curves (as used here). Although the figures produced by the two different definitions differ considerably (obesity estimates derived using the national body mass index percentiles classification are much higher than those derived by the international classification), the overall trends are not affected by the definition used.

An age-standardised rate is a summary measure of a rate that a population would have if it had a standard age structure. Standardisation is necessary when comparing several populations that differ with respect to age, because age has such a powerful influence on the risk of key health problems.

Information on the prevalence of obesity among those aged 2 to 10 years of age will also be reported next year when data are available.

Data source: National Centre for Social Research/Department of Epidemiology and Public Health at the Royal Free and University College Medical School, *Health Survey for England, 2003 – The Health of Children and Young People*.²¹

Linked to joint Department of Health and Department for Culture, Media and Sport PSA target: To tackle the underlying determinants of ill health and health inequalities by ‘halting the year-on-year rise in obesity among children under 11 by 2010 in the context of a broader strategy to tackle obesity in the population as a whole’.

15 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 1999/2000. Re-registrations decreased to 13 per cent in 2002/03.

Although virtually all of the improvements from 1997/98 to 1998/99 were attributed to improvements in data quality, the figures for subsequent years suggest that the underlying long-term trend upwards has been reversed.

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

Data source: *The Personal Social Services Performance Assessment Framework Indicators 2002/03.*

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

Baseline and trends: Baseline year – 1996. In 1996, 43 per cent of children lived in a home that did not meet the set standard of decency. This has since fallen to 30 per cent in 2001.

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.

Data source: The English House Condition Survey was undertaken every five years until recently. The latest English House Condition Survey was conducted in 2001 and was published in July 2003. The survey is now being conducted on a continuous basis. Annual results will be made available based on rolling combinations of two-year data sets. Headline national results based on the combined two-year data set for 2002/03 to 2003/04 will be produced around the end of 2004.

Linked to Office of the Deputy Prime Minister PSA target: By 2010, to bring all social housing into a decent condition with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in a decent condition. Vulnerable households are those in receipt of at least one of the principal means-tested or disability-related benefits.

17 A reduction in the number of families with children in temporary accommodation (England).

Baseline and trends: Baseline year – 2002. The number of homeless families with dependent children in temporary accommodation in England rose by 21 per cent between March 2003 and March 2004. Compared with the baseline, the increase between March 2002 and March 2004 was 62 per cent.

Number of homeless families with dependent children in temporary accommodation (England)			
		Families	% increase
Baseline	March 2002	39,810	–
	March 2003	53,070	33%
	March 2004	64,340	21%

Definition: Figures for the number of families in temporary accommodation are based on the number of homeless families with dependent children accepted by local authorities as homeless and in priority need, living in temporary accommodation arranged by a local authority under the homelessness legislation.

Temporary accommodation includes private sector houses and flats leased by local authorities and Registered Social Landlords (also known as housing associations). Around 50 per cent of homeless families with dependent children were housed in this type of accommodation at the end of March 2004. A further 29 per cent were in social housing managed by local authorities and Registered Social Landlords, 10 per cent were in hostels and womens' refuges, 1 per cent were in B&B-type accommodation, and 10 per cent were in 'other' accommodation (mainly homes rented directly from private landlords).

Data source: The data for the numbers of families in temporary accommodation are from P1(E) quarterly returns, as collected by the Housing and Data Statistics Division of the Office of the Deputy Prime Minister. Data on families in temporary accommodation with dependent children have only been collected since March 2002.

Linked to Office of the Deputy Prime Minister PSA target: The number of families with children in temporary accommodation is a key indicator for the Office of the Deputy Prime Minister's PSA 5 target to improve the balance between housing supply and demand. Related to that, the Government's target to end the use of Bed and Breakfast hotels for homeless families with children, except in emergency cases of no longer than six weeks, was met on time in March 2004.

Linked to Department of Health PSA Health Inequalities (2010) target: By 2010, to reduce the inequalities in health outcomes by 10 per cent as measured by infant mortality and life expectancy at birth.

To support an overview of progress in tackling health inequalities, 12 national headline indicators sit alongside the national target to help give a more rounded assessment of developments. One of these indicators is the number of homeless families with children living in temporary accommodation.

People of working age

This section gives a broader picture of what is happening behind the indicators for people of working age. Outcomes for this group are important as they determine some of the attributes that people carry with them through life. We know that those people who are poorer have worse life chances. They are likely to be poorly educated, poorly paid and have worse health than others. They are also likely to pass on these attributes to their children.

Employment

18. The Great Britain annual working-age employment rate (indicator 18) in 2004 was one of the highest employment rates in our history, up 2 percentage points since 1997.
19. Employment rates overall have improved, and employment rates among vulnerable groups (indicator 19) have increased more since 1997 than for the average.
20. There remain some groups which face particular barriers to entering, remaining in and progressing in employment. These groups include disabled people, lone parents, ethnic minorities, people aged 50 and over, people with low or no qualifications, and people living in the most deprived areas. Despite this disparity, the employment rates for some key disadvantaged groups, such as lone parents, people with disabilities and those aged 50 and over (indicator 19), have increased more since 1997 than for the average, significantly reducing the difference between their employment rates and the national rate.
21. The ethnic minority population is varied in terms of both labour market participation and employment rates. Ethnic minority employment rates overall have been rising since 2001, and most ethnic minority groups have seen an increase in their employment rates. Generally, those with the lowest employment rates have seen the greatest increase.
22. Ethnic minorities on average have a much lower employment rate than that for Great Britain as a whole. People from Pakistani and Bangladeshi minority groups had the lowest rates of all ethnic groups (as at spring 2004).
23. The highest employment rates among ethnic minorities are held by the Black Caribbean, Indian, Other Black and Mixed ethnic minority groups.

Worklessness

24. The proportion of working-age people living in workless households (indicator 20) has decreased since 1997 (the baseline year). The Labour Force Survey household data for autumn 2003 show that the number of households without a paid working adult was down compared with the previous year. This amounted to 15.6 per cent of all working-age households, down from 16.1 per cent a year earlier.

25. Lone-parent households were much more likely to be workless than couple households. Among ethnic minority groups, working-age people of Black African ethnicity were most likely to live in workless households at 23.7 per cent. This compared with 7.8 per cent of those from the Indian ethnic group and 10.6 per cent of those from the White group.²²

Education

26. The proportion of people of working age without a qualification at NVQ Level 2 or higher (indicator 21) has fallen steadily. However, ethnic minority groups, the unemployed and older people were less likely to hold a qualification.²³ Those with long-term health problems were more likely than other people to have no qualifications at all.²⁴

Low income

27. Over the period 1994/95 to 2002/03 there was a slight fall in the percentage of working-age adults below various low-income thresholds (indicator 23).
28. The proportion of the population who were in low-income households was highest in London and the North East, and lowest in the East and South East. These relativities have remained largely unchanged since the mid-1990s.²⁵
29. There was no evidence of a change in the rates of persistent poverty.²⁶

Health

30. Overall, people from lower socio-economic groups have a shorter life expectancy and higher infant mortality rates, and are more likely to smoke, than those from other groups.²⁷ Smoking rates (indicator 24) explain a large part of the difference in life expectancy between different socio-economic groups. Smoking is more prevalent among manual socio-economic groups than non-manual, and there is no sign that the gap is narrowing. In England in 2002, 31 per cent of those in manual groups smoked compared with 20 per cent of those in non-manual groups.²⁸ However, smoking rates overall have declined slightly for all groups since the baseline of 1996.
31. The overall trend in suicide rates (indicator 25) was downwards, with an overall reduction from 10.3 per 100,000 population for the period 1990–92 to 8.9 per 100,000 population in 2000–02, with the rate falling in most years. The rate of reduction has increased in recent years, particularly compared to the pre-1990s when rates rose and fell more slowly.

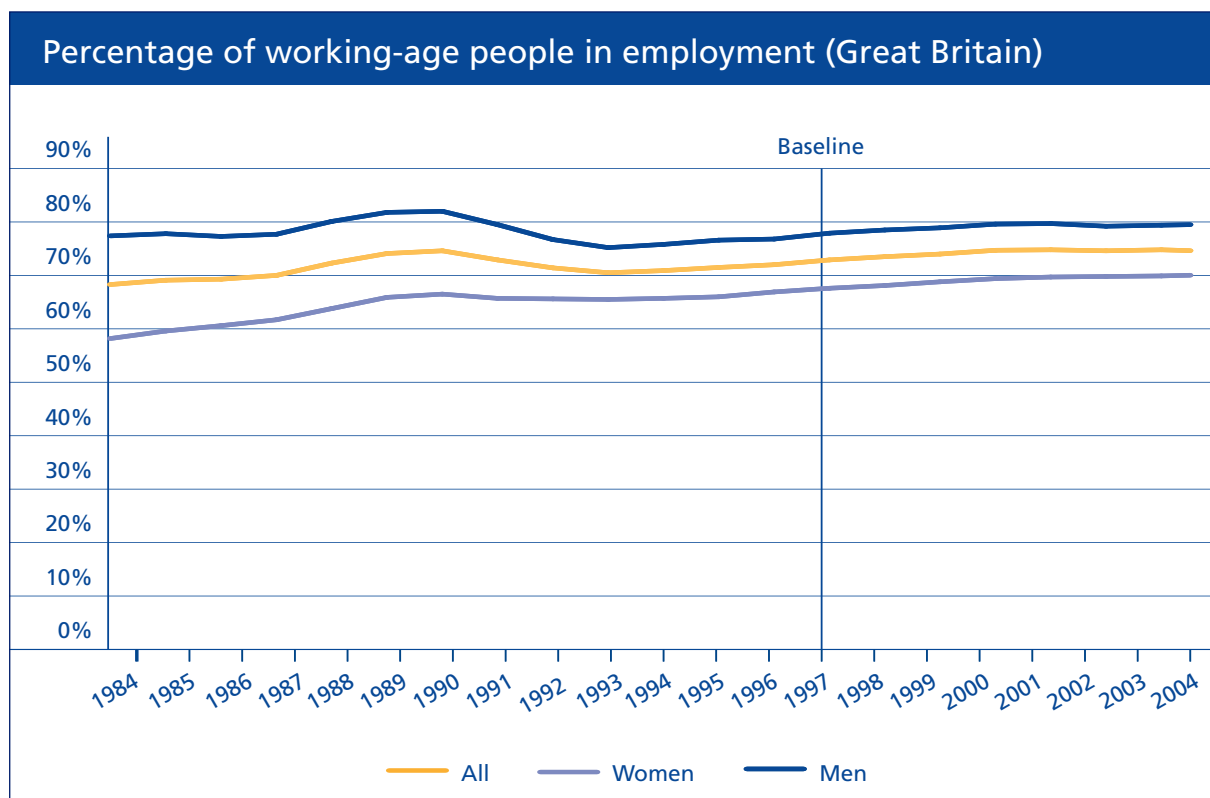
Homelessness

32. There has been a large (73 per cent) reduction in the most extreme form of homelessness – rough sleeping (indicator 26) – since 1998. Rough sleeping occurs predominantly among single male adults. More than half of all rough sleepers counted in June 2003 were in London.
33. The number of households being accepted for homelessness assistance by local authorities ('statutory' homelessness) has increased, in part because the groups given priority need under the legislation have been extended. Homelessness was higher in London than elsewhere. Lone parents and ethnic minorities remain at a much higher risk of statutory homelessness than other groups.²⁹
34. See also indicator 17 on families in temporary accommodation, in the children and young people section.

Indicators for people of working age

18 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 74.6 per cent in 1990, falling subsequently to 70.5 per cent in the early 1990s during the recession. The proportion in employment has since risen to 72.9 per cent in 1997 (the baseline year) and to 74.9 per cent in 2004. 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)											
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
All	68.3%	69.1%	69.3%	70.0%	72.3%	74.1%	74.6%	72.9%	71.4%	70.5%	70.9%
Men	77.4%	77.8%	77.3%	77.7%	80.1%	81.8%	82.0%	79.5%	76.4%	75.2%	75.8%
Women	58.2%	59.6%	60.6%	61.7%	63.8%	65.9%	66.5%	65.7%	65.6%	65.5%	65.7%
	Baseline										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
All	71.5%	72.0%	72.9%	73.5%	74.0%	74.7%	74.8%	74.6%	74.8%	74.9%	
Men	76.6%	76.8%	77.9%	78.5%	78.9%	79.6%	79.7%	79.2%	79.4%	79.5%	
Women	66.0%	66.9%	67.6%	68.1%	68.8%	69.4%	69.7%	69.8%	69.9%	70.1%	
Note: The figures for the years up to 1992 have not been adjusted, while those for 1992 onwards have been seasonally adjusted; the two sets are therefore not directly comparable.											

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

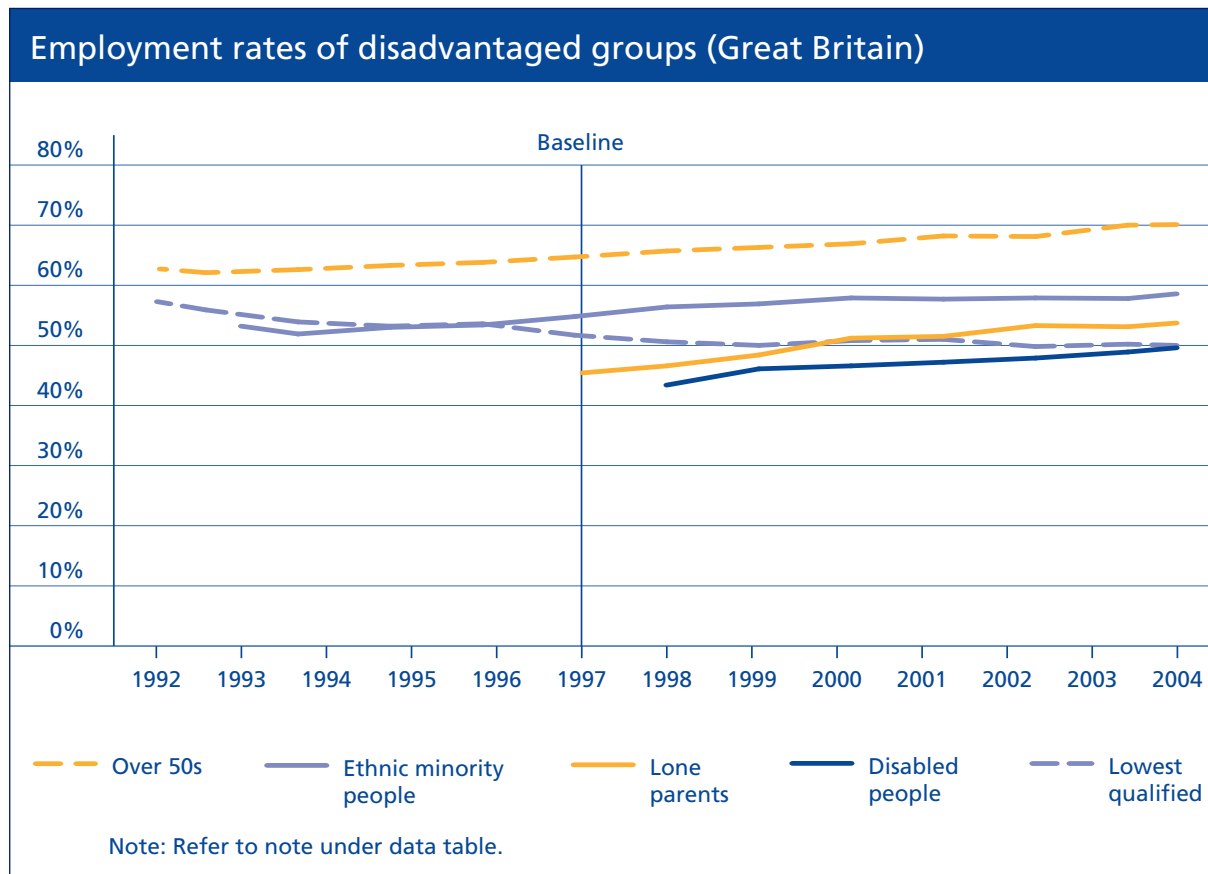
Data source: Labour Force Survey, spring quarters. 1984–91: seasonally unadjusted data. 1992–2004: seasonally adjusted data. All the data have been revised in line with the results of Census 2001.

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.

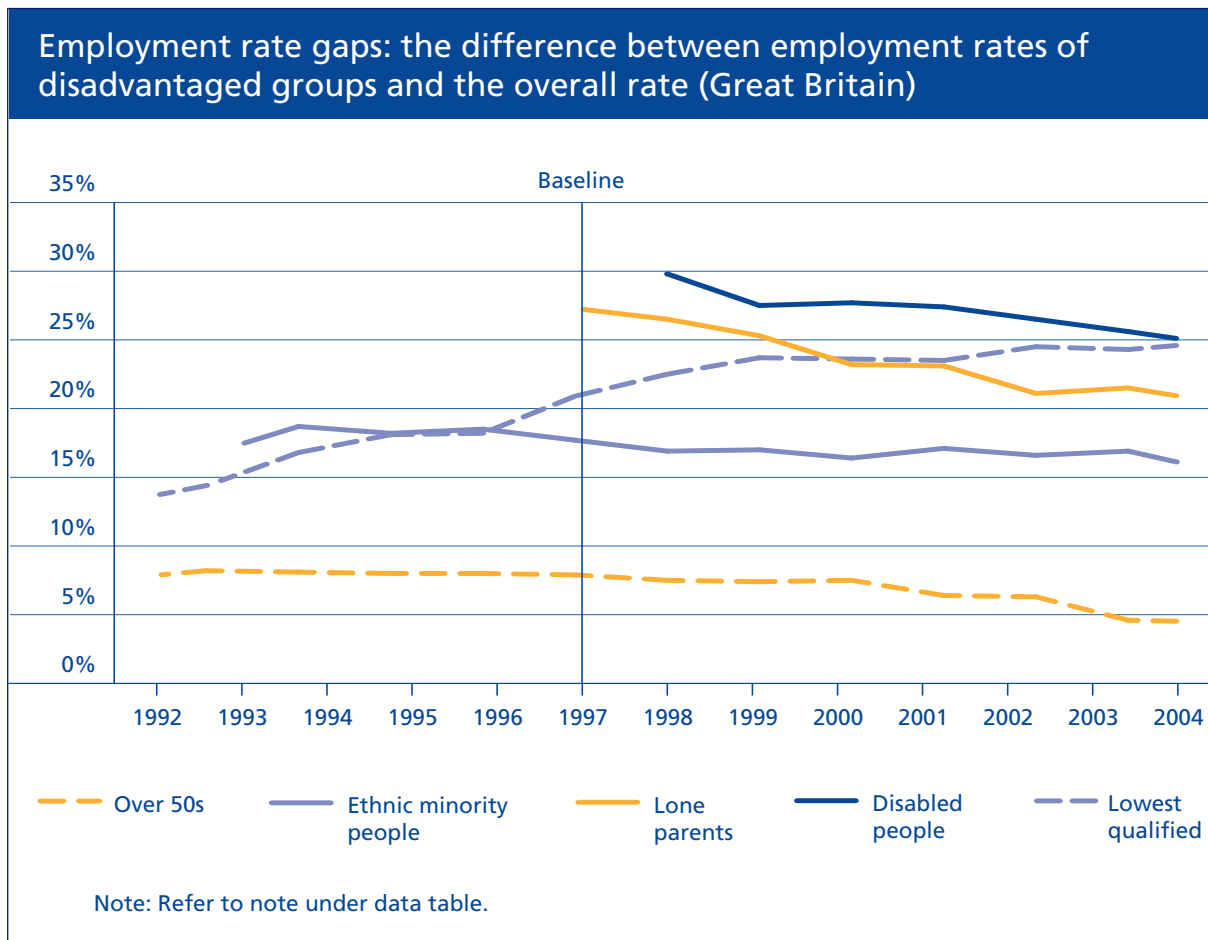
19 An increase in the employment rates of disadvantaged groups – disabled people, lone parents, ethnic minority people, people aged 50 and over and the lowest qualified – and a reduction in the difference between their employment rates and the overall rate (Great Britain).

Baseline and trends: Baseline year – 1997 for lone parents, the over 50s and the lowest qualified, 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 2004 there has been a rise in the employment rates of the over 50s from 64.7 per cent to 70.2 per cent and of lone parents from 45.3 per cent to 54.3 per cent. The employment rate of disabled people has increased from 43.4 per cent in 1998 to 50.1 per cent in 2004 and the employment rate of ethnic minority people has increased from 56.4 per cent to 59.4 per cent over the same period. There has been little change in the employment rate for the lowest qualified since the 1997 baseline.



Employment rates of disadvantaged groups (Great Britain)							
	1992	1993	1994	1995	1996	1997	1998
All	71.2%	70.4%	70.7%	71.3%	71.8%	72.6%	73.2%
Over 50s	63.5%	62.1%	62.6%	63.3%	63.8%	64.7%	65.7%
Ethnic minority people	–	54.0%	51.9%	53.0%	53.4%	54.8%	56.4%
Lone parents	–	–	–	–	–	45.3%	46.6%
Disabled people	–	–	–	–	–	–	43.4%
Lowest qualified	58.0%	55.9%	53.9%	53.2%	53.6%	51.7%	50.6%
	1999	2000	2001	2002	2003	2004	
All	73.7%	74.4%	74.5%	74.3%	74.6%	74.7%	
Over 50s	66.3%	66.9%	68.2%	68.1%	70.0%	70.2%	
Ethnic minority people	56.9%	57.9%	57.7%	57.9%	57.8%	59.4%	
Lone parents	48.4%	51.2%	51.5%	53.3%	53.1%	54.3%	
Disabled people	46.1%	46.6%	47.2%	47.9%	48.9%	50.1%	
Lowest qualified	50.0%	50.8%	51.0%	49.8%	50.2%	49.8%	
Employment rate gaps (Great Britain)							
	1992	1993	1994	1995	1996	1997	1998
Over 50s	7.8%	8.2%	8.1%	8.0%	8.0%	7.9%	7.5%
Ethnic minority people	–	16.7%	18.7%	18.2%	18.5%	17.7%	16.9%
Lone parents	–	–	–	–	–	27.3%	26.5%
Disabled people	–	–	–	–	–	–	29.8%
Lowest qualified	13.3%	14.4%	16.8%	18.1%	18.2%	20.9%	22.5%
	1999	2000	2001	2002	2003	2004	
Over 50s	7.4%	7.5%	6.4%	6.3%	4.6%	4.5%	
Ethnic minority people	17.0%	16.4%	17.1%	16.6%	16.9%	15.4%	
Lone parents	25.3%	23.2%	23.1%	21.1%	21.5%	20.4%	
Disabled people	27.5%	27.7%	27.4%	26.5%	25.6%	24.6%	
Lowest qualified	23.7%	23.6%	23.5%	24.5%	24.3%	24.9%	
Notes: Data from 2001 onwards for ethnic minority people are not comparable with earlier years. The Labour Force Survey has been revised in line with Census 2001 population estimates. Data for lone parents were not available prior to 1997 at the time of going to print. All gaps were calculated using the disadvantaged groups' employment rate and the employment rate for Great Britain, except for ethnic minorities, which used a four-quarter average. Comparable data for ethnic minorities were not available for 1992.							

The gap between the employment rate for most of these groups and the overall rate has narrowed since the baseline – from 7.9 percentage points to 4.5 percentage points for the over 50s, 27.3 to 20.4 percentage points for lone parents and 29.8 to 24.6 percentage points for people with disabilities. The employment rate gap for ethnic minority people has decreased since 1998 and stands at 15.4 percentage points in 2004. There has been an increase in the employment rate gap for the lowest qualified from 20.9 percentage points in 1997 to 24.9 percentage points in 2004.



Definition: All of the targets are for the working-age population, for males aged 16–64 and for females aged 16–59. The over 50s are defined as those aged 50 and over and below state pension age (that is, 50–59 for women and 50–64 for men). 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) and those with a work-limiting disability (the kind or amount of work they do is affected by a long-term disability – defined as a disability lasting over 12 months). Data for lone parents are based on lone parents with dependent children aged 0–18 years. Ethnic minority people are all those respondents to the Labour Force Survey who classify themselves as ‘non-white’. The lowest qualified are the 15 per cent of the working-age population with the lowest qualifications. Up to spring 2002 this covered only those without qualifications. Note that the disadvantaged groups covered in this indicator (people with disabilities, lone parents, ethnic minority people, the lowest qualified and those aged 50 and over) are not mutually exclusive.

Data from spring 2001 onwards are based on the new ethnicity variable **ethcen15** and are not directly comparable with previous years.

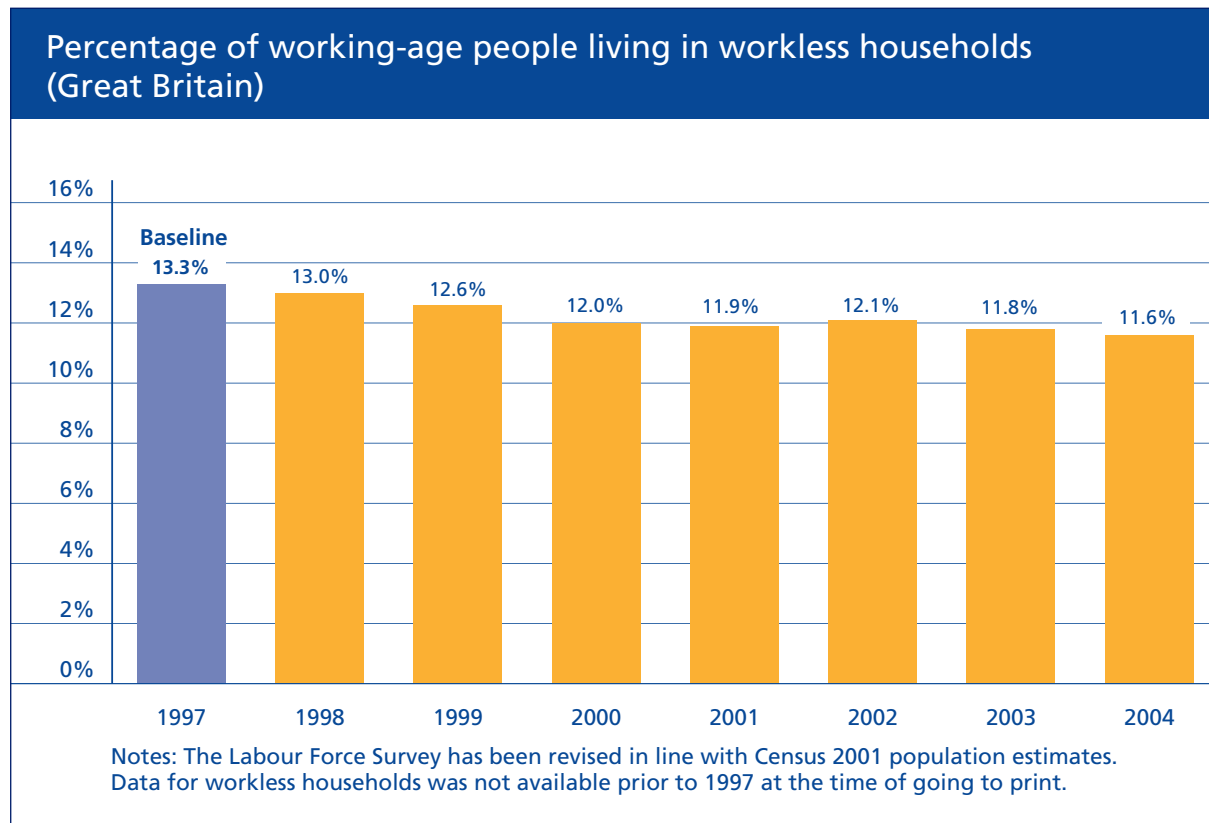
Data source: People with disabilities – quarterly Labour Force Survey, spring quarters 1998 onwards. Lone parents – household Labour Force Survey spring release. Ethnic minority people – four-quarter averages for spring quarters 1992–2004. Over 50s and the lowest qualified – quarterly Labour Force Survey spring quarters 1992–2004. Working-age employment rates except for the over 50s who are defined as those aged 50 and over.

Linked to Department for Work and Pensions PSA targets: Over three years to 2006, to increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle – lone parents, ethnic minorities, people aged 50 and over and those with the lowest qualifications – and significantly reduce the difference between their employment rates and the overall employment rate. The targets for the disadvantaged areas and for ethnic minorities are based on four-quarter moving averages.

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.

20 A reduction in the proportion of working-age people living in workless households (Great Britain).

Baseline and trends: Baseline year – 1997. The proportion of working-age people living in workless households fell from 13.3 per cent in 1997 to 11.6 per cent in 2004.



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

Data source: Household Labour Force Survey, spring quarters.

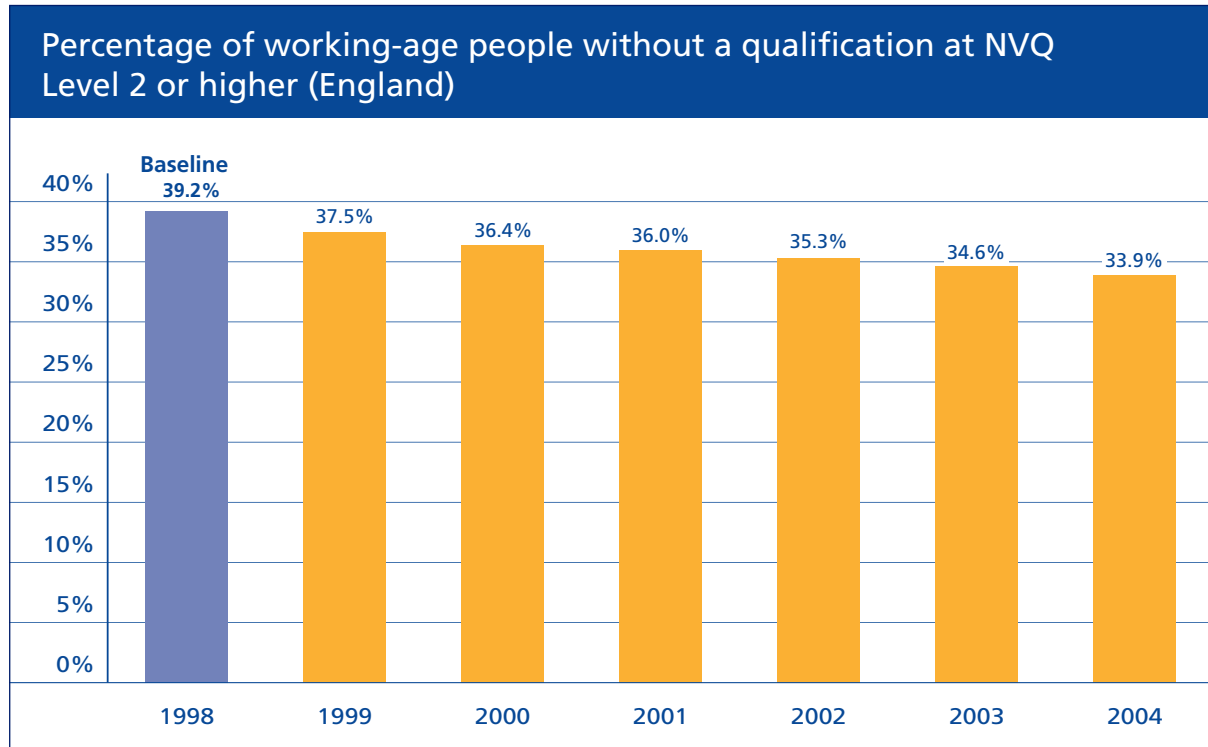
Linked to joint Department for Work and Pensions and Her Majesty's Treasury

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.

21 A reduction in the proportion of working-age people without a qualification at NVQ Level 2 or higher (England).

Baseline and trends: Baseline year – 1998. The proportion of working-age people without a qualification at NVQ Level 2 or higher has been falling from 39.2 per cent in 1998 to 33.9 per cent in 2004.



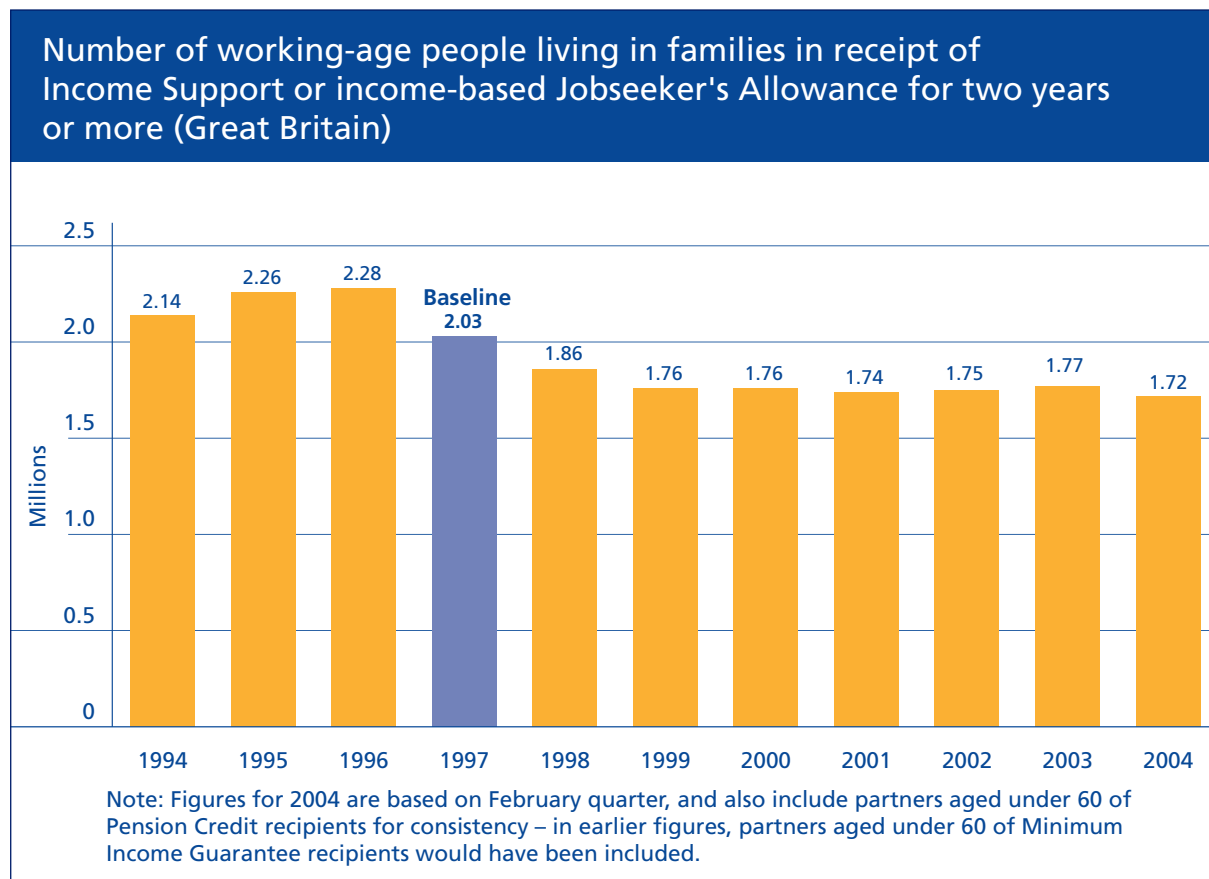
Definition: Proportion of working-age adults without a qualification at Level 2 or higher (England). Data have been revised following re-weighting of the Labour Force Survey to Census 2001 populations. Therefore, figures are slightly different to those presented in previous reports. Figures for 2004 have been calculated by the Department for Education and Skills to provide consistency with previous years, and may differ from estimates published elsewhere.

Data source: Labour Force Survey, spring quarters.

Linked to the Department for Education and Skills PSA target: To increase the number of adults with the skills required for employability and progression to higher levels of training through: improving the basic skill levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million in 2007; and reducing by at least 40 per cent the number of adults in the workforce who lack NVQ Level 2 or equivalent qualifications by 2010. Working toward this, 1 million adults in the workforce to achieve Level 2 between 2003 and 2006.

22 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 million in May 1997 (the baseline) and to around 1.76 million in 1999 and subsequent years. This has since fallen slightly in 2004 to 1.72 million.



Definition: Number of adults aged under 60 in families that have been claiming Income Support (including Minimum Income Guarantee/Pension Credit) or income-based Jobseeker's Allowance for two years or more (claimants and partners). Income-based Jobseeker's Allowance includes those receiving income-based Jobseeker's Allowance with an underlying entitlement to contribution-based Jobseeker's Allowance. 'Duration of two or more years' is defined using the standard definitions of 720 days or more for Income Support and 104 weeks or more for income-based Jobseeker's Allowance. Figures are based on a 5 per cent sample and are therefore subject to a degree of sampling variation.

There are an additional 50,000 partners aged under 60 of Pension Credit recipients who have been claiming Minimum Income Guarantee/Pension Credit for two years or more, who would previously have been included as Income Support beneficiaries.

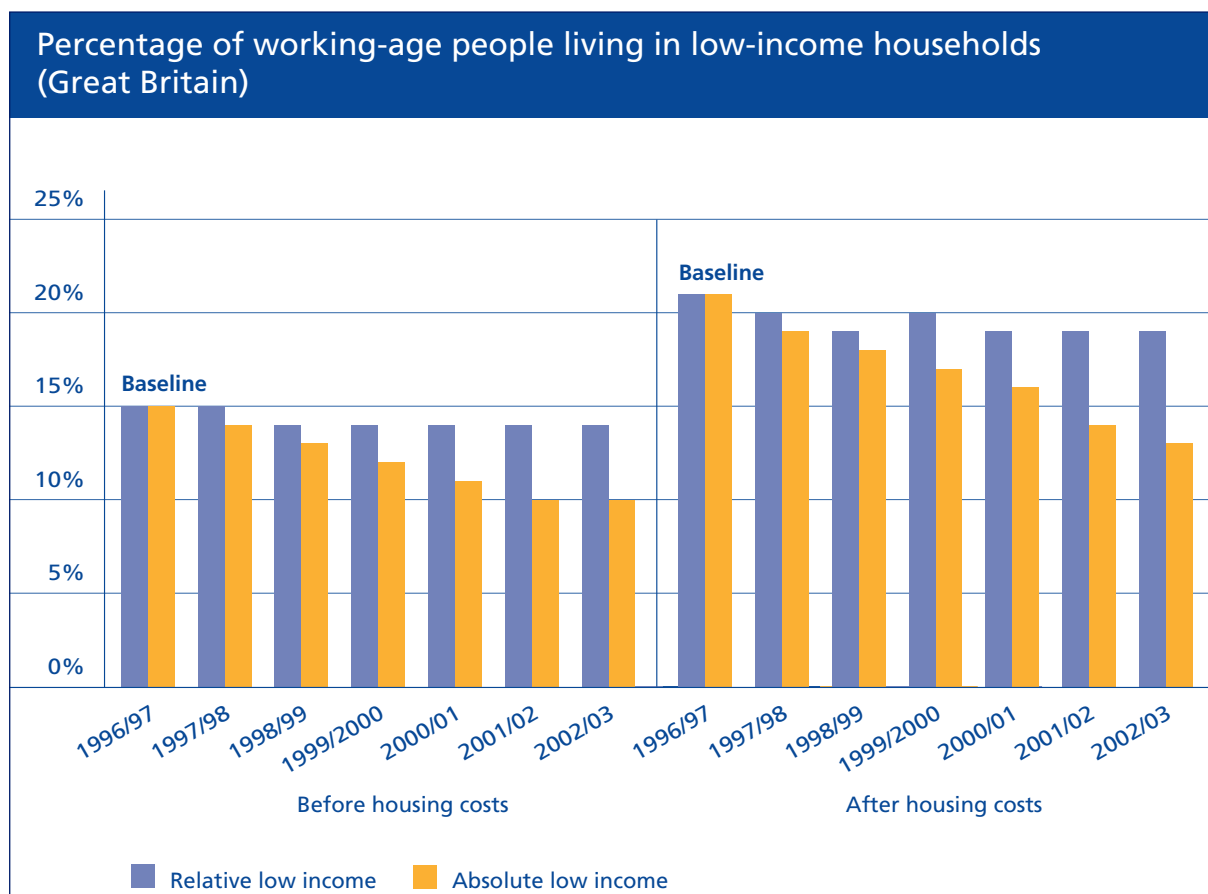
Data source: Income Support, Jobseeker's Allowance and Pension Credit Quarterly Statistical Enquiries, May quarters (figures for 2004 are based on the February 2004 quarter).

23 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; and
- 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 shown only in the table. While 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 2002/03, 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 21 per cent to 13 per cent on the after housing costs measure and 15 per cent to 10 per cent on the before housing costs measure. 7 per cent of working-age people lived in a household with a low income in at least three out of four years between 1998 and 2001.



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

	Low-income threshold	Relative low income			Absolute low income		
		50% of median*	60% of median	70% of median	50% of median*	60% of median	70% of median
Baseline Before housing costs	1996/97	8%	15%	21%	8%	15%	21%
	1997/98	8%	15%	21%	8%	14%	21%
	1998/99	8%	14%	21%	7%	13%	19%
	1999/2000	8%	14%	21%	7%	12%	19%
	2000/01	9%	14%	21%	7%	11%	17%
	2001/02	8%	14%	21%	6%	10%	15%
	2002/03	9%	14%	21%	6%	10%	14%
Baseline After housing costs	1996/97	15%	21%	26%	15%	21%	26%
	1997/98	14%	20%	25%	14%	19%	24%
	1998/99	14%	19%	24%	13%	18%	23%
	1999/2000	14%	20%	25%	12%	17%	22%
	2000/01	14%	19%	25%	11%	16%	20%
	2001/02	14%	19%	24%	9%	14%	18%
	2002/03	14%	19%	25%	9%	13%	18%

*Households reporting the lowest incomes may not have the lowest living standards. The bottom 10 per cent of the income distribution should not, therefore, be interpreted as having the bottom 10 per cent of living standards. This is a particular issue for lower thresholds, such as 50 per cent median. Other higher thresholds are less affected by this.

Persistent low income (low income in three out of four years – Great Britain)

	1991–94	1992–95	1993–96	1994–97	1995–98	1996–99	1997–00	1998–01	1999–02
Below 60% of median	8%	8%	7%	7%	7%	7%	7%	6%	7%
Below 70% of median	13%	14%	14%	13%	13%	12%	12%	12%	12%

Note: Some of the figures have seen small revisions since their publication in the latest (2002/03) *Households Below Average Income* report. This is due to changes to the base data set made by the data suppliers of the *British Household Panel Study*.

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 income – low income (before housing costs only) in three out of the 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 1994/95–2002/03*. 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 Study* data.

24 A reduction in adult smoking prevalence and in particular a reduction in adult smoking prevalence 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 with 27 per cent for all adults and 21 per cent in non-manual groups). Smoking prevalence fell steadily from 1974 to 1992, and remained broadly flat between 1992 and 1998. Between 1998 and 2002, smoking prevalence has fallen slightly for all groups.

Smoking prevalence (England)							
	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%	
							1998* 2000* 2001* 2002*
All adults							28% 27% 27% 26%
Non-manual groups							22% 23% 21% 20%
Manual groups							33% 31% 32% 31%
*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 who smoke cigarettes. Since 2000, figures have been based on whether the household reference person is in a non-manual or manual socio-economic group. Prior to 2000, figures were based on the head of the household. Members of the Armed Forces, persons in inadequately described occupations and all persons who have never worked have not been shown as separate categories 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, personal service and unskilled manual workers.

Figures for 2001 and 2002 are based on the new National Statistics Socio-economic Classification recoded to produce the manual/non-manual split from the old socio-economic group, and should therefore be treated with caution.

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. The trend table shows weighted and unweighted data for 1998, to give an indication of weighting. Although the difference was slight (it increased prevalence of smoking by 1 percentage point), caution should be exercised when comparing weighted data for 2000 onwards with unweighted data for previous years.

Data source: Office for National Statistics *Living in Britain: Results from the 2002 General Household Survey*, analysed for England.

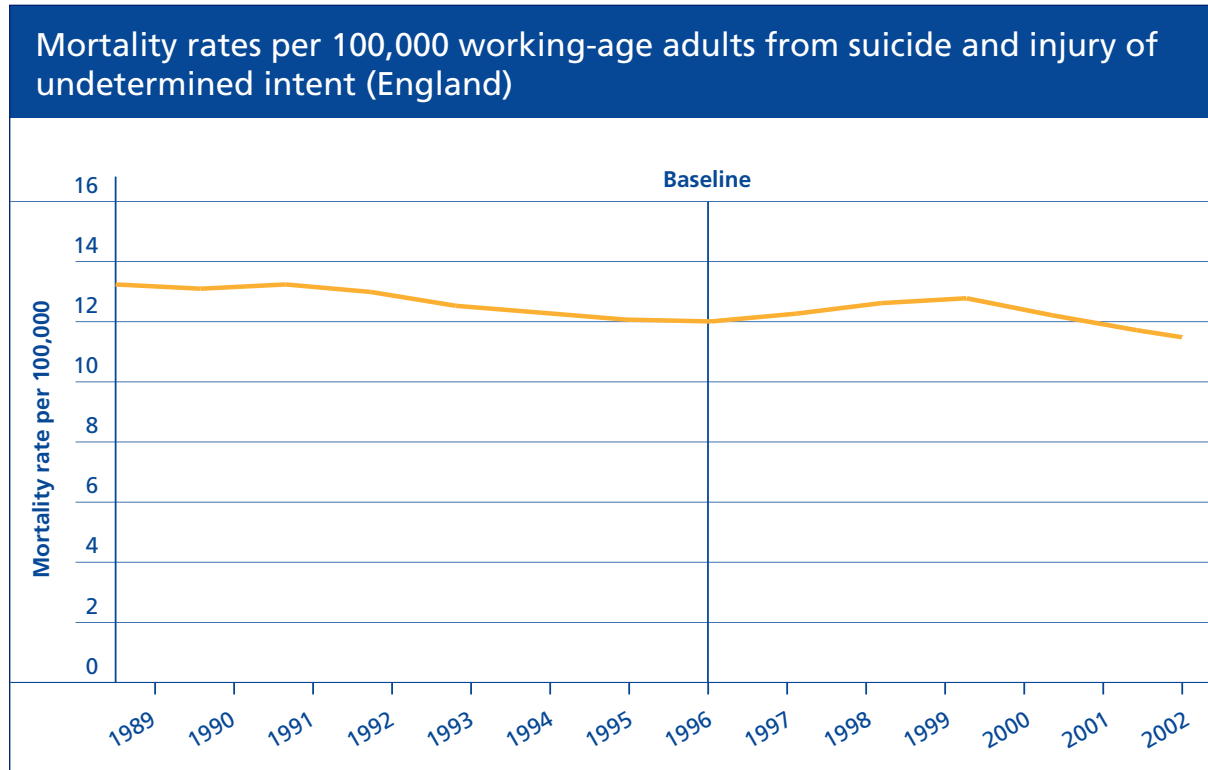
Linked to Department of Health PSA target: To tackle the underlying determinants of ill health and health inequalities by reducing adult smoking rates to 21 per cent or less by 2010, with a reduction in prevalence among routine and manual groups to 26 per cent or less.

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 2010; with a fall to 26 per cent by 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.

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

Baseline and trends: Baseline data – 1995–97. For this period, the suicide plus undetermined injury rate for England was 12 per 100,000 working-age adults. Suicide rates showed a downward trend in the first half of the 1990s, but in the late 1990s there were modest increases. Since 1999, rates have fallen, and are now at their lowest for at least 30 years.



Intentional self-harm and injury of undetermined intent (England)

Rate per 100,000 adults of working age						
1988–90	1989–91	1990–92	1991–93	1992–94	1993–95	1994–96
13.24	13.10	13.24	12.99	12.53	12.30	12.07
Baseline						
1995–97	1996–98	1997–99	1998–2000	1999–2001	2000–02	2001–03*
12.01	12.27	12.62	12.78	12.22	11.72	11.39

Note: Due to data limitations, the 15–64-year-old age group is used as a proxy for 16–64-year-olds.
*Data for 2003 are provisional.
The figures in previous *Opportunity for all* reports are different, as they were calculated using 1991 Census-based population estimates and these are based on Census 2001 estimates.

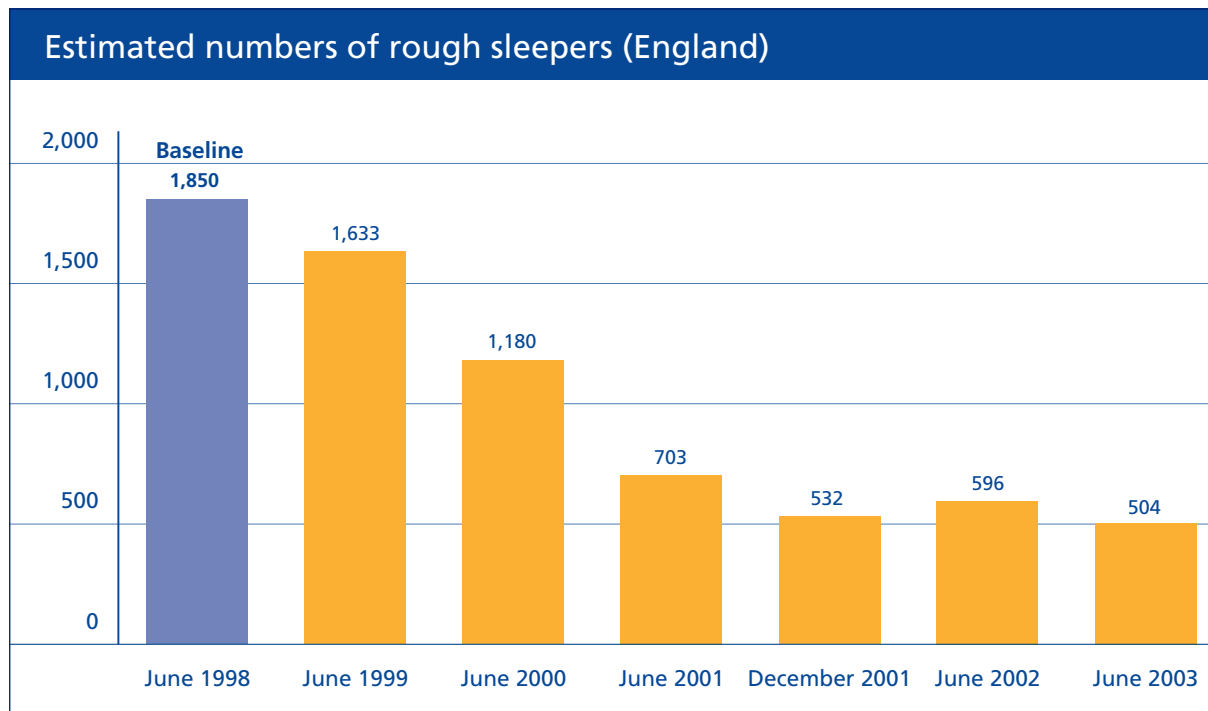
Definition: Three-year average (age-standardised) rate of intentional self-harm and injury of undetermined intent – excluding cases where a verdict is pending. For original definition see Appendix 2 of *Saving Lives: Our Healthier Nation*, Department of Health White Paper. The indicator presented here is for 15–64-year-olds, rather than the whole population. Revised from previous time series – populations are now based on Census 2001 (subject to further revision).

Data source: Office for National Statistics data, calculations by Department of Health.

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

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

Baseline and trends: Baseline year – 1998. In June 1998, 1,850 people were estimated to be sleeping rough. In June 2003, local authority returns showed 504 people were estimated to be sleeping rough on any one night. This was the lowest ever recorded level and represented a 73 per cent reduction from the 1998 baseline. This sustained the Prime Minister’s target to reduce the number of people sleeping rough by at least two-thirds by March 2002.



Definition: Figures based on single-night street counts and estimates.

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

Linked to Office of the Deputy Prime Minister SR2000 PSA target: To reduce by April 2002 the number of people sleeping rough by two-thirds compared to June 1998, and keep the number at or below this level thereafter. The sustainment of this target remains a priority for the Office of the Deputy Prime Minister and contributes to its current PSA targets on social inclusion and housing.

In 2002, a new Homelessness Directorate was set up, based in the Office of the Deputy Prime Minister, bringing together the Rough Sleepers Unit, the Bed and Breakfast Unit and a new team to advise local authorities on strategies to tackle homelessness. Towards the end of 2003, the Directorate was renamed Homelessness and Housing Support and also became responsible for the Supporting People programme. The Directorate aims to tackle and prevent homelessness more effectively and provide a better quality of life for vulnerable people to live more independently in their accommodation.

27 A reduction in the use of Class A drugs and the frequent use of any illicit drug by young people in the last year (England and Wales).

Baseline and trends: Baseline year – 1998. The British Crime Survey 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 (in England and Wales) reporting last year's use of Class A drugs between 1998 and 2002/03. The latest information for 2002/03 shows 8.2 per cent reporting use during the last year, compared with 8.6 per cent in 1998. Owing to low prevalence estimates for the 'use in the last month' data, caution should be used when comparing these figures.

Class A drug use among 16–24-year-olds (England and Wales)					
		Baseline			
	1996	1998	2000	2001/02	2002/03
Use in the last year	9.2%	8.6%	9.7%	8.8%	8.2%
Use in the last month	4.2%	3.6%	5.0%	4.9%	3.8%

Definition: The drug misuse self-completion component of the British Crime Survey asks about drug use over the respondent's lifetime, in the last year and in the last month – this indicator is for 16–24-year-olds' use in the last year. The Survey will also be used to identify frequent drug users in the future. The data presented cover England and Wales. Class A drugs asked about in the Survey 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.

After the year 2000, the British Crime Survey changed from reporting calendar years to financial years.

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

Linked to Home Office PSA target: Between 1998 and 2008, to reduce the use of Class A drugs and the frequent use of any illicit drug among all young people under the age of 25, especially by the most vulnerable young people.

To reduce the harm caused by illegal drugs (as measured by the Drug Harm Index encompassing measures of the availability of Class A drugs and drug-related crime) including substantially increasing the number of drug-misusing offenders entering treatment through the Criminal Justice System.

Older people

It is important for older people to be able to live secure, active and fulfilling lives. This section sets out more detail on selected areas of interest for older people.

Low income

- 35.** From 1996/97 to 2002/03, there were pronounced falls in the proportions of pensioners below low-income thresholds (indicator 28) held constant in real terms on both before and after housing cost measures; although this was more marked for income after housing costs. The decline was more rapid over the period 1998/99 to 2001/02. Pensioner families living alone had a greater risk of low income than those living with others, as did those living in a household headed by someone from an ethnic minority group.
- 36.** The proportion of older people living in persistent low income has remained around the same over the last decade.³⁰ In 1995–98, the percentage of older people in persistent poverty was 19 per cent, compared with 18 per cent in 1999–2002.

Pensions

- 37.** There has been a slight decrease in the number of people contributing towards non-state pensions since 1996/97 (indicator 29). The numbers contributing to a pension in at least three years out of four (indicator 31) has risen slightly since the baseline period of 1992–95. Overall, men are more likely than women to have a personal pension, although women are becoming increasingly more likely to have their own pension provision.

Health

- 38.** In recent years, the increase in life expectancy among older adults (those aged 65 and over) has been dramatic, particularly for men. Between 1981 and 2002, life expectancy at age 65 (indicator 32) increased by three years for men and two years for women. By 2002, women who were aged 65 could expect to live to the age of 84, while men could expect to live to the age of 81.
- 39.** Projections suggest that life expectancies at these older ages will increase by a further three years or so by 2020. Life expectancy for people at 70 and 80 has also gone up. At present, there are more older people aged 70 and 80 than ever before.³¹

Crime

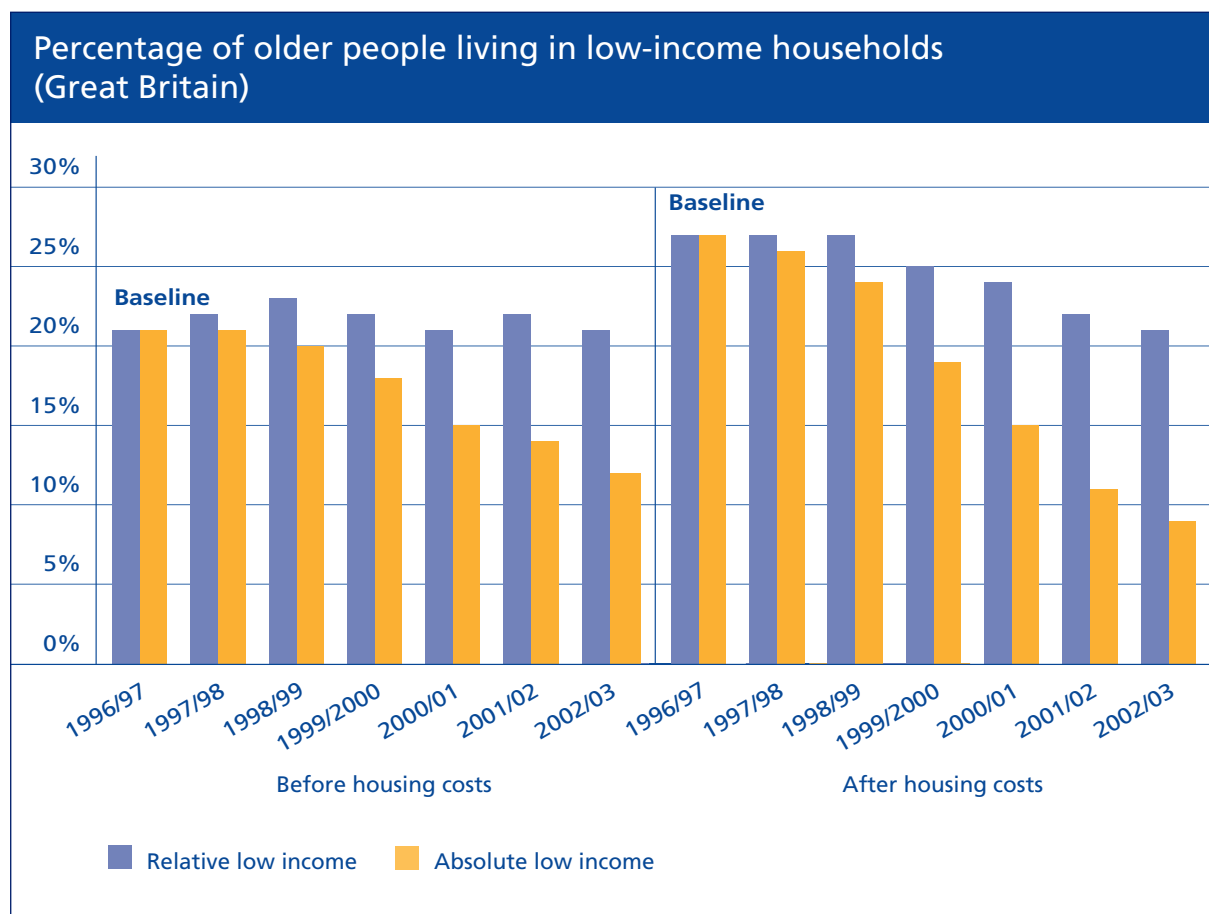
- 40.** Fear of crime (indicator 35) is much more common than experience of crime, especially among older people. The overall numbers of all older people reporting fear of crime have reduced since 1998.

Indicators for older people

28 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; and
- 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 below, though information for the persistent low-income indicator is shown only in the table. While 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 pensioners living in households with relative low incomes fluctuated between 1996/97 and 2002/03 on the before housing costs measure, but there is a clear downward trend on the after housing costs measure, from 27 per cent to 21 per cent. The proportion of pensioners living in households with absolute low incomes showed a large fall from 27 per cent to 9 per cent on the after housing costs measure and 21 per cent to 12 per cent before housing costs.

Eighteen per cent of pensioners lived in a household with a low income in at least three out of four years between 1999 and 2002.

Percentage of older people living in low-income households (Great Britain)								
	Low-income threshold	Relative low income			Absolute low income			
		50% of median*	60% of median	70% of median	50% of median*	60% of median	70% of median	
Baseline	1996/97	10%	21%	35%	10%	21%	35%	
	1997/98	11%	22%	35%	11%	21%	34%	
	Before housing costs	1998/99	12%	23%	36%	10%	20%	33%
		1999/2000	11%	22%	35%	9%	18%	29%
		2000/01	11%	21%	34%	7%	15%	26%
		2001/02	11%	22%	34%	6%	14%	23%
		2002/03	10%	21%	34%	5%	12%	21%
After housing costs	1996/97	12%	27%	39%	12%	27%	39%	
	1997/98	12%	27%	38%	11%	26%	37%	
	1998/99	12%	27%	38%	10%	24%	35%	
	1999/2000	12%	25%	37%	8%	19%	31%	
	2000/01	11%	24%	36%	6%	15%	27%	
	2001/02	11%	22%	36%	6%	11%	21%	
	2002/03	10%	21%	36%	5%	9%	18%	

*Households reporting the lowest incomes may not have the lowest living standards. The bottom 10 per cent of the income distribution should not, therefore, be interpreted as having the bottom 10 per cent of living standards. This is a particular issue for lower thresholds, such as 50 per cent median. Other higher thresholds are less affected by this.

Persistent low income (low income in three out of four years – Great Britain)									
	1991–94	1992–95	1993–96	1994–97	1995–98	1996–99	1997–00	1998–01	1999–02
Below 60% of median	17%	17%	17%	19%	19%	18%	17%	18%	18%
Below 70% of median	35%	33%	34%	35%	35%	34%	34%	33%	36%

Note: Some of the figures have seen small revisions since their publication in the latest (2002/03) *Households Below Average Income* report. This is due to changes to the base dataset made by the data suppliers of the *British Household Panel Study*.

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 income – low income (before housing costs) in three out of the last four years (60 and 70 per cent of median only).

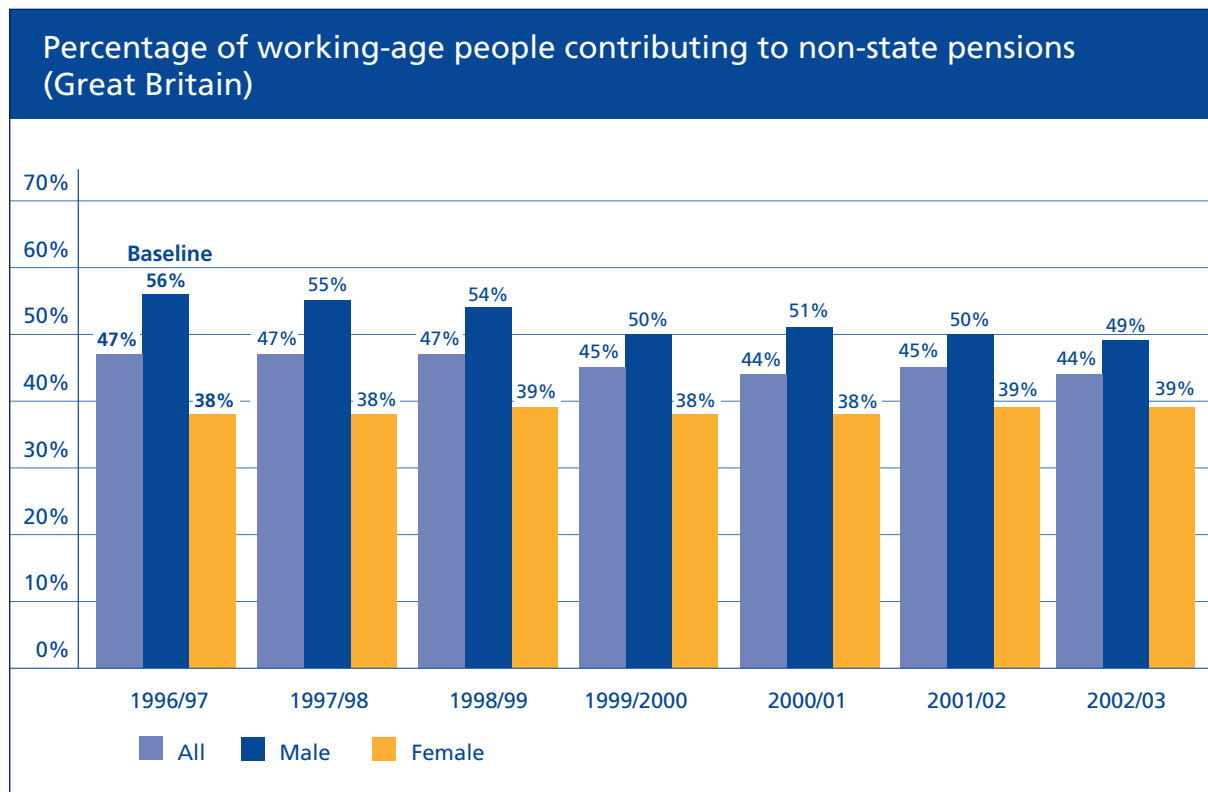
Data for thresholds of mean income and full definitions are available in *Households Below Average Income 1994/95–2002/03*. Methodological improvements have led to some amendments to the data for the persistent low income indicator, though the trend has not changed.

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

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

29 An increase in the proportion of working-age people contributing to a non-state pension (Great Britain).

Baseline and trends: Baseline year – 1996/97. Between 1996/97 and 1998/99 the proportion of working-age people contributing to a non-state pension remained broadly constant. Data for the years 1999/2000 to 2002/03 are not comparable with earlier data. Between 1999/2000 and 2002/03, the proportion contributing also remained broadly constant. More men contributed than women (49 per cent of men, compared with 39 per cent of women in 2002/03).



Definition: Includes people in an employees' occupational scheme and/or personal pension scheme. Methodological work conducted by the Office for National Statistics and 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.

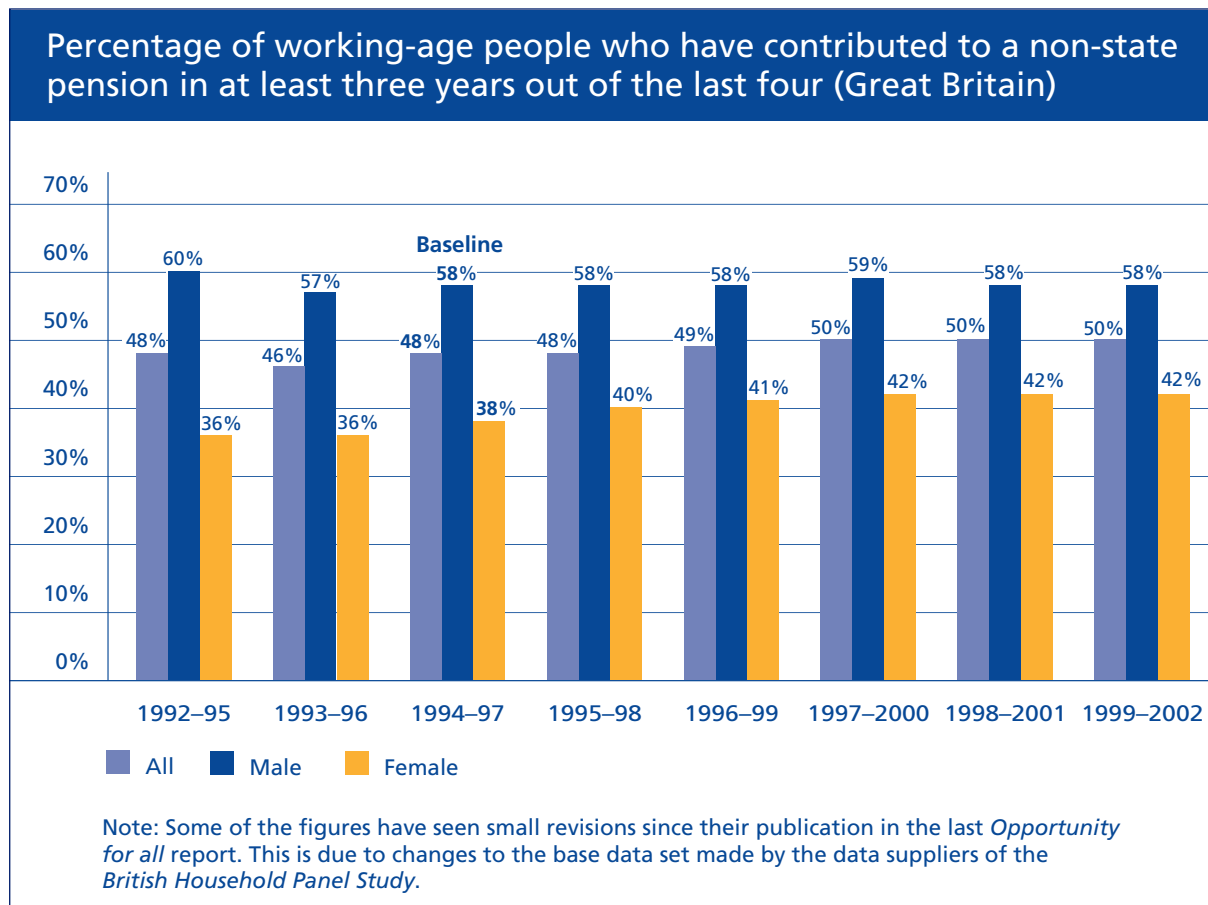
Data source: Family Resources Survey.

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

The data underlying this indicator is currently being reviewed as part of the ongoing Office for National Statistics' Review of Pension Contribution Statistics. Findings from this review will be available later in 2004.

31 An increase in the proportion of working-age people contributing to a non-state pension in at least three years out of the last four (Great Britain).

Baseline and trends: Baseline data 1994–97. Estimates for the periods 1994–97 (the baseline) and 1999–2002 show an increase from 48 per cent to 50 per cent in the proportion of people contributing to non-state pensions in at least three years out of the last four. Men were more likely to be consistently contributing than women (58 per cent compared to 42 per cent in the period 1999–2002). The proportion of working-age people who have contributed to a non-state pension in at least three out of four years had increased slightly up to the period 1997–2000, and has levelled off since then. 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 decreased from 20 per cent to 16 per cent since the baseline.



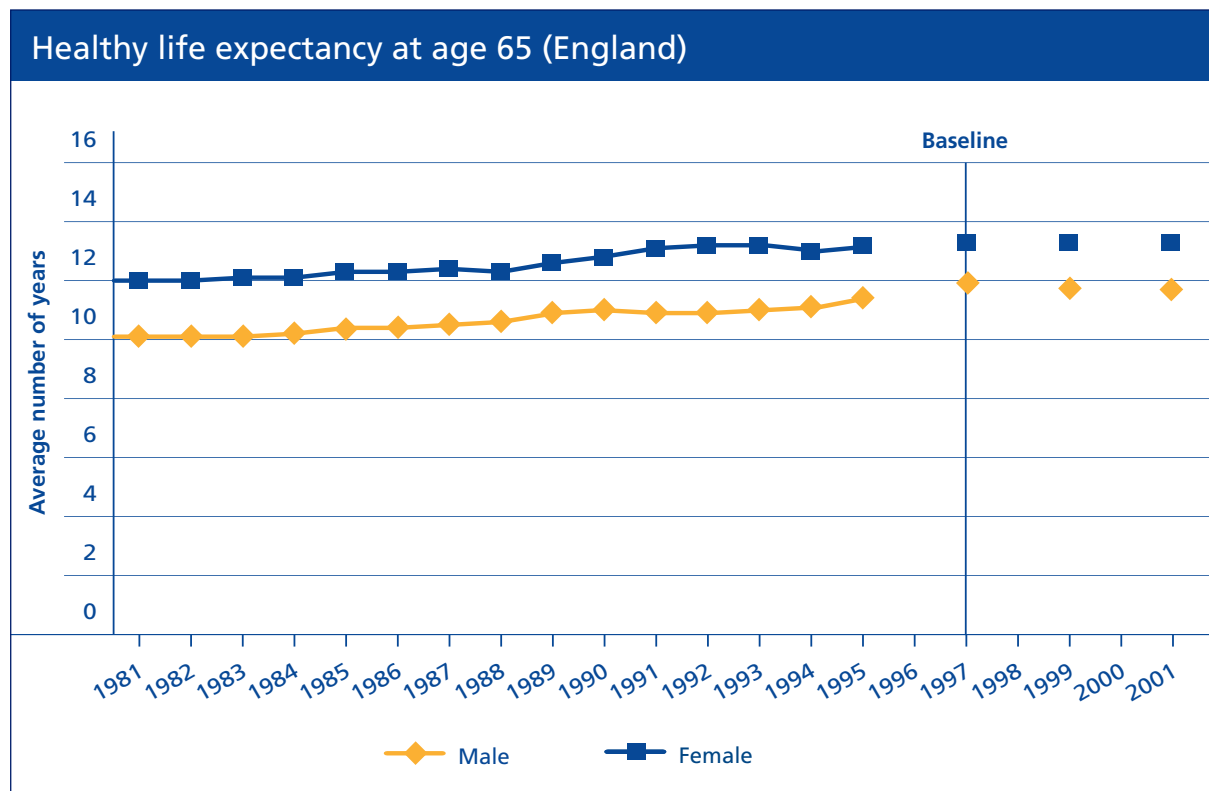
Definition: Proportion of those aged 20 years to State Pension age who have contributed to a non-state pension in at least three years out of the last four. Includes people in an employees’ occupational scheme and/or personal pension scheme. The longitudinal weights have been revised by the data providers, resulting in a slight change in the series: figures are around 1 percentage point higher than those previously reported.

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

Linked to Department for Work and Pensions PSA target: 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; and 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.

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

Baseline and trends: Baseline year – 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 years in 1981 to 13.3 in 1997 (the baseline). Changes between 1997 and 2001 are small.



Healthy life expectancy at age 65 (England)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
Male	10.1	10.1	10.1	10.2	10.4	10.4	10.5	10.6	10.9	11.0	
Female	12.0	12.0	12.1	12.1	12.3	12.3	12.4	12.3	12.6	12.8	
	Baseline										
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Male	10.9	10.9	11.0	11.1	11.4	–	11.9	–	11.7	–	11.7
Female	13.1	13.2	13.2	13.0	13.2	–	13.3	–	13.3	–	13.3

Note: Figures for 1996, 1998 and 2000 are not available. The population estimates for the indicator are now based on Census 2001. The figures in previous *Opportunity for all* reports are different, as these were calculated using 1991 Census-based mid-year population estimates and the Government Actuary's Department's interim life tables. Life expectancy estimates can be found on the Government Actuary's Department website.

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 1997 and 1999 points are three-year moving averages plotted on the central year (for example, 1995 uses data for 1994–96). Data for 1996, 1998 and 2000 are not available because the General Household Survey was not undertaken in 1997 or 1999.

Data source: Population estimates from Office for National Statistics. Interim life tables from Government Actuary’s Department.

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; 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.

33 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 year – 1998/99. a) The number of households receiving intensive home care per thousand aged 65 and over was 10.3 per thousand in 2002/03, up from 7.8 per thousand in 1998/99. b) The number of people receiving any community-based service per thousand of the population aged 65 and over was 84 per thousand in 2002/03, 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 Baseline	7.8	
1999/2000	8.8	
2000/01	9.3	
2001/02	9.9	
2002/03	10.3	
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 Baseline	71	82
1999/2000		85
2000/01		83
2001/02		85
2002/03		84
Note: The timeliness of data supply from councils has generally improved and data have been revised where more data have become available. Therefore, the figures in the table differ slightly from those previously published.		

Definition: a) The number of households receiving more than ten hours of contact and six or more visits during the survey week per thousand head of population aged 65 or over.

b) The number of people receiving any community-based services per thousand head of 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 all people on the books, whereas previously it included only those actually in receipt of such services during a sample week.

Data source: Social Services Performance Assessment Framework Indicators 2002/03.

Linked to Department of Health PSA target: To improve the quality of life and independence of vulnerable older people by supporting them to live in their own homes wherever possible, by:

- increasing the proportion of older people being supported to live in their own home by 1 per cent annually in 2007 and 2008; and
- increasing, by 2008, the proportion of those supported intensively to live at home to 34 per cent of the total of those being supported at home or in residential care.

34 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: Baseline year – 1996. In 2001, 34 per cent of older people lived in a home that did not meet the set standard of decency, a significant decrease from 1996 (48 per cent).

Definition: The proportion of older people (aged 60 or 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.

Data source: The English House Condition Survey until recently was undertaken every five years. The latest English House Condition Survey was conducted in 2001 and published in July 2003. The survey is now being conducted on a continuous basis. Annual results will be made available based on rolling combinations of two-year data sets. Headline national results based on the combined two-year data set for 2002/03 to 2003/04 will be produced around the end of 2004.

Linked to Office of the Deputy Prime Minister PSA target: By 2010, to bring all social housing into a decent condition, with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in decent condition. Vulnerable households are those in receipt of at least one of the principal means-tested or disability-related benefits.

35 A reduction in the proportion of older people whose lives are greatly 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 2003/04 this figure had dropped to 6 per cent. Trends further back in time are not available. In 2003/04 for those aged 60 years and over, the same proportion of men and women stated that their lives were greatly affected by fear of crime, unlike pre-2002/03, when a greater proportion of women were affected. (The apparent difference between men and women in 2002/03 was not statistically significant at the 95 per cent level.)

Percentage of older people reporting fear of crime (England and Wales)						
	Baseline					
	1998	2000	2001	2001/02	2002/03	2003/04
All	10%	10%	8%	8%	8%	6%
Male	5%	7%	3%	6%	6%	6%
Female	14%	12%	12%	9%	9%	6%

Note: In 2001, the data collection method for the British Crime Survey changed to continuous interviewing with presentation of annual data based on the financial year.

Definition: Proportion of those aged 60 or over who report that their lives are greatly affected by fear of crime. The respondents who are greatly affected by a fear of crime constitute those responding 8, 9 or 10 on a scale of 1 to 10 of how much fear of crime affects their 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: To reassure the public, reducing the fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System without compromising fairness.

Communities

Deprived areas are characterised by a multitude of linked problems (these are also discussed in Chapter two). Our policies are designed to ensure that those living in deprived areas share in the quality of life enjoyed by those in more prosperous areas. This section sets out the broader picture for communities.

Employment

41. A rise in employment of about 1.9 million since 1997 has increased the United Kingdom employment rate to a historical level of over 28 million. Employment is high across the United Kingdom: every region and country has an employment rate above the European Union average.
42. The average employment rate for the 25 local authority districts which appeared consistently as part of the 30 local authority districts with the poorest labour market position (indicator 36) showed a narrowing of the gap between their employment rate and the rate for Great Britain. Employment rates between areas are discussed in detail within Chapter two.

Housing

43. There has been a decline in the numbers of those in fuel poverty (indicator 39). This trend has been most marked among those living in vulnerable households.³²
44. The number of children living in non-decent homes has declined by 13 per cent between 1996 and 2001 (indicator 15). Overall, households with dependent children are slightly less likely than the national average (of 33 per cent) to live in non-decent homes (indicator 16), except where the parents themselves are young (under 25), relatively poor, lone parents, or rent privately.
45. The number of older people living in non-decent homes has declined by 14 per cent between 1996 and 2001 (indicator 34). Overall, households including older people are now only a little more likely than the national average of 33 per cent to be living in a non-decent home, but they are much more likely to do so where: they are low-income private sector households; the oldest person is over 85 years old; and they have lived in their home for 30 years or more. Overall, 35 per cent of older people live in non-decent homes.³³
46. There has been a significant decrease (of 12 per cent) in the number of households who live in a home below the set standard of decency (indicator 38). Of the dwellings that are not decent, most (80 per cent) do not provide a reasonable degree of thermal comfort. 27 per cent fail through disrepair, 13 per cent through being unfit and 7 per cent do not have modern facilities and services. This includes 21 per cent that have more than one of these problems.

47. Although there are greater numbers of owner-occupiers in non-decent homes, those who rent privately are most likely to live in non-decent homes.³⁴ There have been significant reductions in the number of people living in non-decent homes since 1996. For example, the proportion of vulnerable households in non-decent private sector homes fell from 58 per cent in 1996 to 43 per cent in 2001. However, large differences between different socio-economic groups remain.³⁵ Those who live alone, ethnic minorities, those households with no one in employment, and low-income households are most likely to live in a non-decent home.

Health

48. Life expectancy (indicator 40) at birth of males and females has risen. There remain inequalities in the gap between social classes. For example, a boy born to professional parents in 1997–99 can expect to live 7.4 years longer than one born to unskilled manual parents.³⁶
49. Data for 1992–97 indicate a trend for the life expectancy gap to widen. Since 1998, there has been no significant change in the gap. The gap between the lowest fifth of local authorities and the population as a whole has remained the same, at 2 years for males and 1.5 years for females. For males, the difference between the highest (Rutland) and the lowest (Manchester) was 8.5 years. For females, the difference between the highest (Kensington and Chelsea) and the lowest (Manchester) was 6.8 years.³⁷

Road accidents

50. The number of casualties in road accidents in disadvantaged districts (indicator 42) has fallen by 11 per cent since the baseline of the average of 1999–2001, compared with a fall of 8 per cent for local authorities outside the 88 Neighbourhood Renewal Fund areas, and 9 per cent in England as a whole.
51. Children in social class V are five times more likely to suffer accidental death than their peers in social class I.³⁸

Indicators for communities

36 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. There has been a rise in the employment rate for the 25 most deprived local authority areas from 61.6 per cent in 2000 to 64.0 per cent in 2004. The overall employment rate was relatively stable over this period and consequently the employment rate gap narrowed from 12.8 to 10.8 percentage points.

Employment rates for the 25 deprived local authority districts in target since 2001 compared to the overall employment rate (Great Britain)

	Employment rate for the 25 deprived areas in target since 2001 (per cent)	Great Britain employment rate (per cent)	Employment rate gap (percentage points)
2000 Baseline	61.6%	74.4%	12.8
2001	62.1%	74.7%	12.6
2002	62.6%	74.6%	12.0
2003	63.1%	74.7%	11.6
2004	64.0%	74.8%	10.8

Note: Figures are based on four-quarter averages to spring. Data have been re-weighted to February 2003 population estimates.

Definition: Employment rates are for working-age people, aged 16 to 59 for women and 16 to 64 for men. The 25 most deprived areas are the local authority areas with the worst initial labour market position listed below. The employment rate for these areas is the total number of working-age people in employment in all 25 areas as a proportion of the total working-age population in all 25 areas.

Those 25 local authority areas which have appeared consistently since 2001 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; Redcar and Cleveland; Southwark; Rhondda, Cynon, Taff; Kingston upon Hull, City; Hartlepool; Caerphilly; Newcastle upon Tyne; North Lanarkshire; and Nottingham.

In previous years we have presented data for the 30 local authority districts with the worst labour market position. However, because several of these local authority districts have moved in and out of scope for this indicator, this year we have instead concentrated on the worst 25 local authority districts as these represent a more consistent measure over time.

Data source: Labour Force Survey, four-quarter averages to spring.

Linked to Welfare to Work PSA target: Over the three years to 2006, taking account of the economic cycle, to increase the employment rate of 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.

37 A decrease in the gap between the high crime quartile of Crime and Disorder Reduction Partnership areas and the remaining three quartiles (England and Wales).

Baseline and trends: Baseline year – 2002/03. In 2002/03, the gap between the high crime quartile and the remaining three quartiles was 27.1 offences per 1,000 population. This reduced to 23.3 in 2003/04.

Crime rates in the highest crime quartile compared to the remaining three quartiles (England)			
	Rate per thousand population		Gap
	High crime quartile	Remaining 3 quartiles	
2002/03 Baseline	45.6	18.5	27.1
2003/04	40.6	17.3	23.3

Definition: Crime defined as domestic burglary, vehicle crime and robbery per 1,000 population. The highest crime Crime Disorder Reduction Partnerships are those 94 partnerships with the highest rate of combined domestic burglary, vehicle crime and robbery in the baseline year. Crime and Disorder Reduction Partnerships are, in most cases, similar to the areas covered by local authorities.

Data Source: Crime Statistics, Home Office – covers England and Wales. Crime and Disorder Reduction Partnership data have been collected centrally since 1 April 2000. Population data from the Office for National Statistics.

Linked to Home Office PSA Target: To reduce crime and the fear of crime; to improve performance overall, including by reducing the gap between the highest crime Crime and Disorder Reduction Partnership areas and the best comparable areas. For 'reducing the gap', the target is for the average level of crime in the highest crime quartile of Crime and Disorder Reduction Partnerships to reduce towards the average level in the remaining three quartiles (as resulting from improvement in their overall levels of crime).

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

Baseline and trends: Baseline year – 1996. In 2001, 33 per cent of households lived in a home that did not meet the set standard of decency, a significant decrease from 1996 (45 per cent).

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.

Data source: The English House Condition Survey until recently was undertaken every five years. The latest English House Condition Survey was conducted in 2001 and published in July 2003. The survey is now being conducted on a continuous basis. Annual results will be made available based on rolling combinations of two-year data sets. Headline national results based on the combined two-year data set for 2002/03 to 2003/04 will be produced around the end of 2004.

Linked to Office of the Deputy Prime Minister PSA target: By 2010, to bring all social housing into a decent condition, with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in a decent condition. Vulnerable households are those in receipt of at least one of the principal means-tested or disability-related benefits.

39 A reduction in the proportion of households in fuel poverty (England).

Baseline and trends: Baseline year – 1998. The number of households in fuel poverty has fallen significantly between 1996 and 2002. Much of this fall is thought to be due to changes in household incomes, and energy prices (in roughly equal shares), with energy efficiency improvements expected to have played a significant role in more recent years. In the year to 2002, energy prices were relatively flat, and the estimated reduction is believed to be largely the result of higher incomes.

Number and percentage of households in fuel poverty (England)				
	All households		Vulnerable households	
	Number (millions)	Percentage	Number (millions)	Percentage
1996	4.3	22%	3.0	31%
1998 Baseline	3.3	16%	2.7	20%
2001	1.7	8%	1.4	10%
2002	1.4	7%	1.2	8%

Definition: Households are considered fuel poor if, in order to maintain a satisfactory heating regime, they would need to spend more than 10 per cent of their income on all household fuel use. The Department of Trade and Industry and the Department for Environment, Food and Rural Affairs usually publish numbers of those in fuel poverty, whereas in previous *Opportunity for all* reports the indicator has been expressed as a proportion. Both are presented here for comparison. Vulnerable households are households containing someone aged 60 or over or under 16, or someone who is disabled or has a long-term illness.

The income estimates include Housing Benefit and Income Support for Mortgage Interest.

We are working towards a consistent definition of fuel poverty across the United Kingdom. More explanation of this is given in *The UK Fuel Poverty Strategy, 2nd Annual Progress Report*.³⁹ The figures for England in 2002 have been estimated by projecting forward the changes in energy prices, incomes and energy efficiency since the 2001 English House Condition Survey. In future, it is planned to use the new rolling English House Condition Survey, which will cover combined data sets for two-yearly periods.

In addition, the Department of Trade and Industry and the Department for Environment, Food and Rural Affairs are consulting on a number of proposed amendments to the method used to calculate the figures for England.⁴⁰

Data source: English House Condition Survey 1996, 2001 and the Energy Follow-up Survey 1998.

Linked to the UK Fuel Poverty Strategy: Following the Warm Homes and Energy Conservation Act 2000, we have a legally binding commitment to publish and implement a strategy for England to reduce fuel poverty and set targets for its implementation. The priorities set out in *The UK Fuel Poverty Strategy* are to eradicate fuel poverty where practicable to do so, by 2010 for vulnerable and by 2016 for non-vulnerable households. That commitment was reaffirmed in the *Energy White Paper*,⁴¹ published in 2003.

40 To reduce the gap between the fifth of local authorities with the lowest life expectancy at birth and the population as a whole (England).

Baseline and trends: Baseline year – 1998 (based on the three years 1997–99). Data for 1992–97 indicate a trend for the life expectancy gap to widen. Since 1998 there has been no significant change in the gap.

		Baseline								
		1992	1993	1994	1995	1996	1997	1998	1999	2000
Males	Lowest fifth of local authorities	71.9	72.1	72.3	72.5	72.6	72.8	73.0	73.3	73.6
	Total population in England	73.6	73.9	74.1	74.3	74.5	74.9	75.0	75.3	75.6
	Difference	1.7	1.8	1.8	1.8	1.9	2.0	2.0	2.0	2.0
Females	Lowest fifth of local authorities	77.6	77.9	78.0	78.2	78.3	78.3	78.4	78.6	78.8
	Total population in England	79.0	79.2	79.3	79.5	79.6	79.8	79.9	80.1	80.3
	Difference	1.4	1.3	1.3	1.3	1.3	1.5	1.5	1.5	1.5

Note: Data are provisional.

Definition: Expectation of life data are based on population estimates and deaths data. The data presented for life expectancy are based on three-year averages for local authorities in England. The data have been calculated using revised Census 2001 population estimates (which will be subject to further revision later in 2004). The data are provisional because the population estimates are subject to revision, and because the methodology used to derive the figures is under review. Provisional data after 2000 are available but have not been presented here as they are not comparable with data for earlier years. A consistent time series with final data for 1992 to 2001 will be available following the release of the revised population estimates.

The indicator has been chosen to monitor an overall reduction in inequality – it is not just a measure of improvement in disadvantaged groups.

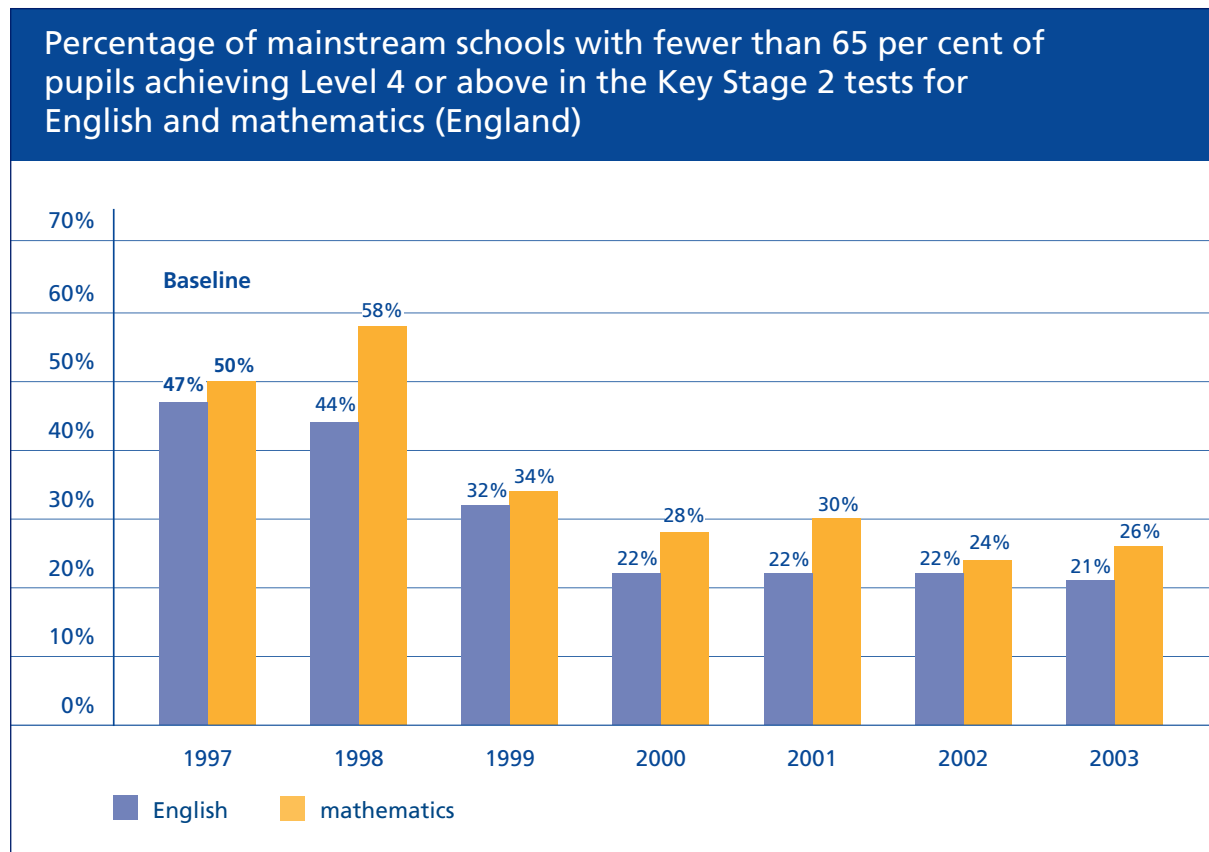
Data source: Government Actuary's Department – total population life expectancy figures. Office for National Statistics – figures for the fifth of local authorities with lowest life expectancy figures (data for England).

Linked to Department of Health programme: *Tackling Health Inequalities – A Programme for Action* was published in July 2003. It sets out plans to tackle health inequalities over the next three years, providing the basis for meeting the Department of Health PSA health inequalities target and addressing the wider causes of health inequalities. The programme for action includes a set of national headline indicators supporting the target, covering key wider determinants of health and relevant factors within and outside the National Health Service. These indicators will be monitored to check progress on key aspects of the inequality agenda.

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

41 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 year – 1997. Between 1997 and 2003 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.



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 Department for Education and Skills PSA target: To raise standards in English and mathematics for 11-year-olds so that, by 2008, the proportion of schools in which fewer than 65 per cent of pupils achieve Level 4 or above is reduced by 40 per cent.

42 A greater reduction in the proportion of all road accident casualties in disadvantaged districts than that for England as a whole (England).

Baseline and trends: Baseline years – 1999–2001 (average of figures for 1999, 2000 and 2001). There has been a greater reduction in the proportion of all road accident casualties in disadvantaged districts than in England as a whole. The number of casualties in road accidents in disadvantaged districts in 2003 has fallen by 10.6 per cent since the baseline, compared with a 9.0 per cent fall in England as a whole.

Definition: An accident is defined as one that involves personal injury occurring on the public highway in which at least one road vehicle or a vehicle in collision with a pedestrian is involved. A casualty is defined as a person killed or injured in an accident. A deprived district is a district that is eligible for the Neighbourhood Renewal Fund.

Data source: Department for Transport STATS 19 personal injury accident database.

Linked to Department for Transport PSA: To reduce road accident casualty numbers in deprived areas by more than the percentage decline across the country.

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Annex: Indicators of progress and overview of life stages

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