

**UK National Report on
Strategies for
Social Protection and Social
Inclusion**

2008-2010

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CHAPTER 1

COMMON OVERVIEW

1.1 Assessment of the Social Situation

1. **The Government is committed to building an inclusive, cohesive and prosperous society with fairness and social justice for all at its core. Its aims are sustained employment for all and the eradication of child poverty.**

2. A decade ago the Government laid the foundations for achieving this through a series of fundamental – and mutually supporting - reforms to the macroeconomic framework, the public spending framework and the tax and benefit system. These have underpinned a decade of investment and reform, which has helped to achieve a decade of strong income growth and job creation, low unemployment and significant improvements in public services.

Economy

3. **The Government recognises that this is going to be a challenging time:** Amidst what the IMF has described as “the biggest global financial shock since the Great Depression”, and with families and businesses feeling the effects of both slowing global growth and rising global inflation, the Government’s priority is to guide the UK through these challenges.

4. **But after a decade of rising incomes and job creation the UK faces these challenges from a position of strength:** The Government has put in place the right frameworks for economic stability, and has promoted open and flexible markets, providing us with a strong platform from which to face economic challenges, including the ongoing disruption in global financial markets and high commodity prices.

5. **The economy continues to perform well compared with its major competitors:** Real GDP per capita has risen more in the UK than in any other G7 country over the past decade, by 27%, rising from bottom to second in the G7; the UK was the fastest growing G7 economy in 2007. The UK currently has lower inflation than the US and, since 1997, the UK has also had the second best combination of low unemployment and inflation in the G7. The IMF recently commented that “for over a decade, the UK has sustained low inflation and rapid economic growth – an exceptional achievement ... the fruit of strong policies and policy frameworks, which provide a strong foundation to weather global challenges”¹. And in the recent past the OECD has said “strong performance is not only due to the willingness to embrace the opportunities offered by globalisation, but also to sound institutional arrangements for setting monetary and fiscal policy”. . There is no complacency because of these successes – the Government does not underestimate the challenges being faced across the UK – but there is reassurance that we are facing them from a strong foundation.

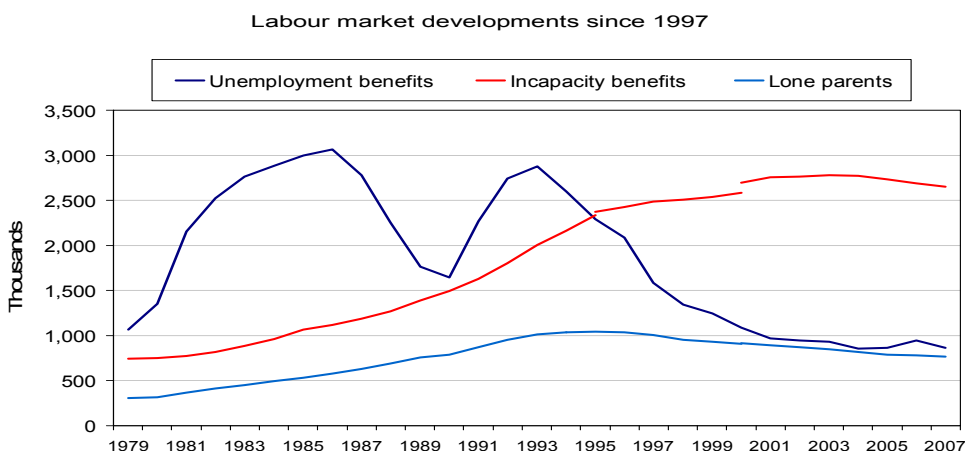
Labour Market

6. **The UK has one of the highest employment rates in the world:** Employment is close to record highs, at more than 29½ million people, with an employment rate of almost 75%, exceeding the Lisbon target of a 70% employment rate by 2010, and the third highest in the G7.

7. **With low unemployment:** The numbers of people claiming unemployment benefits have fallen most in areas where they were previously highest, and the total number of claimants has almost halved

¹ IMF Article IV Concluding Statement, 23 May 2008

since 1997. The number of 18-24 year olds claiming for more than six months has fallen by three quarters. Progress has also been made in reducing ILO unemployment. Since 1997 the rate is down by 1.8 percentage points (Q2 2008), and the level is down by over 350 thousand.



8. **A successful national minimum wage:** Real wage growth of the lowest paid 5% has been nearly double average wage growth.

9. **A diverse workforce:** The UK also has a more diverse workforce. The UK's female employment rate of over 70% exceeds the Lisbon goal of achieving a 60% employment rate for women. The goal of a 50% employment rate for those aged over 50 has also been surpassed and is currently almost 72%². This is underpinned by anti-discrimination legislation which has been significantly extended and improved since 2004, in particular to implement the requirements of the EU Framework Employment Directive. The number of people on incapacity benefits is also at its lowest level for 10 years.

10. **With flexible employment terms to suit worker and employer preference:** Less than 6% of UK employees are in temporary or agency jobs, with 44% moving from temporary to permanent contracts after 1 year. The UK labour market is "better at getting the unemployed back into work than labour markets in the country's large European neighbours..."³ and British workers had the second highest level of satisfaction with their working conditions in EU27.⁴ Employers and unions have also agreed on new rules on equal treatment for agency workers after 12 weeks employment.

Social Inclusion

11. **The Government's social exclusion agenda is broad:** Involving work to combat the wider causes of exclusion alongside policies more focussed on tackling poverty.

12. **The Government remains committed to eradicating child poverty:** In the mid to late 1990s, child poverty was higher in the UK than in nearly all other industrialised nations. Over a period of twenty years, the proportion of children in relative low-income households had more than doubled. Work is the best route out of poverty, but one in five families had no one in work and one in every three children was living in poverty. In March 1999, the Prime Minister responded to this by pledging to eradicate child poverty within a generation. This pledge was underpinned by ambitious targets – to reduce child poverty by a quarter by 2004/05, by a half by 2010/11 and to eradicate it by 2020. Though the Government

² ONS Labour Force Survey March to May 2008

³ OECD Economic Survey of the UK 2007

⁴ European Working Conditions Survey

narrowly missed the 2004/05 target, significant progress has been made. We have also succeeded in arresting and reversing the long-term trend of rising child poverty: there are now 600,000 fewer children living in relative poverty than in 1998/99. And instead of having the worst child poverty rate in Europe, the UK is now close to the European average.

13. **There is still a long way to go:** But the Government's continuing commitment to employment as the best route out of poverty is supported by the measures announced by the Chancellor in the 2008 Budget,⁵ to increase financial support for children and working parents. These include:

- Increasing the first child rate of Child Benefit to £20 a week from April 2009, reinforcing the Government's commitment to Child Benefit as the foundation of financial support for all families;
- Disregarding Child Benefit in calculating income for Housing and Council Tax Benefit from October 2009, improving work incentives for many of the lowest paid families and boosting their incomes. A working family with one child on the lowest incomes will gain up to £17 a week from this change; and
- Increasing the child element of the Child Tax Credit by £50 a year above indexation from April 2009 to further help low to middle income families.

14. Through these measures the Government is investing an additional £950m in tackling child poverty. These measures, combined with others announced in Budget 2007 and the 2007 Pre-Budget Report and Comprehensive Spending Review, will lift around 500,000 children out of poverty. Budget 2008 also included an investment of over £125m over the next three years across the UK to help prepare for the next decade, underpinned by child poverty pilots to draw on new ideas for tackling child poverty over the long term. These will include looking at the effect of extending In Work Credit to partners and second earners. The Government will also look more widely at other emerging evidence and research and, as part of this process, host a series of seminars and debates on the route to eradicating child poverty by 2020. This will include the prime Minister's announcement of a White Paper on social mobility, by the end of 2008, and further pilot projects, such as a £200 Child Development Grant for parents to attend and take up services in new children's centres.

15. **Family income has risen:** Real household disposable incomes have risen by 27 per cent since 1997. The Households Below Average Income survey data show that incomes of both poorest and richest 20 per cent of households have risen by nearly 2 per cent a year in real terms since 1997. Government tax and benefit reforms since 1997 have helped create a fairer society, on average boosting incomes of:

- The poorest fifth of households by £2,575 a year
- Households with children in poorest fifth of the population by £4,100
- Poorest third of pensioner households by £2,100

16. **Working lives have been extended:** Eurostat data indicates that the average exit age from the labour force in the UK has increased to 63.2 years in 2006, up from 62 years in 2001. This is 2 years longer than the EU-27 average. Over the last decade, the employment rate of those aged 55 to 64 has increased by nearly ten percentage points - or more than a sixth higher than its level in 1997. Despite having an employment rate of older workers nearly a third higher than the EU average, the UK believes that further extending working lives is critical to ensuring the economic prosperity of individuals and society in terms of both work and pensions. As part of delivering the Government's long-term goal of an employment rate of 80% of the working age population, we aim to support one million additional older people into work (over and above increases from demographic change). We will be equalising State Pension age for women between 2010 and 2020, and then raising State Pension age for everyone to 68 by 2046. We have introduced very generous rates for those who choose to defer their State pension and are increasing the earliest age at which private pensions can be drawn. At the same time, our Age

⁵ http://www.hm-treasury.gov.uk/budget/budget_08/bud_bud08_index.cfm

Positive⁶ initiative seeks to encourage employers to introduce flexible employment policies to support this, and we have legislated to outlaw discrimination on the ground of age in employment and vocational training.

17. **The number of pensioners in relative poverty has fallen:** National data indicates that the number of pensioners in relative poverty has fallen by almost a third between 1997 and 2007, from 2.9 million to 2.1 million. Pensioners are now less likely to be in poverty (measured after housing costs) than the population as a whole. Over the last two decades pensioners' incomes have risen almost twice as fast as average earnings. EU-SILC data indicates that in 2006 (when adjusting for differences in the cost of living between countries) UK pensioners had the fifth highest median incomes across the EU-27. A decade ago, UK pensioners had a median income which was a seventh below that in the EU-15 – now it is nearly a tenth above. In 2008/09 the Government will be spending about £12 billion (nearly 1% of GDP) more on pensioners than if 1997 policies had continued. This additional spending has been focused on those on lower incomes. We are continuing to tackle poverty among today's pensioners, for example by Pension Service action to maximise take-up of Pension Credit and increasing its guarantee rate in line with earnings. Budget 2008 also announced that pensioners would receive a new one-off payment, alongside the Winter Fuel Payments, of £100 to over-80s households and £50 to over 60s households in 2008/09. Moreover we have put in place a package of reforms which should consolidate our success in tackling pensioner poverty into the future. We will be reintroducing the uprating link between the basic State Pension with average earnings – thus maintaining its relative value over time. We will also be improving coverage of the basic State Pension from 2010, by reducing the number of contribution years required to be entitled to the full basic State Pension and by introducing more generous credits for carers in both the basic State Pension and the State Second Pension. As a result, we expect that in 2050 over 90% of newly retired women will get a full basic State Pension, compared to only some 30% now.

18. **Pension provision remains sustainable in face of demographic pressures:** Over the years, the UK has built a pension system which shares responsibility for retirement income provision between the State, employers and individuals. Consequently, the level of government spending on pensions has been consistently below that in the rest of Europe, while pension fund assets as a percentage of GDP have been much higher. The UK's social policy has also emphasised employment as the main means to tackle poverty and ensure improving living standards and older workers are one of the target groups for meeting the Government's aspiration of an 80% employment rate. This three-pronged strategy has delivered well over the years, and steps have been taken to ensure its sustainability over the coming decades.

19. The main aim of the latest reform in the state pension system was to ensure it provided a solid foundation for private saving. State spending will be further concentrated on the alleviation of pensioner poverty, seeking to increase provision for groups such as women and the disabled. Despite the reforms, spending is projected to remain well below that in the EU27. The alignment of State Pension ages for men and women, and the incremental increase to age 68, is expected to significantly offset the risks to sustainability posed by longevity improvements. At the same time, Government is working to encourage and facilitate private pension saving by introducing a duty on employers to automatically enrol workers into a qualifying workplace pension scheme and to offer a minimum contribution equal to 3% of eligible earnings; introducing Personal Accounts, simple low-cost pension schemes into which employers may automatically enrol their employees; and strengthening the compliance regime to support pension rights and requirements.

20. **Equality:** The Government has recently established the Equality and Human Rights Commission⁷ to bring a new, inclusive approach to promoting equality and human rights and provide more effective

⁶ Age positive: promoting a mixed age workforce: <http://www.agepositive.gov.uk/>

⁷ <http://www.equalityhumanrights.com/en/Pages/default.aspx>

support for our discrimination legislation. The three legacy equality Commissions – the Disability Rights Commission, the Equal Opportunities Commission and the Commission for Racial Equality – were subsumed into the new body. The Equality and Human Rights Commission will also promote equality and tackle discrimination in relation to sexual orientation, age, and religion or belief – areas that are not covered by the previous Commissions. The Commission is an independent influential champion whose purpose is to reduce inequality, eliminate discrimination, strengthen good relations between people and protect human rights.

21. The Government Equalities Office has also recently announced its intention to establish an expert taskforce on equality. The National Equality Taskforce will consist of leading academics and experts. It will bring cutting-edge research and thinking on all equality matters to the heart of Government. The taskforce will investigate the relationship between all aspects of inequality such as gender, race, disability, as well as income and social class. The taskforce will provide advice to Government on how inequalities inter-relate and reinforce one another, which will inform the development of policy, as well as look at the relevance of equality in a modern global society, and how it impacts on the economy. The panel will provide more evidence about the gaps in society, with a forensic level of detail on the extent of those gaps, so that measures to address them can be targeted. This expert taskforce will bring a new perspective on how inequalities can be reduced, anticipate future challenges and make a step change in our approach to equality.

22. **Income equality:** Government reforms have helped poorer households to share fully in rising national prosperity, with growth in living standards for poorer households broadly matching that of richer households. During the 1980s to the mid-1990s, by contrast, growth in living standards for poorer households rose relatively slowly, with measures of household income inequality rising to historically high levels. While such measures remain high, the rising trend in inequality has been arrested, and independent analysis⁸ has shown that, without the Government's reforms to the tax and benefit system, income inequality would have continued to increase.

23. **Health equality:** Tackling health inequalities is one of six top NHS priorities. This reflects a growing recognition of the impact of social disadvantage on the health of the population. The UK is currently developing a comprehensive strategy for reducing health inequalities, building on previous work taken forward over the last decade and drawing on the latest available national and international evidence, maintaining a focus on the current health targets, but also setting wider ambitions. The strategy is about major social change and its focus is the lower third of population, not just on small 'hard to reach' groups. In England, a series of challenging national targets for tackling health inequalities have been set. They are designed to spur action across the NHS and other parts of government. Each of the devolved administrations is also taking innovative action to tackle health inequalities. In Scotland, record levels of additional resources have been put into health improvement. In Wales, subsidies have funded projects to provide an opportunity for healthcare professionals to make changes in services to address issues of inequity of access to health care services. In Northern Ireland, the DHSSPS utilises a sophisticated tool to assess the equitable allocation of available resources to its population. Narrowing the inequalities gap is a major challenge, but it is achievable.

24. **Gender and Age Equality:** In the UK, the Government Equalities Office oversees gender equalities issues. It works with other government departments to improve strategic gender targets. Ministers for Women look for opportunities to work collaboratively with other government departments to promote equality policies and strategies. A Gender Equality Duty was introduced in 2007. Harriet Harman, Minister for Women and Equality, has announced measures for an Equality Bill to streamline and strengthen discrimination legislation, including taking a power to ban age discrimination, increase transparency over pay, take action on under-representation of women and ethnic minorities, and extend

⁸ Institute for Fiscal Studies, Poverty and Inequality in the UK: 2007

the equality duty on the public sector.⁹

25. **Better support for disabled people and their carers:** There are strong links between disability and poverty, with poverty being both a cause and a consequence of disability, and children living in families with at least one disabled adult at a substantially higher risk of poverty. However, since 1999 the employment rate of disabled people in the UK has increased from 41.2% to 48.0%. Since 2004, legislation to tackle disability discrimination in employment has been significantly improved and it now extends to all forms of occupation, except service in the Armed Forces. Jobcentre Plus delivers a range of programmes to help disabled people get into paid work and get on at work, including the New Deal for Disabled People which helped over 45,000 people in 2006/2007 into paid work. We are investing over £1 billion on our Pathways to Work programme in the next three years and as from April 2008 everyone on incapacity benefits in Great Britain has access to this programme. There will also be a substantial increase in the funding for programmes that support disabled people to gain employment or stay in their job, including a doubling of the budget for Access to Work. From October 2008 Employment and Support Allowance will replace Incapacity Benefit, with a focus on what people can do rather than what they cannot. The Office for Disability Issues has developed a Life Chances indicator set¹⁰ in consultation with disabled people, including a comprehensive set of measures of income poverty and material deprivation, which will be used to measure progress towards equality. And the Comprehensive Spending Review 2007 announced measures that would support the alleviation of disability poverty. As well as commitments to tackle pensioner poverty and child poverty, there are also commitments to narrow gaps in educational achievement, employment rate and to promote equality for individuals who tend to face poorer outcomes. We have launched a 5-year cross-government Independent Living Strategy,¹¹ developed in partnership with disabled people to give them more choice and control over the support they need to go about their daily lives, including over access to employment, transport, health and housing opportunities. It includes a commitment to monitor its impact, year-on-year, in partnership with disabled people. We will also consult on a new right to control, giving disabled people the right to ask for information about how much the state spends on them, and request that money be given to them as a budget that they control. The review of the National Carers Strategy¹² provides recommendations on how to improve support for carers, including objectives on enabling carers to: have informed choice and sufficient flexibility over the decision to work, care or to balance work and care together; have an acceptable standard of living now and in the future; have sufficient information about their options and receive the right re-training and labour market support. Other measures include: carrying-out disability impact assessments with “Equality 2025”¹³, the UK Advisory Network on Disability Equality to engage across government; and developing a Green Paper¹⁴ on options for reforming the state care and support system for adults. We will also demonstrate progress over 2008-2011, as required under the Disability Equality Duty.¹⁵

26. **Housing Supply:** The Government believes that everyone deserves a place they can be proud to call home, at a price they can afford. Last year’s Housing Green Paper¹⁶ set out Government’s long-term target to reach 240,000 additional homes per year by 2016 to address the long-term increasing demand for homes as our population ages and grows and more people live alone

⁹ <http://www.equalities.gov.uk/dlr/index.htm>

¹⁰ Initial data from the Life Chances indicator set was published as annex to the ODI Annual Report 2007, available here: <http://www.officefordisability.gov.uk/publications/report/2007/>

¹¹ <http://www.officefordisability.gov.uk/independent/strategy.asp>

¹² <http://www.dh.gov.uk/en/Policyandguidance/SocialCare/Deliveringadultsocialcare/Carers/NewDealforCarers/index.htm>

¹³ <http://www.officefordisability.gov.uk/equality2025/>

¹⁴ http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4106477

¹⁵ <http://www.dotheduty.org/>

¹⁶ <http://www.communities.gov.uk/documents/housing/pdf/439986.pdf>

27. In the short-term, there are undoubtedly challenges to overcome in the housing market, with global economic and credit supply conditions impacting on the UK market. However, Government remains committed to addressing the long-term problems of affordability and inadequate housing supply. We published in July a further document "Facing the Housing Challenge"¹⁷ announcing part of a series of measures of Government action to increase confidence and help ensure stability and fairness in the housing market. Building on previous announcements, on 2 September the Government announced a £1 billion housing package¹⁸ to help first time buyers struggling to get onto the housing ladder, support vulnerable homeowners at risk of repossession, and support the house-building industry.

Challenges

28. **Workless households:** There are nearly 3 million households in which no-one works and 1.7 million children are growing up in these households. Building on our successful New Deal¹⁹ programmes, our Flexible New Deal focuses on the needs of individual jobseekers, with expectations and support increasing as the duration of the claim increases.

29. **Inactivity:** Economic inactivity remains high for certain groups, with 3 million people on inactive working age benefits for over a year, including lone parents, people on incapacity benefits and others claiming income support. We are re-doubling our efforts to get a higher proportion of inactive and long term unemployed people into work, joining up the employment and skills agendas. Our July 2008 Green Paper "No one written off: reforming welfare to reward responsibility"²⁰ has begun a period of consultation on proposals to offer increased support in return for increased responsibility. Proposals include:

- Simplifying the benefits system by moving towards a system based on just two working age benefits - the Employment and Support Allowance for those who are for a period unable to work due to a medical condition and Jobseeker's Allowance for everyone who can work;
- Providing personalised support to everyone who needs it to ensure they have the opportunity to get into, and remain in, work. Out of work benefits will for most people be temporary recognising that there is no right to a life on benefits;
- Unemployed people undertaking work for their benefits if they remain long-term unemployed;
- Extra support for people with drug dependency combined with greater requirements on them to accept treatment
- A full disregard for child maintenance across all out of work benefits to allow parents with care on benefit to keep all of their maintenance payments;
- A substantial increase in the funding for programmes that support disabled people to gain employment or stay in their job, including a doubling of the budget for Access to Work;
- Improved financial support and greater control over the support they receive for the most severely disabled people; and
- Devolving power to Jobcentre Plus advisers, local communities and providers to provide more personalised support to customers.

30. **Basic skills:** In England, an estimated 5.2 million adults of working age are not functionally literate and 6.8 million lack functional numeracy skills. Of the 5.1m Jobcentre Plus customers, 38% lack functional literacy and 45% lack functional numeracy. The Skills for Life strategy was set up in 2001 to address this issue and since then has helped over 2.25 million adults improve their basic skills and gain first qualifications. Human capital is essential to sustain our position in the global economy, capitalise on

¹⁷ <http://www.communities.gov.uk/documents/housing/pdf/facinghousingchallenge>

¹⁸ <http://www.communities.gov.uk/news/corporate/950558>

¹⁹ Transforming Britain's labour market – Ten years of the New Deal: <http://www.dwp.gov.uk/welfarereform/docs/PMNewDeal2-01-08.pdf>

²⁰ <http://www.dwp.gov.uk/welfarereform/noonewrittenoff/>

the opportunities it offers and combat both unemployment and in-work poverty²¹. The Government has committed itself to becoming a world leader in skills by 2020, benchmarked against the top quartile of OECD countries.²²

31. **Changes in society:** Leading, amongst other things, to more separation and divorce, more cohabitation, childbearing at later ages, a greater desire to work while children are young and a greater preference for self-employment and part-time work. Policies to respond to these changes include: a new Child Maintenance and Enforcement Commission²³, to encourage and enable more parents to reach their own child-maintenance arrangements, and ensure that 250,000 more children benefit from maintenance payments by 2011; a full benefit disregard for child maintenance across all out of work benefits, lifting significantly more children out of poverty; and increased support and conditionality for lone parents, to further improve their employment rate.

32. **Demographics:** An ageing population will mean a greater need to focus on savings and retirement, the need to raise employment levels to sustain an older population and issues around ensuring healthier lives and independence for older people. In 2007, for the first time, the number of people over state pension age in the UK outstripped the number of children. Looking ahead, this means major changes to the dependency ratio – ie the number of working age people who support each retired person. In 2005, that ratio was four to one. By 2050, it will be two to one. Our measures to maximise the proportion of working age people in employment, extend working lives, and encourage pensions saving all address this challenge.

33. **Globalisation and technological change:** Can contribute to a widening of the earnings distribution, poorer labour-market opportunities for low and un-skilled workers and more inward and outward migration increasing the diversity of our population, creating different preferences for work and retirement. We are therefore committed to develop skill levels and maintain the flexibility of our labour market.

34. **Migration and ethnicity:** Inward migration has boosted growth. The labour market has been performing strongly, and migration has contributed to this by meeting labour and skills shortages in the public and private sectors. Very few migrants are claiming benefits. However, for some communities, there are transitional impacts. For this reason the government has made significant investments in ensuring all communities have properly resourced public services to deal with the changes they face, including from migration.

35. **Service quality:** Citizens expect more personalised services, with greater choice of access, offering better value for public money. They have increasing expectations that their transactions with the state will be automated, without compromising the security of their personal data. For example, the Department for Work and Pensions (DWP) has a strategy to join-up service delivery based on individual's needs, including the creation of a new "Pension, Disability and Carers Service" working across previous agency boundaries, and a "no wrong door" approach, which will offer a one touch service, increasingly by phone but also in person and, over time, online. These reforms aim to create a real improvement, especially for those using a range of services. DWP also has extensive outreach and joint working programmes, with local authorities and intermediaries to bring services into the community, to improve both delivery and take-up.

²¹ Social Bridges II – the importance of human capital for growth and social inclusion, http://www.hm-treasury.gov.uk/documents/international_issues/european_economic_reform/social_bridges_ii.cfm

²² World Class Skills: Implementing the Leitch Review of Skills in England <http://www.dfes.gov.uk/skillsstrategy/uploads/documents/World%20Class%20Skills%20final.pdf>

²³ A new system of child maintenance: http://www.dwp.gov.uk/childmaintenance/csa_report.pdf

Overarching and Context indicators

36. **Annexes 1.1 and 1.2** also cover the UK socio-economic context. They use statistics and Overarching and Context indicators agreed between the Member States and European Commission, supported where necessary by national ones.

1.2 Overall Strategic Approach

37. **The Government's objective remains to build a strong economy and a fair society, in which there is opportunity and security for all**²⁴.

38. **This is consistent with the EU Lisbon strategy:** Which calls for more and better jobs and long-term sustainable growth, underpinned by a commitment to shared European social values. Achieving this requires delivery of co-ordinated and mutually reinforcing national economic, employment and social policies. However, for the purposes of this report, which supports exchange of information and good practice between member states under the Open Method of Coordination, we have focussed on the building of a fairer society with opportunity for all. The report addresses the common EU-level objectives for social protection and social inclusion, shown at (a) to (l) throughout the text, and their accompanying indicators, annexed to each chapter. These objectives and indicators, together with the reporting format, have been agreed between the Member States and the European Commission. Detailed economic and employment aspects are not repeated here, but are covered in the UK's National Reform Programme (NRP),²⁵ which has been prepared in close coordination with this report.

Objective (a): to promote social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies

39. **Full employment is at the heart of the Government's strategy:** The Welfare to Work agenda has made strong progress since 1997 and the UK now has the highest employment in our history. The biggest improvements are among groups that started off in the worst position, with more women, lone parents and disabled people working than ever.

40. **But more needs to be done:** While past reforms have led to a significant improvement in combating poverty and exclusion, we want as many people as possible to share in the rewards of work, greater prosperity, better health and well-being, better family prospects, and better community cohesion. Achieving this is vital in delivering our ambitions of:

- Eradicating child poverty
- An employment rate of 80%, with employment opportunity open to all
- Responding to the challenges of demographic change, and to the opportunities of globalisation

41. DWP has published a number of papers and strategies that set out how we are going to achieve these ambitions. *Ready for Work – full employment in our generation*²⁶ sets out a number of ways we are going to tackle our 80% target – the highest of any major industrialised country. The *Commissioning*

²⁴ The Comprehensive Spending Review and subsequent Budget Reports have set demanding performance targets and allocated record resources in support of this objective, which is supported by five sub-objectives: maintaining economic stability, meeting the productivity challenge, increasing the employment opportunity, building a fairer society, delivering high quality public services, and protecting the environment.

²⁵ 2008 report will be accessible via HMT website: http://www.hm-treasury.gov.uk/documents/international_issues/european_economic_reform/int_eerwp_indexmain.cfm

²⁶ <http://www.dwp.gov.uk/welfarereform/readyforwork/readyforwork.pdf>

*Strategy*²⁷ published in February 2008 set out the role private, public and third sector providers will play in delivering these changes. And the Green Paper: “*No one written off: reforming welfare to reward responsibility*”,²⁸ (published on 21 July 2008), builds on this, setting out plans to offer increased support to benefit claimants in return for increased responsibility.

42. **And so we are embarking on the next stage of welfare reform - social justice through independence:** Ministers want to move people from being spectators on the margins, as passive recipients of benefits, to become participants, actively seeking and preparing for work. And then staying on and progressing in work. Those who can work must look for work and those who need further training or support to help them find work must take up the opportunities available:

“People who live independent lives tend to flourish. The economist would say they experience an increase in welfare. That is the idea of welfare that, as Secretary of State, I will seek to promote. Social justice through independence, not a socially regressive culture of dependency.”²⁹

“The welfare state is there to improve life chances. The aim is that people should be the authors of their own lives”³⁰

No one written off “will restore Beveridge’s third principle, the principle of incentive, opportunity and responsibility to where it should always have been: at the centre of the welfare state. And, for that reason, it will transform the lives of hundreds of thousands of people.”

43. **Our strategy is based on five core principles:** These build on the reform principles set out in the Green Paper *In work, better off: next steps to full employment*³¹ which are developed in *Ready for Work* and *No one written off*.

- A stronger framework of rights and responsibilities
- A personalised, responsive more effective approach
- Not just jobs, but jobs that pay and offer retention and progression
- Partnership – the public, private and third sectors working together
- Devolving and empowering communities

44. **A stronger framework of rights and responsibilities:** To move benefit claimants from being passive recipients to being active jobseekers. We need to ensure that everyone who can work, now or in the future, has the support they need to find a job and gain relevant skills. And provide ongoing benefits for those for whom work would be unreasonable. This includes:

- Reforming the gateway to benefits, more accurately assessing the current limits to a person’s capability for work, and focussing on what they can do.
- Recognising the aspirations of people with health conditions and disabilities. Incapacity Benefit (IB) for new claimants will go, replaced in October 2008 by an Employment and Support Allowance (ESA) that emphasises what a person can do rather than what they cannot. The Work Capability Assessment underpinning ESA will be extended to existing IB customers beginning with those under 25 in 2009.
- Lone parents currently on Income Support will be expected to look for work when their child reaches age 12 from November 2008, 10 from October 2009 and 7 from October 2010. Alongside increased expectations there will be access to skills advice, childcare and employment support to find work.

²⁷ <http://www.dwp.gov.uk/publications/dwp/2008/com-strategy/cs-rep-08.pdf>

²⁸ <http://www.dwp.gov.uk/welfarereform/noonewrittenoff/>

²⁹ Secretary of State for Work and Pensions James Purnell, speech to “Ready to Work, Skilled for Work: Unlocking Britain’s Talent” conference, 28th January 2008

³⁰ SoS James Purnell, 20 February 2008 speech to the Social Market Foundation

³¹ <http://www.dwp.gov.uk/welfarereform/in-work-better-off/in-work-better-off.pdf>

45. **A personalised, responsive and more effective approach:** We will reform the services we offer to engage more effectively with the most disadvantaged customers, to make sure help is targeted at those who need it most, and to meet the rising expectations of employers and individuals in terms of a personalised, tailored service that meets their needs:

- Local Employment Partnerships will increasingly tailor employment and skills support
- The Flexible New Deal focuses on the needs of individual jobseekers, with expectations and support increasing as the duration of the claim increases.
- Pathways to Work, an activation scheme for people with a health condition or disability, has had a significant impact on helping people return to work.

46. **Not just jobs, but jobs that pay and offer retention and progression, further reducing in-work poverty:** As the UK economy adapts to increasing global competition individuals will need to adapt and learn new skills in order to share in the rising prosperity of the country. Measures for integrating employment and skills, to ensure that an ever-increasing number of people are able to gain the training and support they need to move from benefits to work and then progress in work, were set out in *Opportunity, Employment and Progression: making skills work*³² and the Command paper *Ready to Work, Skilled for Work: unlocking Britain's talent*³³:

- Increased emphasis on skills as well as employment support, with early screening to identify literacy, numeracy and English language needs and the creation of a new adult advancement and careers service.
- Empowering advisers and giving increased discretion both to Jobcentre Plus staff and to public, private and third sector providers
- Additional support for Lone Parents to remain in work and advance, including: in-work advice; payments to cover minor financial emergencies; In-Work Credit rolled out nationally from April 2008 (£40 per week - £60 in London).

47. **Partnership – the public, private and third sectors working together:** Our future commissioning strategy will maximise innovation, leading to more and better outcomes, with payment for results, based on evidence of performance and sustainability. Our priority is to contract on the basis of what works best to support people into work:

- The aim is again to get 250,000 of the most excluded into work by December 2010, joining up the employment and skills agendas.
- We will specify the outcomes required, with payment linked to results, but be less specific about how providers deliver to customers.
- We will focus on the ability to deliver personalised services, taking into account individual needs, and make providers' performance public.
- As set out in the Green Paper *No one written off*, we want to encourage innovation in the delivery of work-related services by introducing a 'Right to Bid' for contracts to provide services for benefit claimants.

48. **Devolving and empowering the most socially disadvantaged communities:** In the future, sustainable employment will be at the heart of neighbourhood renewal – finding local solutions to local challenges:

- We will develop a shared commitment to the local needs of individuals and employers through Local Strategic Partnerships.
- The Working Neighbourhoods Fund for England³⁴ provides £1.5billion targeted to renew our most deprived areas over the next three years.
- The City Strategy brings together key partners at the local level to coordinate and align provision, with

³² <http://www.dwp.gov.uk/welfarereform/making-skills-work.pdf>

³³ <http://www.dwp.gov.uk/welfarereform/skilled-for-work.asp>

³⁴ <http://www.communities.gov.uk/publications/communities/workingneighbourhoods>

15 pathfinders working in cities and urban areas³⁵.

49. **These principles support a renewed approach to child poverty:** Budget 2008 marked further progress towards the target of halving Child Poverty by 2010 – with over £1.7 billion worth of investment in measures to help lift up to 250,000 more children out of poverty - despite recent economic turbulence. But the Government is also aware that it must not lose sight of its ambition of eradicating child poverty by 2020, which will require more effort to help support parental employability and improve public services.

50. **“Ending child poverty: everybody’s business”³⁶** sets out the further steps the Government will take to deliver this renewed drive on child poverty, drawing on new ideas and approaches to ensure sustainable progress is made, improving children’s life chances for the longer term:

- Increasing employment and raising incomes, continuing to support lone parents into work and improving access to childcare, giving people the skills they need to boost their earning potential and helping partners find work.
- Improving the financial and material support for families, continuing to ensure work incentives are enhanced, additional support is offered to those who need it and that those eligible take-up their entitlements. This will include building financial security by promoting asset ownership and helping to protect families from income falls as a result of life-events.
- Tackling deprivation in communities, continuing to work with local and regional partners to tackle child poverty, creating local approaches to tackling child poverty that bring in all parts of the community.
- And improving poor children’s life chances, continuing to work with parents to raise aspiration and narrowing the attainment gap. Our renewed drive will include helping children overcome social barriers to success and ensuring that every child gets the right support at the right time.

51. **The Government needs to begin now:** Working with stakeholders, to develop a strategy for the next decade to reach the 2020 goal. In preparation for the strategy, the Government will undertake further research and establish new pilots and approaches that will inform and shape future policy. Over the next three years the pilots will help parents into work and improve poor children’s life chances, build on the important role of children’s centres, support local innovation in tackling child poverty, as well as provide additional support to increase parental employment in London.

52. **The Government is therefore investing:** An additional £10 million in 2008-09, £35 million in 2009-10 and £80 million in 2010-11 across the UK to help prepare for the next decade. It will also look more widely at other emerging evidence and research. As part of this process, the Government intends to host a series of seminars and debates on the route to 2020.

53. **We will be bringing forward a radical reform package:** To deliver a step change in progress towards the target on child poverty, extend and improve opportunities and incentives to work, and to encourage independence, choice and control for disabled people.

54. **Further action is also needed in London:** While good progress has been made nationally, child poverty in London has fallen less than elsewhere in the UK. In recognition of this the Government is asking delivery agencies in London to identify better ways of working together to tackle child poverty and increase parental employment in the capital.

55. **The Government cannot achieve these objectives alone:** Ending child poverty requires a sustained national, regional and local effort involving devolved administrations, across all agencies, service providers and professionals and including communities and business. Families need to be active participants too.

³⁵ Pathfinders are: East London, West London, Greater Manchester, Liverpool, South Yorkshire, Tyne and Wear, Nottingham, West Midlands, Leicester, Blackburn, Heads of the Valleys, Rhyl, Edinburgh, Glasgow, Dundee

³⁶http://www.hm-treasury.gov.uk/media/3/F/bud08_childpoverty_1310.pdf

56. **A contract out of poverty:** “Ending child poverty: everybody’s business” sets out the beginnings of a pledge that all parts of society will do their bit to tackle this blight on children, communities and future prosperity. The Government will provide all families with a clear route out of poverty by 2020. On the other side of this contract, the Government looks to families to make a commitment to improve their situations where they can and to take advantage of these opportunities.

Objective (b): to promote effective and mutual interaction between the Lisbon objectives of greater social cohesion, greater economic growth and more and better jobs and with the EU's Sustainable Development Strategy

57. **The UK Government’s overall economic objective is to build a strong, stable economy and a fair society with security and opportunity for all:** This is consistent with the Lisbon strategy’s calls for more and better jobs, and long-term sustainable growth, with a commitment to shared European social values.

58. **A key element is our joined-up approach to collective government:** Economic, employment and social policy is not made in isolation. Instead, it is mutually reinforcing, with full and regular consultation at Ministerial and official level. Various mechanisms support this, such as Cabinet Office co-ordination and the use of targets, but it is primarily a reflection of our tradition of government.

59. **This is supported by a partnership approach to delivery:** For example, with Jobcentre Plus working alongside employers, private and third sector providers and local communities. And with extensive consultation on reform - objective (c).

60. **Employment is at the heart of our approach, whilst ensuring security and support for those who cannot work:** Through work, people can lift themselves and their children out of poverty, raising incomes and aspirations. Having a strong work history is the best way to ensure security in retirement. It is also the only way to meet the challenges of an ageing and increasingly globalised society. At its simplest, the pursuit of economic growth and more jobs secures the revenue to fund adequate and sustainable social protection and social inclusion provision. None of our social or environmental aspirations can be achieved in an atmosphere of low employment and growth. This economic and employment growth also drives the pursuit of skills and Life Long Learning. These in turn promote further moves into employment and up the employment ladder. And this virtuous cycle also reinforces social cohesion, eg by moving people further from risk of poverty and improving their social inclusion.

61. **Sustainable development:** We also recognise that poverty and the associated issues of low skills, ill health and neighbourhood decline lead to a waste of human and other resources which must be addressed by properly integrating strategies for sustainable development³⁷ and social inclusion to ensure they remain mutually supporting. Here again, work offers the most sustainable route out of poverty for the longer term; because work is good for the physical and psychological health of parents and hence of their children; and because children who grow up in workless households are themselves much more likely to be poor in adulthood.

62. **Health benefits of work:** The first ever review into the health of Britain’s working population, “Working for a Healthier Tomorrow”,³⁸ outlines the benefits that work has on both people’s health and family life. Britain currently loses over £100 billion a year due to ill-health – enough to run the entire

³⁷ The Sustainable Development Strategy (SDS) has identified poverty and social exclusion as one of the key non-sustainable trends, reinforcing the need to focus on generating economic prosperity, more and better jobs and thereby increasing social inclusion.

³⁸ <http://www.wales.nhs.uk/documents/working-for-a-healthier-tomorrow-tagged.pdf>

National Health Service – and the report’s recommendations on maintaining health in the workplace and helping employees return after illness include: more support in the early stages of sickness; the development of a “fit for work” service; improving the occupational health support offered by smaller companies to their staff; and a new “fit note” looking at what people can do.

Objective (c): to promote good governance transparency and the involvement of stakeholders in the design implementation and monitoring of policy

63. **Governance and transparency are underpinned by a series of Public Service Agreement (PSA) targets:** Published as part of the Spending Review White Paper. The PSA structure ensures that these key objectives are visible and that Ministers and their Departments are held to account for delivering to the public. Stakeholders are consulted to develop a stronger shared agenda and reduce the risk of selecting the wrong priorities or creating unintended distortions to service delivery. Responsibility for delivery of most targets is shared between a number of Ministers and their Departments, reflecting our joined-up approach to economic, employment and social policy. To coordinate this joint action, each PSA has a published Delivery Agreement which sets out the contribution that each participant will make to its achievement, with a lead Secretary of State to provide Cabinet-level ownership for overall delivery. Importantly, this is expressed in terms of outcomes, underpinned by more detailed output targets, with performance closely monitored and reported on. They are intended to be demanding, and the clear political commitment to them helps to drive-up performance by informing the objectives of delivery organisations, including the personal objectives of staff working in those organisations. The close monitoring and reporting of performance against targets, together with the use of wider evaluation, also improves the evidence base needed to inform Government strategy, policy making and delivery. Even where targets are missed, the shared commitment to them with stakeholders and the open reporting of performance (including analysis of the reasons for success or otherwise) can help improve future dialogue and action.

64. **Shared strategies:** Alongside shared targets, almost all underpinning Government strategies are a shared responsibility, reflecting both the complex and multi-dimensional nature of issues such as poverty and exclusion, and the need for joined-up solutions to them. Just for example, the Independent Living Strategy was developed – and will be monitored – in partnership with disabled people. Within Government, it is jointly owned by the Office for Disability Issues, and the Department of Health, Department for Children, Schools and Families, Department for Transport, Department for Work and Pensions, Department for Communities and Local Government, and Department for Innovation, Universities and Skills.

65. **Lisbon coordination:** This joined-up working is mirrored in our approach to delivering the Lisbon objectives. For example, it is the norm for the UK’s delegates to the various EU-level advisory committees on Lisbon issues to coordinate their actions, with Social Protection Committee delegates consulting their Employment Committee and Economic Policy Committee colleagues, and vice versa, so that we present a coherent UK position in each committee, and take concerted action at national level to deliver agreed objectives. This coordination, together with a network of policy experts, also supports our input to the Programme for Employment and Social Solidarity (PROGRESS),³⁹ which provides funding for EU-level actions to help deliver the Lisbon objectives. Delegates also work closely to co-ordinate the preparation of this report and its companion, the National Reform Programme, ensuring consistency, avoiding duplication and allowing for wider consultation, as necessary. The final drafts are then agreed collectively by UK Ministers.

66. **Research supports our evidence based approach:** Alongside in-house data, surveys, economic and statistical analysis, we have drawn on international comparisons (including under the

³⁹ PROGRESS home page: http://ec.europa.eu/employment_social/progress/faq_en.htm

Open Method), and commissioned labour market and social research from external experts. This includes independent reports to test key strategies, and inform further reforms, including:

- Lisa Harker's November 2006 report on our child poverty strategy, "Delivering on child poverty: what would it take?"⁴⁰
- Lord Leitch's December 2006 review of skills, "UK Skills: Prosperity for all in the global economy – world class skills"⁴¹ and
- David Freud's March 2007 review of our employment challenge, "Reducing Dependency, increasing opportunity: options for the future of welfare to work".⁴²

67. **We have also piloted variants of new policies:** To test and refine their effectiveness, so that they are tailored to local and individual needs, and finite resources are used to maximum effect. For example, our work with Pathways has been developed in this way prior to national roll-out.

68. **Consultation is another key component:** For example, we asked people to let us know what they thought of the proposals in our Welfare Reform Green Paper *In work, better off: next steps to full employment*, building on the above independent reports. We received many considered responses, and Ministers attended around 40 consultation events around the country with a range of stakeholders, including customers, employers, MPs, lone parents and third sector organisations. Ministers also held discussions with staff from Jobcentre Plus offices and contact centres across the country, responsible for delivering many of these proposals, and invited staff to submit comments via the Department's Intranet. To get the views of as many parents as possible, we consulted via web discussion forums. This focused on two websites, ParentsCentre⁴³ and Netmums⁴⁴, receiving over 2,000 posts. Ministers also took part in online events including Ministerial web chats and discussion forums. All of the responses were carefully considered and, collectively, have helped inform UK reforms.

1.3 Overarching Messages

69. The following chapters set out in more detail our strategies for combating poverty and social exclusion, report on the main developments with UK pensions, and outline our Health and Long-term care arrangements. Key messages include:

Chapter 2 – National Action Plan for social inclusion

- **The Government's social exclusion agenda is broad:** Involving work to combat the wider causes of exclusion alongside policies more focussed on tackling poverty.
- **Increasing access to employment:** Full employment is at the heart of the UK strategy to ensure an inclusive, cohesive and prosperous society with fairness and social justice. The introduction of the New Deal has so far helped almost 2 million people move into work and the introduction of the national minimum wage, greater support through the tax credits system, and increased childcare provision have increased the incentive to work. The focus of the next stage reforms is based on five key principles: a stronger framework of rights and responsibilities to move benefit claimants from being passive recipients to being active jobseekers; an enhancement of the role of Jobcentre Plus through effective partnerships between public, private and third sector providers in programme delivery; the public, private and third sectors working together; targeting areas of high worklessness by devolving decision making and empowering communities; and jobs that pay and offer opportunities

⁴⁰ <http://www.dwp.gov.uk/publications/dwp/2006/harker/>

⁴¹ <http://www.dfes.gov.uk/furthereducation/index.cfm?fuseaction=content.view&CategoryID=21&ContentID=37>

⁴² http://www.dwp.gov.uk/welfarereform/freud_report.asp

⁴³ ParentsCentre (www.parentscentre.org.uk) is run by the Department for Children, Schools and Families, providing advice and support for parents.

⁴⁴ Netmums.com is a family of local websites set up and run by mothers to provide local information on issues such as places to go, things to do, education, childcare, and [community](#), social and employment issue

of progression.

- **Eliminating Child Poverty:** Children in the UK continue to be at greater risk of poverty than other groups. In 1997 the “at risk of poverty” indicator for children in the UK was one of the worst in Europe. It is now closer to the EU average – but there is no room for complacency which is why the Government still considers tackling child poverty to be a key aspect of its strategy. This includes measures to increase employment and raise incomes by helping parents to gain and retain work, active labour market policies to help parents find work and increased availability and quality of childcare. It also provides financial support for families through reforms of the tax and benefit system and improvements to Minimum Wage and Tax Credits.
- **Improving access to quality services:** There has been a substantial increase in investment in public services since 1997 but more needs to be done to ensure that policies and services are more effectively joined up at local level for example in tackling health inequalities, ensuring services for older people and access to housing. Individual budgets are helping people needing social care to design the support they need.
- **Tackling Inequality:** The UK has some of the strongest equal opportunities legislation in Europe – but some groups are more at risk of poverty and social exclusion than others. The Government Equalities Office was established in 2007 to strengthen the Government’s ability to deliver across the equalities agenda.

Chapter 3 – National Strategy Report for Pensions

- **Reform:** The UK has carried out a comprehensive reform of its State Pension system in order to ensure that recent gains in addressing pensioner poverty are guaranteed into the future, to address existing inequalities within the system, and to enable the state pension system to serve as a good foundation for private saving. These reforms include:
 - Reintroducing the uprating link between the basic State Pension with average earnings – thus maintaining its relative value over time.
 - Improving coverage of the basic State Pension from 2010, by reducing the number of contribution years required to be entitled to the full basic State Pension (to 30) and introducing more generous credits for carers in both the basic State Pension and the State Second Pension. As a result, we expect that in 2050, over 90% of newly retired women will get a full basic State Pension, compared to only some 30% now.
- **Pension Saving:** DWP estimates suggest that approximately 7 million people are currently not saving enough to meet their retirement aspirations. Moreover, 44% of working-age employees are currently not contributing to a private pension. To address this lack of saving, the UK will be introducing Personal Accounts, simple low-cost pension schemes into which employers may automatically enrol their employees from 2012. Our estimates indicate this will result in between six and nine million people newly participating or saving more in workplace pensions, transforming the UK savings culture.
- **Sustainability:** The UK recognises that if the financial sustainability of the UK State Pension system is to be preserved, employment levels for older workers and both sexes in general must be improved. To achieve this, and to encourage the culture change that is needed to ensure that older people stay in the labour market for longer, the Government has introduced a number of measures, including:
 - Equalising State Pension age for women between 2010 and 2020, and then raising State Pension age for both genders to 68 by 2046
 - Introducing very generous rates for those who choose to defer their State pension and increasing the earliest age at which private pensions can be drawn.
 - Extending the back to work help for people aged 50 to 59, and their dependant partners.

Chapter 4 – National Strategy for Health and Long Term Care

- **Personalised healthcare:** The NHS published in July 2008 the final report of the NHS Next Stage

Review, High Quality Care for All, which sets out a new foundation for a health service that empowers staff and gives patients choice, providing personalised health and social care services that are focused around the needs and wishes of the individual. It ensures that health care will be personalised and fair, include the most effective treatments within a safe system, and help patients to stay healthy. The government's focus is also increasingly turning to combating the challenges of health inequalities and poor lifestyles. To achieve these aims, unprecedented investment is being made in the NHS; this investment is funding a dramatic expansion of capacity in both primary and secondary care, including new service providers. This additional capacity, combined with significant increases in the numbers of clinical staff, is enabling waiting times to be reduced and is making possible the introduction of much greater choice for patients as to where and when they are treated. A system of tariffs is developing that ensures that money follows the patients, rewarding the best providers and giving clear incentives to others to improve. The Government is committed to moving many more services out of hospitals into local communities, closer to people's homes by improving GP services and developing new community hospitals closely linked to social care services. Tackling health inequalities remains a key priority for the government.

- **Improving quality and access:** Wales, Scotland and Northern Ireland have all published health improvement strategies in recent years. Scotland's Action Plan sets out a programme of comprehensive and targeted action to accelerate progress on health improvement and tackle health inequality. The Welsh strategy sets out plans to reconfigure services and place a new emphasis on quality, with both staff and service users having a strong influence on service improvement. Northern Ireland's public health strategy seeks to improve health and reduce health inequalities by tackling the wide range of factors which impact on health and wellbeing. All four countries in the UK are giving high priority to improving the quality of the healthcare they provide to their populations, including improvements in access.

CHAPTER 2

NATIONAL ACTION PLAN FOR SOCIAL INCLUSION

2.1 Progress in relation to the 2006-2008 report and challenges identified by the 2007 Joint Report

70. The UK Government is committed to building a society in which child poverty has been eradicated; everyone who can work is expected to contribute to the national prosperity and share in it; and those who can't work are supported. It is also committed to a society in which as many people as possible can share in the rewards of work that go beyond financial independence because work is good for people of all ages, good for their health, good for their families and good for their communities.

71. Significant progress has been made in moving towards this goal. We have one of the strongest labour markets in the world. The number of people in work in the UK is at a record level of over 29 million, 3 million more than in 1997. The employment rate is almost 75%. Employment has increased in every region and country in the UK. There are 335,000 more lone parents in work since 1997. The New Deal for Lone Parents has helped more than half a million lone parents in to work since October 1998, with 60% of them recorded as entering sustained employment. There are more people above state pension age in work than ever before with an increase of half a million to 1.3 million. We have lifted 600,000 children out of poverty since 1998/9. Taken together, reforms announced in Budget 2007, the 2007 Pre-Budget Report and Comprehensive Spending Review, and Budget 2008, will lift around a further 500,000 children out of poverty. The number of people reliant on key out of work benefits is down by one million since 1997, and, for the first time in a generation, the numbers on incapacity benefit have been falling since the 2003 peak.

72. Yet despite these successes, there are still those in our society who are not enjoying a fair share of the country's overall economic success. As the Prime Minister said in June 2007 "In the fourth richest country in the world it is simply wrong – wrong that any child should grow up in poverty" That is why the Government is embarking on the next phase of welfare reform and is moving to a new system of active support rather than passive receipt of benefits.

73. The strategy outlined in this report largely reflects the approach which is being pursued across the four countries which constitute the UK: England, Northern Ireland, Scotland and Wales. There are, however, some significant differences in the problems present in the four countries, and in the approaches being taken to tackling key aspects of this agenda. These are outlined in Annex 2.3 of the report.

Challenges identified in the 2007 Joint Report

74. The 2007 Joint Report on Social Protection and Social Exclusion identified the need for the UK Government to continue its efforts to reduce persistent inequalities, such as those in income, health, skills and life chances. Tackling levels of economic activity by improving engagement with vulnerable groups, whilst adequately supporting the transition to quality and sustainable work was also highlighted.

Challenges identified by UK Stakeholders

75. "For a future worth having, Government must take the lead in telling the public the social costs of widening gaps in income and wealth and persistent discrimination against minority groups. They must come out of the corner and explain why stronger strategies and policies to counteract poverty and

inequality must be implemented. More people are beginning to recognise the extent and depth of poverty and inequality in the UK; many are ready to listen now to what must be done” Social Policy Task Force.⁴⁵

76. “Severe social exclusion among older people is a significant and pressing problem which cuts across common boundaries such as income, social class, ethnicity or gender. Being severely excluded is not just about being poor, feeling lonely or lacking mobility. It is a complex issue which involves facing multiple hardships and being cut off from the things the rest of society takes for granted.” Age Concern.

77. “There are 770,000 disabled children living in the UK. There is strong evidence to suggest that families with disabled children remain disproportionately likely to live in poverty.⁴⁶ Many families with disabled children face significant extra costs associated with managing their child’s impairment, including specialist equipment and child care. These additional costs can mean that even if a family’s income is above the poverty line they may still slip into poverty.” Leonard Cheshire.

78. “Mothers are at greater risk of poverty in the UK than in any other western European country. Women’s inequality and the disadvantages they face in the workplace are key causes of this risk, with ethnic minority women facing particular challenges. The government must therefore address the disadvantage faced by mothers in the workplace as part of any anti-poverty initiative and its strategy to end child poverty in particular.” Fawcett Society.

79. “We welcome the focus of the NAP on equalities as one of its priority objectives. It is both timely and important to highlight the progress and remaining challenges faced by people because of a particular ground, such as their race or ethnic origin, religion or belief, sexual orientation, disability or age. In the case of black and minority ethnic communities, it is all the more important as recent research into poverty and ethnicity shows that black and minority ethnic communities experience higher rates of poverty than their white counterparts.” UK Race and Europe Network.

2.2 Progress on specific policy objectives identified in NAP 2006 Increasing Labour Market Participation

80. Full employment is at the heart of the UK strategy to ensure an inclusive, cohesive and prosperous society with fairness and social justice. Work is good for people of all ages, their families and society, and vital in the fight against child poverty. Not only are people who work better off financially, they are better off in terms of their health and well-being, their self-esteem and their independence. Our labour market is flexible and responsive and is one of our key strengths, but we cannot be complacent, we need to continue to be ahead of our competitors in reacting flexibly to changes in the economy and the market place. This means developing the nation’s skills is a priority and key to creating an inclusive society. Improved skill levels will enable people to secure sustainable employment in the challenging times ahead. We do not want the shortage of skills to be a barrier to securing and retaining employment.

81. Over the last decade, the UK has had an enviable employment record. Since 1997, employment has risen by over 3 million and now stands at record levels. The numbers of people on key out-of work benefits has fallen by 1 million. The situation has improved particularly for those who started off in the worst position. Employment has grown faster than average for lone parents, disabled people, older workers and people in deprived areas. The number of people claiming unemployment benefits has almost halved, with especially large falls in the long term unemployed. The number of lone parents claiming Income Support has fallen by almost 250,000 since 1997. This success has been based on the foundation of a well-run economy and a flexible labour market, coupled with employee rights and active labour market programmes to support people to take up work. Through the creation of Jobcentre Plus, a

⁴⁵ Group of NGO stakeholders working with the UK Government in conjunction with the NAP

⁴⁶ Kemp P et al. (2004), Routes out of poverty, York: JRF

world leading welfare to work organisation, we have transformed the delivery of employment support. The introduction of New Deal, which has so far helped almost 2 million people move into work, combined active support with increased obligations on the individual to find work.

82. To help and incentivise parents to find and stay in work the Government has, since 1997: introduced a national minimum wage, is providing greater support through the tax credits system doubled the level of maternity pay and substantially increasing childcare provision which has doubled with 1.29 million childcare places in England and over 2,900 Sure Start Children’s Centres now open. In addition to these measures, which predominantly benefit women, the government has given parents of young or disabled children and carers of adults the right to request flexible working.

What people have told us about employment schemes

Long term planning is essential and funding needs to be sustained to ensure that projects continue to deliver and to be around for customers in the long term. Placements on employment programmes should only be offered where there is a certainty of them becoming available. Withdrawal can lead to great disappointment and confusion. There is often a lack of good and flexible child care, which is essential to parental involvement in the labour market. ⁴⁷

Child Poverty

83. In March 1999 the Government made a pledge to eradicate child poverty in the UK within a generation. Since then, substantial progress has been made⁴⁸:

- Some 600,000 children have been lifted out of relative poverty between 1998-99 and 2006-07, and the risk of children living in poverty fell from 26 to 22 percent;
- Between 1998-99 and 2006-07 the number of children living in absolute poverty has halved from 3.4 million to 1.7 million;
- Between 2004-05 and 2006-07 the number of children in the UK defined as poor using the combined indicator of relative low income and material deprivation fell by 200,000 from 2.2 million to 2.0 million.
- Persistent poverty has also fallen. In Great Britain, the proportion of children in poverty in at least three out of four years has declined from 17 percent in 1997-2000 to 11 percent in 2002-05.

84. Particular progress has been seen among those children who faced a high risk of living in poverty. The following table highlights changes between 1998-99 and 2006-07, on the relative low-income indicator⁴⁹.

Family type	Reduction in the number of children in of poverty	Reduction in risk
Lone parent families	200,000	46% to 37%
Families with 3 or more children	400,000	40% to 33%
Families with children under 5	300,000	31% to 26 %

85. Between 2004/05 and 2006/07 the number of children in relative poverty, before housing costs, increased by 100,000, because not all families have been able to keep pace with typical household incomes. Since then a range of measures have been announced that will increase families’ incomes, and parental employment.

⁴⁷ UK National Action Plan National Event – 17 March 2008

⁴⁸ Households Below Average Income, Department for Work and Pensions, 2008

⁴⁹ Households Below Average Income, Department for Work and Pensions, 2008

Access to quality services

Education: Narrowing school attainment gaps

86. The Children's Plan published in December 2007 sets out an ambition to make Britain the best place in the world to grow up for every child – regardless of their background. The 2007 school results show that children's attainment is continuing to improve strongly, both in attainment and progress across the whole cohort, and in narrowing gaps between disadvantaged pupils and their peers. Both the long term (1997-2007) and short term (2006-07) trends are positive on both these indicators. The gap for disadvantaged pupils is large but narrowing.

87. The performance of most ethnic minority groups has been rising faster than the majority population. Hence even though gaps remain, these too are narrowing. For example the General Certificate of Education (GCSE) gap for Black pupils is some 10 percentage points in 2007, down from 20 percentage points four years earlier. The GCSE gap for Bangladeshi pupils, which stood at over 20 percentage points fifteen years ago, has now closed.

Tackling health inequalities

88. Health inequalities is a national priority for the NHS and the forthcoming WHO Commission on the Social Determinants of Health will emphasise the importance of the wider determinants of health, such as poverty, education and employment, in framing a long term approach to reduce health inequalities. *Progress and Next Steps* published in June 2008 reviews progress against the national strategy. It identifies further action to support the 2010 health inequalities target on infant mortality and life expectancy and looks forward to developing a post-2010 strategic objective. A new health inequalities intervention tool has been developed to help local areas assess their local health gap and to show the impact of key interventions on reducing this gap. This tool is providing a new and valuable focus to action on health inequalities by taking account of local differences and contributing to the 2010 target on infant mortality and life expectancy.

Reducing re-offending

89. The National Offender Management Service (NOMS) is working with Jobcentre Plus, the Learning & Skills Council, prisons and probation areas to engage employers and get offenders into employment. The programme of activity was set out in the document *Reducing Re-offending Through Skills and Employment: Next Steps* [December 2006], following consultation on the earlier Green Paper. The Corporate Alliance was announced in 2005 to demonstrate the partnership between Government and employers to increase the numbers of offenders improving their skills and going into jobs. Many employers are working with offenders across the country and over 100 have signed up to the Alliance to promote this work to other

90. Work on this and other pathways to reducing re-offending is starting to show positive results. The latest results published for 2005 show that we have reduced adult re-offending by 7.4 per cent compared with 2000. This means we are on track to hit the target of a 5% reduction set in the 2002 spending review.

Services for older people

91. In 2006 we reported on the Link Age Plus pilots which have been developed to expand the principles of joined up working by providing access to a wide range of services for older people, beyond the traditional benefits and care agendas. Each pilot is focused on local needs and how best to integrate services within these locations. The pilot sites are; Devon, Gateshead, Gloucestershire, Lancaster,

Leeds, Nottinghamshire, Salford and Tower Hamlets. The current Linkage Plus pilots will end their funded activity by October 2008 and a final evaluation report, drafted by Warwick Business School, will be delivered by March 2009. They are demonstrating the value of solid consultation with local older people to determine their local priorities and aspirations, using older people to deliver services, and making even more effective use of Local Authority infrastructures and partnerships

Access to decent and affordable housing

92. Since 1997 we have reduced the number of non-decent social sector homes by over 1 Million, with over £23 billion invested in the stock. By 2010 we expect 95% of social housing to meet the decent homes standard. Over £40 billion will have been invested in repairs and improvements to social housing by the end of the programme. Government policy is to increase the number of vulnerable private sector households in decent homes. Great progress has been made to date with the proportion of vulnerable households living in decent homes increasing from 42.9% in 1996 to 68% currently.

93. The 2007 English House Condition Survey showed that there are 1.4 million vulnerable households in the private sector living in non-decent homes. Maintaining privately-owned homes is primarily the responsibility of the owner. Nevertheless, local authorities have powers to assist vulnerable households living in the very worst conditions. Resources and a Regulatory framework are in place to enable local authorities to deliver these improvements. Over £1 billion over the CSR07 period of 2008-11, is available to local authorities from the Regional Housing Pot to help. Guidance issued to Regional Assemblies asks them to continue to prioritise those most in need with the expectation that packages of assistance are made available to individual homeowners.

94. The Housing Green paper "Homes for the future: more affordable, more sustainable" set out our plans to deliver our ambitious targets – to increase housing supply to 240,000 additional homes by 2016. Alongside this we have set a target of providing 70,000 affordable homes a year by 2010-11, of these 45,000 will be social rented homes. We are also planning to deliver 75,000 homes for shared equity or shared ownership over the next three years. To back this we are investing over £8 billion in affordable housing over the three years (2008-2011) initially through the Housing Corporation and then through the new Homes and Communities Agency.

Preventing Homelessness

95. The number of statutory homelessness acceptances in England between January 2008 and March 2008 was 10 per cent lower than for the same period in 2007. Statutory homelessness acceptances have reduced by more than half since the peak in 2003/04. In addition, the number of households living in temporary accommodation on 31 March 2008 had fallen by 11 per cent compared to 31 March 2007. This is 23 per cent lower than the peak in temporary accommodation use during 2004. 87 per cent of households in temporary accommodation were in self-contained accommodation. Since April 2004 local authorities can no longer discharge their duty to families with children accepted as homeless by placing them in Bed and Breakfast accommodation for longer than six weeks.

96. The National Rough Sleeping Estimate for 2007⁵⁰ published in September 2007 shows there are 498 people sleeping rough. The estimate is based on the results of local authority street counts in England in those areas where a known, or suspected, rough sleeping problem has been identified. This represents a 73 per cent reduction in rough sleeping since 1998. The Government is committed to reducing rough sleeping further and driving down rough sleeping to as near to zero as possible.

50 <http://www.communities.gov.uk/housing/homelessness/publicationsabout/homelessness/roughsleepingstatistics/>

Transport

97. Accessibility planning encourages local authorities and other agencies to assess more systematically whether people can get to places of work, healthcare facilities, education, food shops and other destinations that are important to local residents. This is particularly important for the sustainability of communities in the most rural and isolated areas. Solutions might include changes to the location, design and delivery of non-transport services, changes to pupil, patient, social services and public transport and improvements to walking and cycling networks.

What people told us about transport

A poor public transport infrastructure can make it difficult to access work and public services and to participate fully in society. It is important to ensure that information is widely available on concessions that are available to ensure take-up.⁵¹

98. Since April 2008, people aged 60 and over and eligible disabled people in England have been able to get free off-peak travel on all local buses anywhere in England (rather than just within their local authority area of residence). There was a national publicity campaign earlier this year to publicise the concession.

99. In England, between 2002 and March 2007, the Neighbourhood Road Safety Initiative funded 15 councils with high child pedestrian casualty rates to deliver improvements across the deprived communities. Projects aimed at tackling child pedestrian accidents include the provision of and improvements to safe play areas and child pedestrian training and education. The findings of the final evaluation of the Initiative will be available in 2009.

Fuel Poverty

100. An update on investment in tackling fuel poverty across the UK is summarised below.

Country	Scheme	Year	Services	Households helped	Investment
England	Warm Front	2000 -2008	Heating and Insulation	1.6 million	£1.6bn
Northern Ireland	Warm Homes	2001 - 2008	Heating and Insulation	60,000	£98m
Scotland	Central Heating Programme	2001 - 2008	Heating & insulation	97,834	£300m
	Warm Deal	1999-2008	Insulation	283,842	£81.5m
Wales	Home Energy Efficiency Scheme	2001 -2008	Heating and Insulation	93,000	£95m

⁵¹ UK National Action Plan National event – 17 March 2008

Financial Inclusion

101. In 2004 the Government agreed a shared goal with the banks to halve the number of adults living in households without access to a bank account, and to make significant progress within two years. The latest data, published in March 2007, shows that the number of adults in households without a bank account has fallen to 2 million in 1.3 million households – showing that 800,000 people have been brought into banking.

102. In June 2006 the Government announced the first successful bids to the £36 million Growth Fund to increase access to affordable credit for those at risk of financial exclusion. By March 2008, Growth Fund lenders had made around 74,000 loans with a total value exceeding 33 million. The Fund was increased to £42 million in spring 2007, and its objectives expanded to include the introduction of banking services at suitable Credit Unions and Community Development Financial Institutions. The Government is also working through illegal lending teams to ensure that where appropriate victims of loan sharks have access to affordable credit.

103. The “now let’s talk money”⁵² campaign was launched in January 2007 and is helping people who may not know that they can get free face-to-face money and debt advice and who do not normally have access to affordable credit and loans, credit union or basic bank accounts.

Digital Inclusion

104. One of the actions to come out of the Governments Digital Strategy “Connecting the UK”⁵³ was the Digital Challenge. The aim of the competition was to encourage regions, cities or similar sized areas to drive forward the use of technologies to better meet the needs of their local community and individual citizens. The winner would become an exemplar digital community.

105. Overall 79 proposals from local authorities were received but Sunderland won because their proposal was driven by the needs of their communities and powered by real consultation. Sunderland will now develop and implement their proposal over the next three years. Lessons from the development and implementation of the programme will be disseminated to other local authorities. The Digital Challenge 10+ is a partnership which comprises the ten local authority finalists of the Digital Challenge competition. Their collective purpose is to drive forward some of the initiatives which were proposed within their bids and their remit is to act as a unique and national exemplar in working towards social inclusion through the use of technology.

Homeshoring project – Nottingham

One of the key aspects of the Digital Challenge bid was to bring the economically inactive into work. The ‘Homeshoring’ project in Nottingham enables call centre staff to work from home using VoIP (Voice over Internet Protocol) and broadband. The project partnered with Cisco, UK Virtual Call Centres and a local community centre to pilot a Homeshoring scheme with Boots. The Project was particularly suited to people whose lifestyles tended to be more home-based, including the over 50s, women returners, people on incapacity benefit and those living in rural areas of Nottinghamshire. It also aimed to solve many of the problems experienced by traditional call centres such as high turnover of employees, recruitment costs and health problems associated with high density office environments.

⁵² www.nowletstalkmoney.com



Family Pathfinders: Testing systems change to improve the life chances of families at risk

Tackling Social Exclusion

106. In 2006, the UK Government set up the Social Exclusion Task Force (SETF) to focus more closely on the problems of severe deprivation and those who are most at risk of social exclusion. Two key workstreams of the Task Force are delivery of the Socially Excluded Adults Public Service Agreement and the Families at Risk Review.

107. The Socially Excluded Adults Public Service Agreement⁵⁴ is aimed at tackling the multiple issues facing the most excluded adults. It aims to increase the proportion of socially excluded adults in settled accommodation and in employment, education or training. It focuses on four client groups vulnerable to experiencing social exclusion, these are: former care leavers at age 19; offenders under probation supervision; adults receiving secondary mental health services; and adults with moderate to severe learning disabilities. It is jointly led within central Government by seven departments⁵⁵. Government is working with stakeholders to identify and address the key barriers to improving employment and housing outcomes for excluded groups, and to support the more effective spread of good practice. At local level, delivery will be led by local authorities and key delivery partners.

Table 1

108. The Families at Risk Review⁵⁶ analyses ways in which families with multiple and complex problems are currently supported and examines the potential for services and systems reform to better meet the needs of the most excluded. The report, Think Family: Improving the life chances of Families at Risk published in January 2008 sets out a vision of a system to improve the life chances of families at risk. Such a system would ensure that contact with any service offers an open door to joined up support from a range of agencies; services that work with both adults and children, take into account family circumstances and responsibilities; practitioners work in partnership with families recognising and promoting resilience and helping them to build their capabilities; and support is tailored to need. The report argues that this vision for services can be achieved by building on the model of Every Child

⁵⁴ http://www.cabinetoffice.gov.uk/social_exclusion_task_force/psa.aspx

⁵⁵ The Departments are: Cabinet Office, Ministry of Justice, Department of Health, Department for Children, Schools and Families, Communities and Local Government, Department for Work and Pensions and Department for Innovation, Universities and Skills.

⁵⁶ http://www.cabinetoffice.gov.uk/social_exclusion_task_force/families_at_risk.aspx

Matters⁵⁷, to develop stronger collaboration between adults' and children's services, and by putting families firmly at the centre of a system that ensures all agencies at all levels work together.

109. The SETF has also helped initiate a number of other pilot projects aimed at testing innovative ways to tackle social exclusion. The Adults facing Chronic Exclusion programme, a 3 year, £6million fund⁵⁸ designed to test new approaches to tackling chronic social exclusion amongst the most marginalised people in society. 12 pilots have been funded across England. They are testing out ways to improve outcomes for adults with chaotic lives and multiple needs through changing local service provision. Led by voluntary and public sector organisations, they try out innovative approaches, focusing on: (i) system change by simplifying the complexities associated with several services working collaboratively; (ii) transition points by helping people negotiate difficult times in their lives such as leaving prison, leaving care and fleeing domestic violence; and (iii) system navigation by offering practical help to people to access several services at one time.

110. The SETF helped establish a number of Family Nurse Partnership (FNP) pilots that are testing a model of intensive, nurse-led home visiting for vulnerable, first time, young parents. FNP nurses visit parents from early pregnancy until the child is two years old, building a close, supportive relationship with the whole family and guiding mothers and fathers to adopt healthier lifestyles, improve their parenting skills, and become self-sufficient. The pilots have helped over 1000 families, with 400 babies born to date. The programme focuses on improved outcomes across three areas: improving antenatal health; enhancing child development and school readiness; and linking the family to wider social networks and employment. In addition to the ten initial pilot sites, another £30 million was announced to extend the scheme to a further 20 sites in March 2008.

111. Multi-systemic therapy (MST) is a family and community-based treatment for young people with complex clinical, social and educational problems, including violence, anti-social behaviour, drug abuse and school expulsion. The primary goals of MST programmes are to: decrease rates of anti-social behaviour and other clinical problems; improve functioning (family relations, school performance); and achieve outcomes at a cost saving by reducing out-of-home placements.

Equalities

112. The Government is committed to reducing inequality. It believes that people should be treated equally and has taken action to tackle discrimination. In 2007 it established the Government Equalities Office to strengthen further the Government's ability to deliver across the entire equalities agenda. It also established the Equality and Human Rights Commission to bring a new, inclusive approach to promoting equality and human rights and provide more effective support for our anti-discrimination legislation. The creation of the Commission is a significant development in the history of equalities and human rights in Britain. It will bring about a shift in focus from single equality issues to a powerful integrated mandate, working to promote a society that offers real freedom, fairness and respect for all. A Green Paper 'A Framework for Fairness: Proposals for a Single Equality Bill for Great Britain'⁵⁹ was published in June 2007 and was consulted on extensively. The consultation will form the basis of a major overhaul of our anti-discrimination legislation. The Government also published its Priorities for Women and the first Equalities Public Service Agreement.

⁵⁷ <http://www.everychildmatters.gov.uk/publications/>

⁵⁸ The Sponsoring Government Departments are the Home Office, Communities and Local Government, Department of Health and Department for Work and Pensions. Each has pledged £1.5million over the three years for the pilots

⁵⁹ <http://www.communities.gov.uk/publications/communities/frameworkforfairnesssummary>

113. The **gender** pay gap has reduced from 17.4% in 1997 to 12.6% in 2007. The Gender Equality Duty introduced in April 2007 requires public sector bodies to pro-actively promote gender equality of opportunity. Carers of adults and parents of young or disabled children have the right the right to request flexible working, and paid maternity leave was extended from 26 to 39 weeks, with the flat rate increasing to £117.18 a week from April 2008. All employed women able to choose to take up to one year off work.

114. The UK Advisory Network for Disability Equality was launched in December 2006, to advise Government on the issues affecting **disabled people**, and to help in the design of policies and services for disabled people. We have introduced legislation that placed a duty on public authorities to promote equality of opportunity for disabled people and key public bodies are required to publish disability equality schemes setting out the actions they will take to meet the duty. Disabled people must be involved in the development of schemes. The Independent Living Strategy (ILS) was published in March 2008 (see p27 for more detail)

115. Anti **age** discrimination legislation became law in the UK from 1st October 2006. This gives rights to every working person in the UK to tackle the need for age-related employment equality in the same way as that for equality, sex, race, disability, sexual orientation and religion or belief. The Equality Bill will contain powers to outlaw unjustifiable age discrimination when providing goods, facilities and services in the future. To allow businesses and public authorities to prepare, and to make sure the law does not prevent justified age differences, there will be further consultation on the design of the legislation and a transition period before the new legal protections from age discrimination are implemented.

116. Improving Opportunity, Strengthening Society; the governments strategy for **race** equality and community cohesion' was a three year strategy published in January 2005. This year we will be publishing the third and final progress report which will outline the work done across government to tackle race inequalities. This will include a statistical annex, Race Equality in Public Services, which brings together race equality performance data for the key public service areas: the labour market, education, housing, health and the Criminal Justice System⁶⁰.

117. Much progress has been made in this area. The ethnic minority employment rate has increased to 60.9%, with an increase of 2.3 percentage points since the quarter ending June 2005. And the ethnic minority employment gap has fallen, and remained, below 15 percentage points, even as the white employment rate has risen; across most ethnic groups there was an increase between 2003 and 2006 in the proportion of pupils who gained five or more A*-C grade GCSEs or equivalent (in any subject); between 2001 and 2007/08 the proportions of people from ethnic groups thinking the police, the prison service the courts, the Crown Prosecution Service, and housing departments would treat them worse than other races have decreased.

2.3 Key Challenges and strategy for moving forward

118. In 2006 in considering the challenges faced by the UK in meeting the challenges outlined in the *Joint Report on Social Protection and Social Inclusion* we identified four key policy areas which reflected the Government's strategy for jobs and growth. These strategies link with the common social inclusion objectives as follows In relation to improving access to quality services (section 2.6) and tackling inequality (section 2.7):

<p>Objective (d): access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion</p>

⁶⁰ Last years report can be found at <http://www.communities.gov.uk/publications/communities/oppotunity-progress-report>

And in relation to increasing labour market participation (section 2.4) and tackling child poverty (section 2.5)

Objective (e): the active inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion

119. These four policy areas continue to be the focus of our strategy to tackle poverty and social exclusion in the UK. This section explains why these policy areas remain a challenge, why they will continue to be the focus of our attention and outlines our strategy for moving towards our goals.

2.4 Objective 1 - Increasing Labour Market Participation

120. While we have been successful in moving towards our goal of full employment, we need to go further. There are still too many people living on benefits who would like to work if they were given the right support. We know that some people in society face greater employment challenges and we want to support them to overcome these. This means increasing the opportunities for those in key target groups: disabled people and those with learning disabilities; older people; lone parents; people from ethnic minorities; young people leaving care; people leaving prison; those living in the most deprived areas; and people with low or no qualifications. And the projections for the coming years suggest that the number of older people in work will continue to increase with one million extra older workers above demographic change by 2030.

121. We want to ensure that no one is written off or misses out on the benefits of economic progress and the social, financial and health benefits of being in work. Our long term aim is an employment rate of 80 percent with employment opportunity open to all. To help achieve this we will: reduce the number on incapacity benefits by 1 million by 2015; increase employment for lone parents by 300,000; and for older people by 1 million. We will also reduce the number of young people, particularly 16-17 year olds, who are not in work, study or training.

122. Our goal is sustainable employment and progression, not just job entry. This means helping people gain the skills they need to move into work and then support to help them continue with training. This will be particularly important in areas experiencing higher levels of in-work poverty often linked to a prevalence of seasonal working, self employment and low skilled/low paid jobs. Ensuring that the employment and skills systems are integrated and support the needs of individuals and employers will give people the opportunity to move into, remain and progress in work. We will improve individual's skills to ensure a skilled workforce to meet the needs of a 21st century.

123. The Government is therefore consulting on proposals which build on the lessons of the last decade by increasing support for those who have been excluded for too long and raising their expectations⁶¹.

124. The focus of the next stage of our reforms will be to move people from being spectators on the margins – as recipients of passive benefits – to becoming participants, actively seeking and preparing for work. The strategy is based on five key principles:

- A stronger framework of rights and responsibilities to move benefit claimants from being passive recipients to being active jobseekers;
- An enhancement of the role of Jobcentre Plus through effective partnerships between public, private and third sector providers in programme delivery;
- The public, private and third sectors working together;

⁶¹ DWP, 2008: *No one written off: reforming welfare to reward responsibility*. TSO

- Targeting areas of high worklessness by devolving decision making and empowering communities; and
- Jobs that pay and offer opportunities of progressions.

How the strategy will be achieved

125. The modernisation of the New Deals through the introduction of the flexible New Deal – is providing tailored support matched by increased obligations. Increased discretion for Advisers and Jobcentre Plus staff, public, private and third sector providers and through tailoring of employment and skills support will better meet the needs of individuals and employers.

126. The introduction of the Employment and Support Allowance will replace, for new customers, Incapacity Benefit and Income Support paid on incapacity grounds. For Employment and Support Allowance, the Personal Capability Assessment will be replaced by the new Work Capability Assessment (WCA). This will focus on what people can do rather than what they cannot. Those with the severest disabilities would be assigned to the support group, with a higher level of benefit. The poorest and most vulnerable will be nearly £16 a week better off. Everyone else will be placed in the Work Related Activity group so that they can receive personalised support to help them prepare for a return to work. The Pathways to Work programme has been made available to everyone receiving incapacity benefits in Great Britain to support the introduction of the new benefit.

127. The Government has substantially increased the employment support available to **disabled people**. Those helped through employment programmes more than quadrupled over the last 5 years. We recognise there is more to do. This is why we rolled out Pathways to Work nationally to ensure everyone on incapacity benefits has access to personalised advice and support. From April this year, Pathways has been available across Great Britain. It is a proven success – since 2003, over 63,000 people previously on incapacity benefits have been helped into work through Pathways' support.

128. The Government has announced as part of the Green Paper plans to transfer existing incapacity benefit recipients to the Employment and Support Allowance. As part of this process, from 2010 the WCA will be applied to existing incapacity benefit customers. Those who remain eligible at the assessment will be migrated to the new Employment and Support Allowance over the period up to 2013 and if in the Work-Related Activity Group would be required to engage with the back to work services on offer

129. In addition, a range of specialist disability programmes are available for those disabled people who require more help and support. These specialist employment services are delivered through Jobcentre Plus and providers from the public, private and voluntary sector. They already enable many thousands of disabled people to lead fulfilling working lives. However, to further improve the effectiveness of these services, between December 2007 and March 2008, DWP held a public consultation 'Improving Specialist Disability Employment Services'⁶². Our proposals were to move away from the current separate programmes, such as Workstep, Work Preparation and Access to Work, to a new more integrated programme, easier to access and tailored to individual customers' needs. The Government will publish its response to the consultation later in 2008. In the Welfare Reform Green Paper, the Government proposes a substantial increase in funding for these programmes, including doubling the funding for Access to Work.

130. There will be an increase in obligations for **lone parents** in line with other Organisation for Economic Co-operations and Development (OECD) countries. This is consistent with the Government's commitment to the principle that once children are older, lone parents who are able to work and are

⁶² <http://www.dwp.gov.uk/resourcecentre/des-consultation.asp>

claiming benefits should be expected to look for paid work. Lone parents who are claiming Income Support solely based on being a lone parent will no longer be eligible for this benefit and may claim Jobseeker's Allowance or another appropriate benefit, when their youngest child is: 12 and over from November 2008; 10 and over from October 2009; and 7 and over from October 2010. Those eligible for JSA will be expected to look for, and be available for, suitable paid work in return for personalised help and support.

131. Excellent progress has been made in ensuring that individuals have the skills they need to move into and thrive in a flexible labour market. The proportion of people with skills and qualifications is rising year by year, and our reforms for further education have secured major improvements in success rates. But we cannot afford to stand still. The UK economy, like the rest of Europe, must adapt to increasing global competition, and individuals will need to adapt too, learning new skills and being able to move between firms and sectors. This is why we have published 'Work Skills'⁶³ which sets out what we will do to further help people take control of their skills needs, and how we can work with employers to ensure they get the skilled workforce they need.

What people have told us about developing skills

The need to engage with the community cannot be overstated and capacity building, where skills and expertise are lacking, is essential. It is important that decision making is local and that there is consultation with those who will be affected by initiatives, but often a push from central government is needed. The recognition of informal skills also helps to build confidence both for deliverers and service users (you don't need a degree to teach a skill). An effective dialogue between the community and public services ensures that services are appropriate and essential.⁶⁴

132. Integration of employment and skills provision will help more people get a job and progress in work. This will include skills screening for new claimants to identify basic numeracy, literacy and language needs and a full Skills Health Check where this has been identified as a major barrier to employment. To move us further forward in this, in June 2008 we published 'Work Skills'. This paper sets out the next steps in creating employment and skills services to respond to people's and employer's circumstances, and includes:

- A skills system shaped by employers that puts the individual in charge of their learning with, for example, from 2010, a new Government backed Skills Account for all 18 year olds;
- Extending rights and responsibilities to those with skills needs that are preventing them from finding work; and
- Making the system less top heavy, by ensuring that delivery systems work more closely together to meet local needs.

133. We are putting in place an integrated system that will increase people's chances of getting into sustained employment with skills progression, and through which in 2010–11, over 100,000 people will be helped to gain sustainable employment and to achieve a recognised qualification.

134. The Government is encouraging employers to adopt flexible working and retirement practices which give individuals more choice and opportunity to stay in work longer. Its Age Positive initiative is a highly respected ongoing Government initiative designed to encourage employers, particularly small and medium employers, to change ageist practices and culture and to provide opportunity and choice for their older workers. The Government already has a range of policies designed to increase employment for older people. New Deal 50 Plus has supported over 175,000 older people in their return to work and the Department for Work and Pensions is proposing to extend the back to work help available to the over

⁶³ <http://publications.dius.gov.uk/workskills/>

⁶⁴ UK National Action Plan National Event – 17 March 2008

50s. In the May 2006 Pensions White Paper the Department for Work and Pensions announced further proposals to assist and encourage longer working. The State pension deferral rate has been increased to 10.4% and the option of taking a lump sum instead of an increased weekly pension has been introduced.

135. There are groups and areas that still experience significant labour market disadvantage. The City Strategy is providing an innovative test of an area based partnership approach to tackling worklessness in our most disadvantaged communities across Great Britain. It encourages the wider Government commitment to localism through: empowering areas and providing the focus for them to reach out to the most disadvantaged pockets of worklessness, low skills and poverty; providing the catalyst to raise worklessness up the priority list with all partners; and increasing sense of local accountability for targets, aligning funding and activity.

136. Through the introduction of Local Employment Partnerships we aim to help 250,000 long-term jobseekers move into employment by 2010. These Partnerships are encouraging employers to provide more opportunities for people often overlooked in the labour market. They help to ensure that people are ready to meet employers' needs and have the confidence to succeed in the world of work. Equally important, LEPs help employers to appreciate and make the most of these jobseekers' potential. LEPs represent joined up employment and skills in action.

Social Firms

Social Firms UK are creating employment opportunities for severely disadvantaged people within a thriving and successful market led business. To be a social firm, an organisation should adhere to the values of enterprise, employment and empowerment, whilst creating paid employment for a minimum of one quarter of the workforce who should be severely disadvantaged and at the same time generating a market-led income of less than 50%. This is a growing sector in the UK with 67 existing and 70 emerging social firms. In 2006, 1652 full time employment posts were created, 52% of which are held by severely disadvantaged (mainly disabled) people. There was an average of 841 trainees benefiting from social firm activity each week. In 2007 the number of firms had increased to 151.

137. The Government is currently consulting on proposals which will further reform the system so that the longer someone is on benefits, the more help we offer and the more activity will be required. For example at three months and then six months Jobseekers will be expected to intensify their job search activity and comply with a challenging back to work action plan and after 12 months on the benefit, JSA claimants will be transferred to a private, public or voluntary sector provider who will be paid for supporting people into sustained employment by the results they achieve. For those still on the benefit after two years the Green Paper sets out a proposal to explore developing and testing a 'work for your benefit' scheme with private and voluntary providers, including requiring claimants to do full-time community work in return for their benefits. There are also proposals for this requirement to apply at any stage in a claim if the claimant is not benefiting from the other support on offer.

138. Other proposals in the Green Paper include: tougher sanctions for those who fail to take steps to get back in to work or refuse to take a job; a requirement that those with skills barriers to undertake training to help them get into work and a requirement for those identified as having problems with crack cocaine or opiates, to take action to address these barriers to work in return for receiving benefits.

Making work pay

139. The National Minimum Wage is part of an overall strategy to make work pay. Together with the Working and Child Tax Credits, in October 2008, the National Minimum Wage will guarantee that every family with one child and one person working 35 hours per week will receive a minimum income of £295 per week. The bite (National Minimum Wage as a percentage of median earnings) is now 50 per cent of

the median wage. The UK minimum wage is now around the OECD average and is one of the highest in the OECD in terms of purchasing power.

140. The Government increased the adult rate of the national minimum wage on 1 October 2007 from £5.35 to £5.52, and from October 2008 it will be raised again to £5.73. The minimum wage plays a part in narrowing the gender pay gap, as women are more likely to work in lower paid and often part-time jobs than men. Therefore more women than men will benefit from raising the minimum wage.

141. We are piloting a Better off in Work Credit to ensure that all long term claimants see a significant rise in their incomes when they take a job. We are also introducing a number of measures for lone parents (the majority of whom are women) to make work pay, help sustainability and progression once in work. These include: the national roll out of In-Work Credit, In-Work Advisory Support and an In-Work Emergency Discretion Fund for lone parents. We will also ensure that programmes and policies meet the needs of people who are disadvantaged in the labour market by offering targeted back to work programmes.

142. The review of Housing Benefit will look at the fairness of the current system with emphasis on how it promotes work incentives, helps reduce child poverty, and supports sustainable working communities. The Government is also consulting on proposals to simplify the benefits system to help people realise their potential. The Welfare Reform Green Paper sets out significant steps towards this goal. They would abolish Income Support, moving current claimants onto income-based JSA, with appropriate conditions. This would move us to a dual-benefit system, with ESA for sick and disabled people and an expanded JSA for those actively seeking work or with temporary barriers to work, such as caring responsibilities. This would be a significant change in its own right as well as a major step towards the creation of a single system of working age benefits.

Links to the European Social Fund

143. The European Social Fund will invest over £3 billion in jobs and skills in the UK in 2007-2013. It will support two main priorities: extending employment opportunities to people who are unemployed or economically inactive - especially groups at a disadvantage in the labour market such as disabled people, lone parents, older workers, people from ethnic minority groups, people with low or no qualifications, and young people not in education, employment or training; and developing a skilled and adaptable workforce, with a particular focus on employees who lack the basic skills and qualifications they need to succeed at work.

144. European Social Fund investment will add value to employment and skills strategies within the UK by supporting additional employment and training provision. By helping disadvantaged and excluded people tackle their barriers to entering jobs and making progress at work, the European Social Fund will contribute to the social inclusion agenda.

145. More information about how the European Social Fund is being used to tackle social exclusion in the UK is provided in Annex 5.

2.5 Objective 2 - Tackling Child Poverty

146. Since 1998/9 a total of 600,000 children in the UK have been lifted out of poverty. Despite the substantial progress that has been made since 1997 2.9 million children are living in poverty.

147. The Government accepts that more needs to be done to meet the Government's extremely challenging ambitions. Research has demonstrated that particular groups are at risk of living in poverty. These include working families and those families where no family member is employed.

148. Children in households with the following characteristics have a higher than average risk of poverty⁶⁵:

- Workless households, where the risk of poverty remains high, at 61 per cent, which is considerably above the average of 22 per cent;
- Couple families where one adult or more works part-time have a 47 per cent risk of poverty;
- Ethnic minority families - where more than a third live in poverty;
- Disabled adult and disabled child in the family results in a 31 per cent risk of poverty;
- Families with 3 or more children have a 33 per cent risk of poverty; and
- Children who live in Inner London have a 32 per cent risk of living in poverty.

149. Children in families of working couple parents have a relatively low risk of poverty, at 14 percent, but because so many children live in working families they account for 1.5 million of the children living in poverty⁶⁶.

150. The Government is committed to offering a route out of poverty for all families. Work is the most sustainable route out of poverty but in the modern economy people will experience interruptions to their income as a result of life events such as unemployment, family breakdown, onset of disability and caring responsibilities. The Government recognises that more must be done to further improve employment rates, and support retention and progression in work, but believes that no child should suffer from their parents' capacity to earn. Its aim is to create a stable income bridge to enable them to deal with changes in circumstances.

151. The Government also recognises that it cannot achieve its objective to eradicate child poverty alone. It requires a sustained national, regional and local effort, involving devolved administrations, across all agencies, service providers and professionals and including communities, businesses and families. Our strategy for moving forward can be divided into four broad themes:

- (1) Increasing employment and raising incomes: helping people who can work to move into employment and progress in work.
 - More parents are being supported to move into work: Children living in workless households in Great Britain reduced by over 400,000, reversing the long-standing increase apparent in the 1990s. Particular improvements have been seen in the number of lone parents in work.
 - Active labour market policies have helped many parents move from welfare into work. Since October 1998, the New Deal for Lone Parents has helped over half a million lone parents into work; of these, 60 per cent are recorded as having entered sustained employment.
 - There has been significant improvement in the quality, availability and affordability of childcare.
- (2) Financial and material support: providing additional resources for when work does not pay, or when families cannot work.
 - The tax and benefit system has been substantially reformed to provide help for all, and extra help for those who need it most, while still maintaining incentives to work.
 - As a result of reforms since 1997, including those in Budget 2008, couples with children in the poorest fifth of the population will be £4,700 a year better off and lone parents £3,350 a year better off by October 2008.
 - Tax Credits are benefiting around 6 million families and 10 million children including those families receiving their child allowances through their benefits.
- (3) Ensuring that communities are safe, sustainable places where families can thrive.

⁶⁵ Households Below Average Income, Department for Work and Pensions

⁶⁶ Households Below Average Income, Department for Work and Pensions

- Over the past decade the New Deal for Communities (NDC) and the Neighbourhood Renewal Fund (NRF) have tackled the problems faced by some of our most deprived communities.

(4) Improving poor children's life chances: improving opportunities and outcomes for children from low-income families.

152. The Every Child Matters reforms are driving system-wide integration across children's services and improving opportunities and outcomes for children from low-income families.

153. Improvements in early education and in school standards are closing the gaps in attainment between poor children and their peers.

154. The child poverty targets cannot be met without addressing poverty in families with disabled members. The number of poor children living in families with at least one disabled member has fallen by around 300,000 between 1998/9 and 2006/7. However there is more to be done, as this still leaves around 900,000 children in poverty living in families with at least one disabled member. This is why our strategy includes improving employment opportunities for disabled people and better support for families with disabled children.

155. Aiming high for disabled children: better support for families, announced £35 million additional resource to fund a childcare accessibility project in which ten pilots will test ways in which local authorities can meet their duty to provide childcare for disabled children, with best practice rolled out more widely. A total of £340 million has already been set aside by the Department for Children, Schools and Families (DCSF) to improve the lives of disabled children and their families⁶⁷.

156. Children's centres and extended schools have made a significant contribution to the availability and affordability of childcare for all families in England. They also bring together other services – making it easier for families to receive the help they need, and for parents to access the support they need to work. Centres serving the most deprived areas have access to family healthcare, advice and support for parents including drop-in sessions, outreach services, integrated early education and childcare and links through to training and employment. There are currently over 2,500 children's centres offering services to around 1.9 million children under 5 and their families and the Government is committed to delivering a children's centre for every community by 2010.

Children's play strategy in Wales

The Swansea Bridging the Policy Gap peer review of child play⁶⁸ emphasised the central importance of free play to child development. As one participant said – *Children need to be happy now*. The role of adults was summed up by another participant as *Be there; stand back*. However, like youth provision, child play is an under-valued, under-resourced and under-provided service and very few local authorities have a well developed strategy or policy. Many play facilities are run on charitable resources and small grants by small voluntary organisations and even very small charges may be too much for poor families. As one mother with two children said *It's 50 pence a day each; I have to choose between bread and play*.
Social Policy Task Force

157. It is fundamental that the roll out of Children's Centres in every community ensures fair and equal access in rural areas. To address this, the Government launched the Mini Sure Start programme to

⁶⁷ Aiming High for Disabled Children: implementation - Every Child Matters

⁶⁸ Mackenzie, S (2008) Report of the Swansea peer review: The children's play strategy for Swansea, Glasgow, Poverty Alliance.

provide services for children living in small communities in scattered rural areas and pockets of deprivation. The programme has been designed to build on existing services to provide Sure Start type services including improved access to health services, play facilities, learning and childcare services. Local play facilities are important where access to leisure and youth centres is difficult. The government's commitment to rebuild 3,500 playgrounds will also benefit the most deprived and isolated communities.

158. Measures announced in Budget 2008, alongside measures announced in Budget 2007 and the 2007 PBR will make substantial further progress in increasing the incomes of low-income families. Together they will lift around 500,000 children out of poverty than would otherwise have been the case. Budget 2008 also announced the investment of over £125 million over the next three years in child poverty pilots to draw on new ideas for tackling child poverty in the long term.

159. Published alongside Budget 2008, *Ending child poverty: everybody's business*⁶⁹, sets out the Government's vision for the next decade. It highlights the need for a renewed drive on child poverty that draws on new ideas and approaches to ensure sustainable progress is made, improving children's life chances for the longer term. Specifically it focuses on the need for a sustained national, regional and local effort, involving devolved administrations, across all agencies, service providers and professionals and including communities and business. It highlights how families themselves will need to be active participants in the process. The Government believes that only through working in partnership can child poverty be eradicated.

160. In July 2008 the Government published the Command Paper "No one written off; reforming welfare to reward responsibility" which proposes new thinking on welfare. It will continue the work the Government is undertaking to overhaul the welfare system ensuring that everyone on out-of-work benefits are subject to an active regime that offers more support but expects more in return.

161. The Government is embarking on the development of a strategy for the next decade, to reach the 2020 goal to eradicate child poverty. It is working with stakeholders to do this, and will host a series of seminars and debates on the route to 2020. The Government is currently consulting on proposals which will: help lone parents with younger children to begin improving their employment prospects as early as possible; introduce a full disregard for child maintenance payments; and a requirement for both parents to be registered on the birth certificate, except where this would not be in the best interests of the child.

2.6 Objective 3 - Improving Access to Quality Services

162. Efficient and effective public services can play an important part in tackling social exclusion. Since 1997 the UK Government has substantially increased investment in public services. This has produced significant improvements in education, health and other areas, but there is still evidence of inequalities in public service provision in the UK.

163. There has been significant progress in tackling deprivation in recent years. Investment in public services – schools, hospitals and children's centres – in deprived areas has increased significantly. However, concentrations of deprivation remain, and despite rapid improvement in some of the most deprived areas.

The right to control

164. We have piloted a model of individual budgets to enable people needing social care and associated services to design that support and decide the nature of the services they need. Key features are:

⁶⁹ Ending child poverty: everybody's business, March 2008, HM Treasury

- A transparent allocation of resources, giving individuals a clear cash or notional sum for them to use on their care or support package
- A streamlined assessment process across agencies, meaning less time spent giving information
- Bringing together a variety of streams of support and/or funding, from more than one agency.
- Giving individuals the ability to use the budget in a way that best suits their own particular requirements
- Support from a broker or advocate, family or friends, as the individual desires.

165. Thirteen local authorities in England piloted Individual Budgets in order to develop an evidence base for potential national roll out. The evaluation will be important in assisting local authorities to transform their care services and to identify barriers to the successful implementation of the individual budgets concept. The funding streams involved in the pilot are Access to Work, Disabled Facilities Grant, the Independent Living fund, Integrated Community Equipment fund, Supporting People fund as well as social care money.

166. The Government is currently consulting on proposals which will build on the success of the individual budget pilots, disabled people would be given the right to know the value of the support to which they are entitled, and the right to request that support. This will give them the power to shape support to their own needs, or to choose a different provider if they were not getting the help they need

Education: The Children's Plan and social mobility

167. Education is a major driver of social mobility. It is encouraging that recent research shows the decline in social mobility in the UK in previous decades to have stabilised, but not yet to be moving upwards intergenerationally. Rising school attainment levels, and the further narrowing of attainment gaps at ages 16 and 19, will deliver improved chances for disadvantaged children to enter higher education and gain higher skills. This should lead to greater intergenerational mobility.

168. The Children's Plan commitments to equalise educational outcomes, set out earlier in this document, are backed by significant investment at all stages of children's education. The Government has:

- Invested more than £21 billion in child care and the early years since 1997, so that poor children get better chances in early life;
- Planned to provide one-to-one tuition and personalised support to help every child starting below the appropriate age level in English and Mathematics to achieve to their full potential;
- Launched the National Challenge to ensure that by 2011 there is no secondary school in England where fewer than 30% of 16 year olds achieve five higher grade GCSEs including English and Maths
- Ensured that in future all young people will stay on in education or training to 18 and beyond so they have the skills they need to prosper.

Health services and health inequalities

169. Sharpening local delivery will be crucial in delivering the national health inequalities target. This target seeks by 2010 to reduce the health gap by 10% in health outcomes in infant mortality and life expectancy. For the life expectancy element of the target, this has meant working with the 70 spearhead local areas covering 28% of the population with the worse health and deprivation outcomes. It has been supported by the development of new national indicators and tools. These include the all-age, all-cause mortality indicator - widely adopted by local authorities as well as the NHS as the basis for planning and delivery of services. It also includes the national support team on health inequalities. This team visits spearhead areas using a structured "deep dive" approach to appraise each area and it promotes the systematic adoption of good practice on the scale needed to make a contribution to the target.

170. Most people who live in rural areas experience a high quality of life. On average they live longer, have better physical and mental health and enjoy healthier lifestyles. Beneath these averages, however, is a more complex picture of poverty and disadvantage. The poorest and most disadvantaged rural residents have much poorer health outcomes and experience consistently lower levels of physical and mental health. Targeting and addressing these problems is difficult given that much rural deprivation is hidden and masked by the prevailing affluence of many rural areas. To address these and other issues the Government announced a wide-ranging review of the National Health Service in 2007 to identify the way forward for a 21st Century NHS which is clinically-driven, patient-centred and responsive to local communities.

Housing and homelessness

171. The Government has set itself a challenging aim of halving the number of households living in temporary accommodation to 50,500 by 2010. As at 31 March 2008, 77, 510 households were in temporary accommodation. Around one third of local authorities have met the 2010 temporary accommodation target. Local authority temporary accommodation reduction plans indicate that the 2010 target will be met.

172. Our strategy of increased investment in homelessness prevention and increased opportunities for moving out of temporary accommodation and into settled homes will be enhanced by a wider range of effective front-line preventative services, and increasing homelessness grants to local authorities and voluntary sector agencies.

Tackling the housing crisis in Northern Ireland

A radical New Housing Agenda will tackle the growing housing crisis in Northern Ireland. Some of the new initiatives announced include plans to increase the supply of social and affordable housing over the next 5 years to meet the Programme for Government commitment of 10,000 new homes during this period. Other plans announced include the introduction of a developer's contribution in new housing developments to bring Northern Ireland into line with the rest of Great Britain and Ireland; a new code for sustainable housing and a new procurement strategy that will increase the energy efficiency of new social houses whilst driving costs down; bringing empty homes back into use through the development of an Empty Homes Strategy; an extension of the current House Sales Scheme, making the existing co-ownership scheme more attractive for first time buyers; the first ever eco-village in Northern Ireland as part of a £40m regeneration plan and the introduction of a Mortgage Rescue Scheme to support those home owners who have been encouraged to climb onto the housing ladder.

173. The Government is committed to sustaining the reductions in rough sleeping in England. We invested £90 million capital funding in hostels over the three years to 2007/08 to help more people move away from homelessness and avoid a return to the streets. A further £80 million capital funding is being made available in 2008-11 to build on the success of improving hostels and day centres to ensure that those who come off the streets will be able to engage in training and employment. We will review what more needs to be done to drive down rough sleeping down to as close to zero as possible, and to prevent those most at risk from ending up on the streets in the first place. A discussion paper *Rough sleeping 10 years on: from the streets to independent living and opportunity* published in April 2008 sets out our initial thinking on a future rough sleeping strategy, which we aim to publish in the Autumn. Additionally, the Socially Excluded Adults PSA (PSA 16) aims to increase the proportion of four at-risk client groups in settled accommodation.

174. As set out in "Transforming Places; changing lives: a framework for regeneration" housing has a crucial role to play in successful regeneration and tackling worklessness. A stable home is an important base from which to move into training or employment, but housing policies and providers can and are

doing more. Recent Housing Corporation research identified over 300 enterprise and employment projects involving registered social landlords and the Chartered Institute of Housing are producing a good practice guide showing how social landlords and local housing authorities across the country can help tenants into employment.

175. The Government will publish a housing reform green paper towards the end of 2008 that sets out proposals to provide housing services and options which help and encourage people towards greater economic independence and social mobility – matching responsibility with opportunity so that they can realise their potential and best meet their own housing aspirations in the future – and to deliver greater fairness and make best use of our resources.

Employment services and skills

176. The Government's commitment to integrate employment and skills was set out in World Class Skills in July 2007 and expanded Work Skills (June 2008). The commitment is to improved personalised services for those out work including better initial skills screening when people first sign on for benefits, access to improved advice and guidance through the development of the adult advancement and careers service including a comprehensive skills health check and access to appropriate LSC funded training flexibly and responsively. Balancing the Government's commitment is an expectation that the individual will take action where lack of skills is a barrier to obtaining and retaining work. The aim is to help people into sustainable employment and to progress both in employment and in skills contributing to the Government's ambition of an 80% employment rate. These services will be tailored to the needs of individuals and employers and will include much earlier and more thorough identification of skills needs, help with access to training and finance and support to address any other barriers.

177. Service provision will be tailored to local circumstances and build on existing initiatives. For example, the City Strategy has creating local partnerships to try out new ideas and tailor services to tackle worklessness in some of the most disadvantaged urban communities. Similarly in rural areas, where there are issues about the ability of customers to access employment and skills services Jobcentre Plus is developing innovative outreach strategies including the installation of jobpoints in libraries, surgeries in third party premises, partnering in local authority outlets and, where practical, mobile services.

Staffordshire JobsBus

Vital job and training information is being taken out to town centres and workplaces in Staffordshire on board an innovative JobsBus. This unique service, run through partnership and working between Staffordshire County Council, Jobcentre Plus and nextstep Staffordshire, is helping thousands of people back into work and learning. The eye-catching blue bus is on the road five days a week to bring people friendly advice to their own doorsteps. Residents can board the bus without needing any appointment to take advantage of employment advice and use computers free of charge to check out latest vacancies. Since it first took to the road seven years ago, the JobsBus has helped many people to take that important first step in returning to learning, a job and a future. Nextstep, which is funded by the Learning and Skills Council and managed by Connexions Staffordshire, provides impartial advice and guidance on learning, training and the world of work to adults with few qualifications. Jobcentre Plus provide advice on the latest vacancies as well updates on programmes and services targeted at Lone Parents and people on Incapacity Benefit who want help to get a job

Transport

178. During 2007, the Department for Transport commissioned a review of travel training schemes in England. The majority of the current schemes are directed at people with learning difficulties to help

them access education or work. The review showed that significant benefits have resulted from the schemes - for the learners, trainers, carers, statutory agencies, and the community. The Department is committed to increasing awareness of and the number of travel training schemes, and has developed a strategy to achieve this commitment.

179. Local transport authorities are expected to work with partner organisations, such as Primary Care Trusts, to identify and address accessibility opportunities and problems. Local authorities set at least one accessibility indicator and target, in the second Local Transport Plan, relating to their local priorities. Delivery against these targets will help demonstrate improvements in accessibility over time, and progress is regularly reported to the Department for Transport. Some local authorities are also choosing to include a target on accessibility to report on as part of the reporting against the suite of National Indicators within their Local Area Agreements.

The Blue Badge Scheme

Providing greater accessibility for disabled people is a key Government aim. Since the first parking scheme for disabled people was created in 1971 there has been great success in promoting disabled people's independent mobility and social inclusion. The number of people in England benefiting from the Scheme is currently over 2.3 million. In light of increased usage and recent changes, such as growth in the elderly population, increased car use and technological developments, an independent strategic review of the Scheme was commissioned, and presented to Ministers in September 2007. The review has directly informed an extensive consultation process which will be followed with a Reform Strategy later this year. The Strategy will highlight our plans to ensure the Scheme is more inclusive in terms of eligibility, tougher on fraud, and operating with improved administration to ensure we build upon the successes we have already achieved.

Fuel poverty

180. The UK Government and devolved administrations have shared objectives to eradicate fuel poverty as far as reasonably practicable in England, Scotland and Northern Ireland by 2016, and in Wales by 2018. Additionally there is an interim objective in England and Wales to eradicate fuel poverty, as far as reasonably practicable, in all vulnerable households, by 2010. Fuel poverty is defined as where a household has to spend more than 10 per cent of its income on fuel to maintain an adequate standard of warmth. The Warm Front Scheme is the main tool for tackling fuel poverty in England and provides a package of heating and insulation measures to private sector households in receipt of certain benefits, and offers benefit entitlement checks to help maximise income. Similar schemes exist in the devolved administrations and are described further in Annex 4.

181. Also, the Energy Efficiency Commitment, known as the Carbon Emissions Reduction Target (CERT) from April 2008, requires energy companies to achieve 40% of their energy savings by helping vulnerable customers increase the energy efficiency of their homes. It is expected that around £1.5bn will be directed to vulnerable groups over the three years of the programme. In addition, energy companies voluntarily offer a range of assistance, including social tariffs, provision of energy efficiency advice and assistance, and trust funds.

182. Households finding it difficult to pay their fuel bills are also set to receive significant extra help with the cost of warming their homes over the next three years. This will mean that the collective annual spend on social assistance by Great Britain's six largest energy suppliers will triple to £150 million by 2011. The total extra spend over the next three years will be £225 million. Assistance will be targeted at households on low incomes who are most vulnerable to fuel poverty including the elderly. Although the risks from fuel poverty apply to all householders, families with children and householders who are disabled or suffering from a long-term illness are especially vulnerable.

183. The one-off increase to the Winter Fuel Payment announced in the 2008 Budget will be paid to those aged 60 and over as part of a wider package to help pensioners. The Government has also amended the Pensions Bill currently going through Parliament to allow Government data to be shared with energy suppliers. This will enable energy suppliers to provide targeted support to poorer pensioners.

Financial Inclusion

184. In the October 2007 the Government established a new fund of £130 million for 2008-11 to improve awareness of, and confidence in, basic financial services such as bank accounts, savings and insurance. Ensuring that everyone in the UK can access the financial system and manage their finances is the objective of the '*Financial Inclusion: an action plan for 2008 to 2011*'⁷⁰ published in December 2007 which sets out in detail how this money is to be used.

185. Through the Growth Fund the Government is increasing access to affordable credit for those at risk of financial exclusion. A further £38 million, allocated from the Financial Inclusion Fund for the period 2008 to 2011, will be used to maintain and increase coverage in existing Growth Fund areas, and extend coverage to the highest priority, under-served areas. The Government will extend its successful financial inclusion partnership with the banking sector, working together to extend the coverage and capacity of the third sector in providing affordable credit to the financially excluded.

186. £12 million has been allocated to the establishment of a "financial inclusion champions" initiative. We will continue to use the successful 'now lets talk money' branding with dedicated champions working with local authorities, social landlords, and other key partners to promote financial inclusion locally. Champions will push to further reduce the number of people who lack access to basic financial services – no bank account, no access to affordable credit, no savings, no house contents insurance and no access to money advice. £76 million will fund more free face-to-face money advice to financially excluded people as part of the money advice initiative.

187. Financial exclusion in rural areas is largely unrecognised. Yet more than one in five people (some two million people) in rural areas live below the poverty line. The Government is working with third sector partners to develop a range of effective solutions to meet rural needs, including basic banking, affordable loans and advice services.

Digital Inclusion

188. A review of the Digital Strategy "Connecting the UK" in 2007 defined digital inclusion as improving connectivity, capability and confidence with digital technology. Digital inclusion can also help ameliorate the causes of social exclusion and disadvantage. The review concluded that there was insufficient evidence to suggest that there is a macro economic case for addressing the digital inclusion of all citizens, but that there was a case for addressing the digital inclusion for those without a choice, e.g. socially excluded people.

189. The review also called for a digital champion preferably a Cabinet Minister who will provide leadership and act as a focal point within Government. Paul Murphy Secretary of State for Wales was appointed as the Minister for Digital Inclusion in February 2008. The Minister is responsible for overseeing effective coordination of digital inclusion policy interventions rather than being accountable for the delivery of other government departments IT projects. A new Cabinet Committee has been established to support him "to coordinate policies and develop a coherent strategy to ensure that all citizens especially the disadvantaged, benefit from the use of digital technologies". The publication of

⁷⁰ http://www.hm-treasury.gov.uk/documents/financial_services/financial_inclusion/financial_inclusion_actionplan.cfm

a Digital Strategy Action plan including actions to address digital inclusion and the digital divide by 2010 and beyond will be the first output from this work.

Older people

190. The population of the UK is ageing. In common with most developed nations, the UK is seeing a major increase in the number and proportion of people aged over 50. Many rural areas are already experiencing the implications of an increasingly ageing population, with some striking concentrations of older people in certain areas such as the south west of England, and in particular East Devon, which has a median age of 62.9. During 2008 there will, for the first time, be more pensioners than children in Britain. By 2050, it is expected that a person aged 65 will be able to expect to live for another 24 years. This change will have major effects on UK citizens, and will raise major opportunities and challenges for the UK Government at every level.

191. In March 2005, the Government set out its strategy for older people and the ageing society in *Opportunity Age*⁷¹ – *meeting the challenges of ageing in the 21st century* including specific commitments for legislative change and innovation in service delivery. The strategy set out how all parts of Government, central and local, are organising themselves more effectively to deliver a wide range of initiatives – not only to improve financial security and extend working life, but also to combat discrimination, promote active ageing, and improve services to promote the well-being and independence of older people. The Government has announced a review of this strategy to take into account achievements since March 2005, but also to outline the challenges that still lie ahead.

192. *Lifetime Homes, Lifetime Neighbourhoods* outlines the Government's housing strategy for an ageing society including ambitions to build homes to Lifetime Homes standards and a vision of Lifetime Neighbourhoods that are fit for all.

193. Since it last reported, the Government has, for the first time, implemented a specific Public Service Agreement to “tackle poverty and promote greater independence and wellbeing in later life” - aimed at ensuring that the needs of the older population are given due priority. This Public Service Agreement reflects the Government's high level priorities. It sets out the specific improvements that the UK Government wants to achieve and identifies performance indicators that will be used to measure progress.

194. Chapter 3 of the National Strategy Report outlines the UK Government's strategy on Pensions. Full details of our strategy to meet the needs of today's older people is contained in Annex 9 of this document

2.7 Objective 4 - Tackling Inequality

195. How we live together is one of the big challenges of the twenty-first century. The Government is committed to tackling inequality and promoting social justice and, for the first time, includes a dedicated Equality Public Service Agreement (PSA) to “Address the disadvantage that individuals experience because of their gender, race, disability, age, sexual orientation, religion or belief”. The Equality PSA reflects the Government's determination to fight discrimination and ensure everybody in Britain can make the most of their talents. It will specifically focus on:

- Reducing the pay gap between men and women which currently stands at 12.6. This is the first time that a PSA has committed to reducing the gender pay gap.
- Tackling discrimination in employment due to gender, race, disability, age, sexual orientation, religion or belief.

⁷¹ Available at: www.The Department for Work and Pensions.gov.uk/opportunity_age

- Understanding and taking action to reduce unfair treatment.
- Addressing under-representation in public life.
- Tackling barriers that limit disabled people's ability to live independently and have choice and control over their lives.
- Monitoring the number of trains and buses with access for disabled people.

196. The Ministers for Women Priorities are:

- Supporting families, particularly as they bring up children and care for older and disabled relatives.
- Tackling violence against women and improving the way we deal with women who commit crimes.
- Empowering black and minority ethnic women to build cohesion within their communities and as a bridge between communities.

Gender

Tackling the Gender Pay Gap

The Government has committed to narrowing the gender pay gap in a Public Service Agreement. This is the first time a Government has made such a commitment. It means that over the next three years (2008-2011) we aim to reduce further the gender pay gap between men and women through a broad programme of work involving departments across Government. By 2010 we will have: introduced measures through the Equality Bill which ensure greater transparency and encourage equal pay; and built upon the success of Women and Work Commission by reconvening the Commission to review the implementation of their recommendations and identify where future progress can be made.

197. In Women's Changing Lives: Priorities for the Ministers for Women One Year On Progress Report⁷², the Minister for Women has re-affirmed her commitment to unlocking the potential of women by tackling discrimination and overcoming wider inequalities in our society. Building on measures introduced in the last decade the government:

- Will extend the right to request flexible working to parents of children up to the age of 16 – helping an additional 4.5 million parents;
- Intends to extend Statutory Maternity Pay, Maternity Allowance and Statutory Adoption Pay from 39 week to 52 weeks;
- Intends to give a new right to fathers to take up to 26 weeks Additional Paternity Leave before their child's first birthday to allow mothers to return to work earlier should they wish;
- Will lead a campaign to ensure parents, carers and employers are aware of the right to request flexible working;
- Will introduce an Equality Bill to strengthen protection against discrimination as well as simplify existing laws.

Disability

198. In March 2008 the Government published its Independent Living Strategy. The Strategy sets out a five year plan that seeks to realise the Government's aim that all disabled people (including older disabled people) should be able to live autonomous lives, and to have the same choice, freedom, dignity and control over their lives as non-disabled people. Work to produce the Strategy was led by the Office for Disability Issues (ODI) and disabled people were involved at all stages of the development. The Strategy is jointly owned by six Government departments. The Strategy sets out over 50 policy commitments which will be driven forward over the next 5 years. The aim of the five year Independent Living Strategy is that disabled people who need support to go about their daily lives will have greater

⁷² [http://www.equalities.gov.uk/publications/7783-TSO-ChangeWomensLives\(P\).pdf](http://www.equalities.gov.uk/publications/7783-TSO-ChangeWomensLives(P).pdf)

choice and control over how support is provided and greater access to housing, transport, health, employment, education and leisure opportunities and to participation in family and community life.

199. Some of the changes we would expect to see by 2010 include:

- Greater choice and control over non-acute and continuing healthcare.
- User led organisations in all local areas.
- Increased housing advice and information for all older disabled people.

200. The UK signed the UN Convention on the Rights of Disabled People in New York in March 2007. Signing the Convention demonstrates the UK's continued commitment to human rights for disabled people at home and abroad. We aim to ratify the Convention by the end of 2008. We have and will continue to work closely with disability organisations and Equality 2025 –the UK Advisory Network on Disability Equality to ensure that disabled people are aware of the Convention and its meaning to them in day to day terms.

Race

201. Many members of ethnic communities are thriving in Britain today, but the picture is not uniform: despite many encouraging trends certain communities still suffer poorer outcomes in education, health, employment, housing and the criminal justice system. The government aims to create strong, cohesive communities in which every individual, whatever their racial or ethnic origin, is able to fulfil his or her full potential through the enjoyment of equal opportunities, rights and responsibilities. Tackling race equality has been integrated across a number of new PSAs. This suite of measures includes: narrowing educational gaps; reducing health inequalities; reducing worklessness; reducing hate crime; improving public confidence in the fairness and effectiveness of the criminal justice system; and understanding and addressing race disproportionality at key stages of the criminal justice system.

202. The three Criminal Justice Departments (Ministry of Justice, Home Office and Attorney General's Office) are working to improve the efficiency of the Criminal Justice System through the simplification of processes and better use of technology in order that more resources can be committed to bringing to justice the most serious violent, sexual and acquisitive crimes. Following the roll-out of the Minimum Dataset specification on the collection and analysis of ethnicity data in England and Wales, Local Criminal Justice Boards will be required to collate relevant data by ethnicity on key stages of the criminal justice process and to develop action plans to address any disproportionality which cannot be objectively justified. Local Criminal Justice Boards are developing plans setting out how they will go about improving their performance in bringing serious offences to justice.

Ethnic Minority Employment

203. The strategy for tackling the ethnic minority employment challenge is threefold:

- A flexible approach. The vast majority of ethnic minorities entering employment each year do so through Jobcentre Plus. But mainstream services do not always work for ethnic minorities. The Flexible New Deal will establish a new approach to job seekers, whatever barriers to work they face. It will give longer term job seekers up to 12 months of intensive support from a back to work service provider who will be paid for placing customers into sustainable jobs.
- A localised and tailored service. Ethnic Minorities live disproportionately in the most deprived areas, and location can be a barrier to anyone, irrespective of ethnicity. By establishing the City Strategy and having flexible pots of funds through the Deprived Areas Fund, we have brought together various public sector bodies to identify shared priorities and align budgets across Government to increase employment opportunities for the most disadvantaged groups. The Government will work with local authorities to ensure that ethnic minorities benefit from the new £1.5 billion Working Neighbourhoods fund, which covers half of all working age ethnic minorities in the UK.

- Developing ways to strengthen our current discrimination laws and tackle employer discrimination which is estimated to account for between 25% and 50% of the ethnic minority employment gap. The public sector will lead by example by including equality conditions within all its public contracts.

Gypsies, Roma and Travellers

204. We have established a new housing and planning framework to increase site provision for Gypsies and travellers and have backed this up with additional resources. A statutory duty for local authorities to assess Gypsy and Traveller accommodation need came into force on 2 January 2007. Guidance on conducting these assessments has been published which encourages local authority consultation with the Gypsy and Traveller communities. The vast majority of local authorities have now completed these assessments and have advised their Regional assemblies on the number of Gypsy and Traveller site pitches needed in their area.

205. The Government has made up to £56 million available between 2006-8 through the Gypsy and Traveller Sites Grant, for the provision of new sites and the refurbishment of existing sites in England. This has delivered around 400 additional pitches and refurbished around 120 sites. A further £97 million will be available for the grant from 2008 to 2011. New good practice guidance on site design has been published, following extensive consultation with community groups and local authorities, to ensure that the grant delivers sites which work best.

206. The cross Government group on Gypsy, Roma and Traveller (GRT) issues encourages joint working across Government and highlights specific issues which could best be addressed by that approach. Initiatives include:

- A seminar attended by representatives of the GRT, the Voluntary and Community Sector and key Government Departments to look at issues preventing the economic inclusion of GRT.
- Work with Government Offices of the Region to ensure that GRT issues are included in Local Area Agreements where necessary.
- In 2008 the Government endorsed the plan to hold a national Gypsy, Roma and Traveller History Month. The first will take place in June 2008 and will continue to take place in subsequent years, although the month may change. The aim of the month is to: explain the history, culture and language of the communities and try to encourage schools to include GRT issues in the curriculum for all pupils; challenge the myths and stereotypes and break down barriers; and celebrate the richness that these communities bring to everyday life.

2.8 Better Governance

Objective(f): that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes

207. In this section we highlight the extent to which common objective (f) of the NAP process provides an important means of linking action across government at all levels and with a wide range of actors across the UK who are concerned with social exclusion.

Preparing the NAP

208. The UK has a complex system of Government with different approaches being taken to tackling some key aspects of the social inclusion agenda across the four nations, as outlined in the following

table. Annex 4 of this report gives a fuller account of the strategies that the Devolved Administrations are employing to tackle poverty and exclusion.

Scotland	Northern Ireland	Wales
Health	Health	Agriculture
Local Government	Education	Economic Development
Housing	Housing	Education and Training
Transport (Part devolved)	Public Service Reform	Health and Health Services
Education	Employment Support	Highways
Economic Development	Investment	Housing
Environment	Regeneration	Industry
Agriculture, forestry and fishing	Transport	Local Government
	Economic Development	Social Services
	Agriculture	Transport
	Local Government	Welsh Language

209. To strengthen the NAP process and form a stronger link between action at central government level and relevant actors across the UK the Government is working with a stakeholder group. Membership of the group consists of representatives from key government Departments the devolved administrations, local government, the voluntary and community sector and people experiencing poverty. Since 2006 the Group has worked together to bring forward a range of events and products to raise awareness of the NAP at grass roots level at the same time whilst feeding back key issues and concerns to Government Ministers and officials.

210. The EU funded Bridging the Policy Gap project was developed by key stakeholders from local and central government and the voluntary sector to look at how national policies are being implemented locally, what role is played by local conditions, and what transferable lessons can be fed back to the National Action Plan. A core dimension of the project was the enhancement of governance by involving those directly affected by anti poverty and social inclusion policies in the dialogue of policy development, implementation and evaluation. The project adapted the European ‘peer review’ model, and assessed projects in three locations: the City and County of Swansea’s Play Strategy the London Borough of Newham’s approach to improving employment opportunities for disabled people and Glasgow City Council’s implementation of the Working for Families Fund. A full report of the Bridging the Policy Gap project can be found in Annex 8 of this report.

211. The UK Government has been breaking new territory in its engagement with stakeholders. In August 2006 the Government hosted a Child Poverty Matters event to enable young people from deprived communities in England, Scotland, Northern Ireland and Wales to influence the Government’s strategy. The young people who took part came acted as ambassadors for their neighbourhoods and told the Government their views about what it is like to live and grow up in their area and what they thought should be done to improve opportunities for young people where they live, and achieve the Government’s ambitious target of eradicating Child Poverty by 2020⁷³.

212. In July 2007 a conference titled Working Together to Reduce Poverty and Inequality was held at the University of Warwick. It was hosted by the Department for Work and Pensions and run in conjunction with the Cabinet Office’s Social Exclusion Task Force and the Social Policy Task Force, a group of non-governmental organisations. The conference brought together people who have experience

⁷³ <http://www.thecampaigncompany.co.uk/dwp.html>

of poverty and social exclusion with government ministers and policy makers to discuss how to reduce poverty and inequality in the UK.

Working for Families in Scotland

The peer review of Scotland's Working for Families as part of the Bridging the Policy Gap project showed the potential that comes from local partners working together to support people to return to work or undertake training. A number of key lessons emerged from the review, including: the importance of flexibility to tailor support to the needs of the individual; the significant role of the 'key workers' who provided long term and intensive support; and the importance of going at the clients pace ensured that outcomes were more likely to be sustained.

Mobilisation and involvement of all the actors

213. The Government announced in May 2008, that over the coming months there will be an examination of the current arrangements for the engagement of older people and the ability of those arrangements to inform policy and actions of government at all levels. Specifically, it will include an examination of **Better Government for Older People**.⁷⁴ We want to ensure that future engagement with older people at national, regional and local government levels best informs the improvement of independence and wellbeing in later life. The review will explore options for improvement of engagement with older people in respect of the new Government performance framework and in relation to the roles of other organisations. We want to ensure that the findings of the review:

- Take full account of the expectations of older people;
- Best support the independence and wellbeing of people in later life; and
- Ensure an effective and efficient process to serve these needs.

We will consult widely on draft findings before final recommendations are published.

214. The **Ethnic Minority Employment Task Force** was set up in response to a 2003 Strategy Unit Report on ethnic minorities in the labour market, and delivers the first coherent cross-government ethnic minority strategy. It is made up of Ministers from across Whitehall; and a small group of key stakeholders from organisations such as the Local Government Association, Equalities and Human Rights Commission and the Trades Union Congress. The Task Force is supported by an Advisory Group (EMAG), composed of external stakeholders from the third sector, faith groups, academia, and business. The Task Force and EMAG have four key areas of focus: employer engagement, procurement, the 2012 Olympics, and local area initiatives. Each of these areas is monitored by the Task Force; with EMAG delivering key pieces of advice and research in each area to the Task Force.

215. The Government has recently announced an **Expert Task Force on Equality** to be composed of leading academics with established reputations and cutting edge research backgrounds which will bring the latest cutting edge research and thinking on equality matters to inform Government policy and investigate the relationship between gender, race and disability, and other key aspects of inequality, such as income and place, to see how these inter- relate and reinforce one another and to set out policy implications for Government to consider. The Group will also investigate the relevance of equality in a modern global society and explore the economic case for equality within that setting.

⁷⁴ Better Government for Older People (BGOP) was set up in 1998 as a unique UK wide partnership of central and local Government, the voluntary sector, the academic world and older people. BGOP aims to engage older people in the decision-making processes that affect their lives, to change attitudes and services, in order to achieve an improved society for older people across the UK.

216. The **UK Commission for Employment and skills** which puts employers at the centre of employment and skills policy development across the UK began business in April 2008. It will develop an independent view of how successful and well-integrated our employment and skills systems are in meeting the competitive challenges faced by business and in supporting changing employment trends. Work will include recommendations on key targets, such as the 80 per cent employment rate and how they can be achieved.

Partnership in local delivery

217. The Government is looking at where it can draw on the experience of others and is working increasingly in partnership with public, private and third sector providers to deliver its welfare reform strategy.

218. **Local Employment Partnerships** are a new collaborative way of working. They provide for a simple deal between Government and employers. The Government gets long-term jobseekers ready for work, and employers with vacancies agree to give them a fair shot at the jobs by agreeing measures that can include reviewing their recruitment processes to make them more inclusive, guaranteeing job interviews, providing work placements, offering work trials and mentoring.

What people have told us about service delivery

The Government needs to own the national picture but solutions should be delivered by local experts and it is important that funding is available for this at street level, particularly in the most deprived areas. Central government departments should share intelligence and data in a more constructive way and more pressure should be brought to bear on Departments which are not delivering.⁷⁵

219. The Government is currently consulting on proposals which will devolve more power to local partnerships and to new and existing providers. They would give local partnerships more influence in drawing up contracts, monitoring their performance, and make the best use of their local knowledge. It is hoped that the proposals will encourage more providers from the private and voluntary sectors to help people overcome the barriers that are preventing them from returning to work.

220. Local Authorities in England are working with their **Local Strategic Partnerships** to create a shared vision and priorities for a local area. These partnerships seek to fully engage local communities in planning for the future of their area. Local Strategic Partnerships therefore have oversight of and coordinate community consultation and engagement activities of partners and where appropriate combine them.

221. Working within the local performance framework Local Strategic Partnerships provide the forum for collectively reviewing and steering public resources, through identifying priorities in Sustainable Community Strategies and Local Area Agreements. An important part of this is to strengthen the relationship between local authorities, their partner authorities and the citizens they serve, this is covered in the Government's Statutory Guidance: Creating Strong, Safe and Prosperous Communities (applying to England only).

⁷⁵ UK National Action Plan National Event – 17 March 2008

The City Strategy and the importance of local involvement

The City Strategy aims to tackle worklessness in our most disadvantaged communities across the UK – many of which are in major cities and other urban areas. The strategy is based on the idea that local partners can deliver more if they combine and align their efforts behind shared priorities, and are given more freedom to try out new ideas and to tailor services in response to local need. It will aim to:

- Ensure provision is more attuned to the needs of local employers so individuals gain the skills and attributes they need to access the particular jobs that employers need to fill
- Play a significant role in increasing local employment rates, ensuring those most disadvantaged in the labour market can receive the help and guidance they need.

The strategy will test how best to combine the work of government agencies, local government and the private and voluntary sectors in a concerted local partnership to provide the support jobless people need to find and progress in work and whether local stakeholders can deliver more by combining and aligning their efforts behind shared priorities, alongside more freedom to innovate, and tailor services to in response to local needs. It is initially focussed on 15 pathfinder areas that are currently furthest from the Government's aim of 80 per cent employment, most of which are in major cities and other urban areas.

Policy Co-ordination and mainstreaming and monitoring arrangements

222. The British-Irish Council was established in 1998 under the Good Friday (or Belfast) agreement. It consists of representatives of the Governments of Ireland, the United Kingdom, Northern Ireland, Scotland, Wales, Jersey, Guernsey and the Isle of Man and was established to promote positive, practical relationships among the people of the islands, and to provide a forum for consultation and co-operation. It takes forward work on issues of mutual interest including: the Misuse of Drugs, Environment, Knowledge Economy, e-Health, Tourism, Transport, Minority and Lesser-Used Languages, and Demography, as well as Social Inclusion.

223. Central Government Departments in the UK are committed to meeting clearly defined targets known as Public Service Agreements (PSAs). Since their introduction in the 1998 Comprehensive Spending Review (CSR) they have played a vital role in galvanising public service delivery and driving major improvements in outcomes. The 2007 Comprehensive Spending Review announced 30 new PSAs setting a vision for continuous and accelerated improvement in the Government's priority outcomes for the spending period 2008 -2011.

224. Each PSA is underpinned by a single Delivery Agreement shared across all contributing departments and developed in consultation with delivery partners and frontline workers. Delivery Agreements set out plans for delivery and the role of key delivery partners. They also describe the small basket of national outcome-focussed performance indicators that will be used to measure progress towards each PSA. A subset of indicators also have specific national targets or minimum standards attached, and details are set out in the relevant Delivery Agreement. All other national indicators are expected to improve against baseline trends over the course of the spending period.

225. A Government-wide commitment to build services around the needs of citizens and businesses will be integral to the achievement of each of the PSA outcomes set out above. The Government has also published a Service Transformation Agreement, which underpins delivery of the new PSA framework, setting out the Government's vision for building services around the citizen and specific actions for each department in taking forward this challenging agenda. See Annex 2 for more information on the PSAs.

226. Local Authorities in England are under a duty to address economic development including skills and training at the local level. To support this process the Government has put in place a number of

mechanisms to help local authorities identify and deliver against their own local priorities. The Local Government White Paper “Strong and Prosperous Communities” set Local Area Agreements (LAAs) at the heart of local partnership business and as a key way that the performance of a local area will be assessed. This is a very different emphasis than in the past, moving the LAA from the sidelines to the mainstream agenda. The new arrangements are based on a stronger role for local authorities to lead their communities, shape their areas and with other local service providers to innovate and respond to local needs. LAAs are three year agreements and are the only place where central government agrees targets with local authorities and their partners on outcomes delivered by local government on its own or in partnership with others. These are drawn from the national indicator set of 198 indicators. The 198 indicators were developed as part of the 2007 Comprehensive Spending Review and reflect the Government’s priorities, as set out in their Public Service Agreements, including:

- Maximise employment opportunity for all
- Eradicate child poverty by 2020;
- Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers
- Increase the proportion of certain groups of socially excluded adults in settled accommodation and employment, education and training;
- Tackle poverty and promote greater independence and well-being in later life

227. The Government believes that parish and town councils, as the tier of government that is closest to local communities, have a central role to play in improving local quality of life and supporting social inclusion. As a result the Quality Parish and Town Council Scheme was launched in 2003 following the Government’s Rural White Paper, 2000. The Scheme provides benchmark minimum standards and equips parish councils to take on a stronger role in their communities. Through this scheme 542 Parish and Town Councils had achieved Quality status by early 2008, demonstrating their position as the local representatives of their communities.

CHAPTER 3

NATIONAL STRATEGY FOR PENSIONS

3.1 Progress in relation to 2005-2008 NSRs and challenges identified in 2007 Joint Report

Background to UK Pensions Reform

228. Increasing longevity, whilst being something to celebrate, has raised significant challenges for the pension system in the long term. By 2050 there will be about 2 people of working age per pensioner compared with about 4 now. Furthermore, for a variety of reasons, individuals are not saving enough for their own retirement. They are therefore liable to face an unwelcome decline in their standard of living when they retire.

229 Whilst recognising that many of today's pensioners are receiving State earnings-related provision that is more generous than in the past, and many are receiving historically high provision from private and occupational sources, the UK Government has acknowledged that without reform, long-term trends mean that this will not continue.

White Paper and Consultation May 2006

230. To address these challenges, in May 2006 the Government published *Security in retirement: towards a new pensions system*⁷⁶ which proposed:

- Introducing low-cost personal accounts to give those without access to occupational pension schemes the opportunity to save;
- Reforming the state system by uprating both the guarantee element of Pension Credit and the basic State Pension in line with earnings growth;
- Making the State Pension fairer and more widely available; and
- Raising the State Pension age in line with increasing longevity

231. This was followed by a consultation to which around 350 individuals and organisations responded. The Government published a summary of the responses and its proposals for moving forward in October 2006. In addition specific events were held looking at the proposal for automatic enrolment into a workplace pension, a minimum employer contribution and a new system of personal accounts. The issues examined included the value of choice; burdens on employers; consumer protection; charges in the scheme; and the possible effects on the pensions industry.

White Paper December 2006

232. Informed by the consultation process a White paper '*Personal accounts: a new way to save*⁷⁷' was published in December 2006. This set out more detailed proposals, which are now being taken forward as part of the current Pensions Bill which was introduced into the UK Parliament on 5th December 2007. Under the provisions many low and median earners will, for the first time, be given the opportunity to build up private pension savings with contributions from their employers and the State.

⁷⁶ www.dwp.gov.uk/pensionsreform/whitepaper.asp

⁷⁷ http://www.dwp.gov.uk/pensionsreform/pdfs/PA_PersonalAccountsFull.pdf

Pensions Act 2007⁷⁸

233. The first part of this reform package was implemented in the Pensions Act 2007. The Act:

- Reduces the number of years it takes to build a full basic State Pension from 44 years for men (39 for women) to 30 years for everyone reaching State Pension age on or after 6 April 2010;
- Simplifies both state and private pensions, including simplification of State Second Pension and the abolition of contracting out for private defined contribution schemes;
- Re-introduces earnings uprating of the basic State Pension in the long term, and reduces the possibility that the availability of income-related benefits interacts negatively with incentives for private saving;
- Raises the State Pension age over time from 2024 to reflect increasing longevity, to 66 in 2026, 67 in 2036 and 68 in 2046;
- Establishes a body – the Personal Accounts Delivery Authority (PADA) - utilising the skills of the private sector, to help Government understand and plan for the introduction of personal accounts;
- Introduces a statutory commitment to uprate the Pension Credit standard minimum guarantee by earnings over the long term.

234. The measures contained in the Pensions Act 2007 ensure that there is a solid State Pension foundation upon which people can plan for retirement.

Current Pensions Bill 2007

235. The current Pensions Bill was introduced into Parliament on 5th December 2007. It will build on the Pensions Act 2007 through a set of reforms, primarily to the private pension system, that will enable and encourage more people to build up a private pension income to supplement that received from the State. All eligible workers will be automatically enrolled into a qualifying workplace pension – helping to overcome barriers to saving such as inertia. Individuals will have the right to opt out.

Addressing key issues identified for further work in the Synthesis Report on Adequate and Sustainable Pensions

Promoting Longer Working Lives Through Pension Reforms

236. The UK, like other Member States, is experiencing a significant ageing of its population. In order to preserve the sustainability of the pension system, employment levels for older workers and both sexes in general must be improved. To encourage the culture change needed to ensure that older people stay in the labour market for longer and enable successive generations to enjoy the same proportions of life spent supporting and receiving the State Pension, the Government has introduced a number of measures:

- State Pension age for women will be equalised with that of men between 2010 and 2020. In the longer term, State Pension age will be increased to age 68 in 2046.
- The Government has a range of policies designed to increase employment for older people. New Deal 50 Plus has supported over 175,000 older people in their return to work.
- Individuals have the option of drawing their State Pension whilst continuing to work, or can choose to defer their pension. The deferral rate was increased from 7.4% to around 10.4 % in April 2005.
- The Government is increasing the earliest age at which a personal/occupational pension can be drawn from 50 to 55 from 2010.
- Extended the back to work help available for people aged 50 to 59, and their dependant partners.

⁷⁸ <http://www.opsi.gov.uk/acts/acts2007a>

Key issues in the development of private pensions (efficient legal framework, (in)equality in coverage), information etc

237. A key issue for the UK has been the decline in private pension saving. DWP estimates suggest that approximately 7 million people are currently not saving enough to meet their retirement aspirations. A significant number of working-age employees (44 per cent) are currently not contributing to a private pension. This figure is even higher among moderate to low earners, with 51 per cent of those earning between £5,000 and £25,000 not saving in a pension.

238. People face barriers to saving, they tend towards myopia and inertia when it comes to pension saving. They find it difficult to plan ahead so far into the future, and even where they realise they should save they have a tendency to put it off. To address these concerns, the UK will introduce automatic enrolment into a qualifying workplace pension from 2012. In tandem with this, a new system of **personal accounts** will be introduced, designed for those employees who do not have access to a good quality workplace pension scheme. Individuals will remain free to decide whether to save in a private pension and hence people who are automatically enrolled into workplace pension saving will be free to opt out, if they wish. People will be provided with **information to help them decide whether pension saving is right for them**.

239 Our estimates indicate this will result in **between six and nine million people newly participating or saving more in workplace pensions**, transforming the savings culture in the UK.

Design of minimum income provisions for older people

240. Pension Credit was introduced in 2003 and has been a key element in the Government's strategy to tackle pensioner poverty. Through Pension Credit the Government has targeted additional resources on those in greatest need, and since its introduction, the number of pensioners in relative poverty has fallen by around 500,000 (after housing costs). Government wants to ensure **reductions in pensioner poverty are maintained over time, while ensuring that incentives to work and save are not affected by growth in eligibility for income-related benefits**. These aims should be achieved by the provisions made in the Pensions Act 2007 linking both the basic State Pension and the standard minimum guarantee element of the Guarantee Credit to earnings.

Enabling a life cycle approach that has to be reconciled with non-contributory credits and gender equality issues

241. The UK Government is committed to ensuring that future pension provision is delivered in a fair and just manner. Our reforms will improve State Pension coverage for women and carers and increase the number of women reaching State Pension age with a full basic State Pension. Our reforms:

- Reduce the qualifying years it takes to build a full basic State Pension.
- Remove the contribution conditions that people have to have at least 25% of the qualifying years needed for a full basic State Pension to get any basic State Pension at all, at least one qualifying year of which they must have paid, or been treated as having paid.
- Will mean that just one qualifying year, of paid or credited contributions, will give entitlement to some basic State Pension. Each qualifying year, up to a total of 30, will be worth one thirtieth of the full basic State Pension.
- Modernise the contributory principle for the State Pension so that paid and caring contributions are treated equally – periods spent caring for children or the severely disabled will build entitlement to the basic State Pension and State Second Pension.

Developing Regular Review and Adjustment Mechanisms

242. In order to reduce legislative burdens on employers to encourage them to continue to provide pensions for their employees (in particular defined benefit schemes), a rolling deregulatory review of private pensions legislation was announced in the pensions reform White Paper “Security in retirement: towards a new pensions system” published in May 2006. As the first stage of the review the Government has already announced measures which have the potential to provide significant savings for employers and has undertaken to do more work to identify areas where other burdens could be eased or removed.

243. The White Paper also included a proposal that “the Government will periodically commission reviews, drawing on a range of independent expert advice”. These reviews could, for example, provide advice to Government on whether the timetable for increasing State Pension age remains appropriate, gather evidence on disparities in life expectancy between different social classes and monitor saving and labour market participation of older workers

3.2 Review of Adequacy

Objective (g): adequate retirement incomes for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement, in the spirit of solidarity and fairness between and within generations

244. In its 2007 Joint Report, the Commission argued that the UK needed to continue addressing pensions adequacy, particularly for those on low incomes. This objective has been the main focus of the UK’s pension policy in the last few years. As a result, in 2008/09 the UK is spending around £12 billion (1% of GDP) more on pensioners than it would have done if it had not reformed its policies since 1997 (with almost half of this spending going on the poorest third of pensioner households). The policies undertaken since 1997 have helped lift 900,000 pensioners out of relative poverty and 1.9 million out of absolute poverty. After housing costs are taken into account pensioners are less likely to be in poverty than the population as a whole.⁷⁹ A decade ago UK pensioners had a median income which was a seventh below that in the EU15 – now it is nearly a tenth above.

245. Between 2005 and 2006 the UK increased its aggregate replacement ratio from 0.41 to 0.44, while the EU average remained constant. Whilst the UK is estimated to have higher risk rates of pensioner poverty compared to the EU average, the UK experiences smaller differences between genders.

246. Projections of theoretical replacement rates, taking into account the latest reforms, including the introduction of Personal Accounts, suggest that the UK gross replacement rate will rise by 2 percentage points between 2006 and 2046, whilst the EU average is likely to fall by 4 percentage points. In the absence of reform, the trend in gross replacement rates for the UK would have been significantly different, a decline of 8 percentage points. The reforms are expected to improve the future adequacy of both state and private provision, particularly for those on low incomes.

Reforms improving the adequacy of private provision

247. The 2007 Joint Report had pointed out that the UK needed to ensure continued and increasing access to quality supplementary pension provision. The UK Government is well aware of this challenge, and has undertaken several reforms, outlined below, to try to achieve this.

⁷⁹ This is based on national measures of pensioner poverty. One should note that there is a major break in series in Eurostat’s risk-of-poverty data for the UK which does not allow for valid comparisons over time in elderly poverty from this source.

The introduction of Personal Accounts

248. The White Paper '*Personal accounts: a new way to save*⁸⁰' was published in December 2006. This set out in more detail proposals, which for the first time will give many low and median earners the opportunity to build up private pension savings with contributions from their employers and the State. The proposals included:

- That all eligible workers will be automatically enrolled into either a personal account or an employer-sponsored scheme meeting a minimum quality requirement. Workers will contribute a minimum of 4 per cent, matched by a minimum 3 per cent employer contribution on a band of earnings and around 1 per cent in the form of normal tax relief from the State representing a good incentive to save.
- A new scheme of low cost personal accounts based on the approach outlined by the Pensions Commission. This approach will maximise coverage among our target group, minimising charges and delivery risk;
- A new national minimum employer contribution for money purchase schemes or minimum benefits for defined benefits schemes to improve incentives to save and increase pension participation;
- A simple choice of investments for members, which we expect to include ethical and branded funds for those who want them, and a default fund for those who do not want to make a choice;
- An innovative approach to delivering the scheme using a delivery authority, staffed by individuals with expertise in business and financial services;
- A governance scheme with operational independence, whose duty to consult members and act in their interests will insulate it from external pressures; and
- A set of policies to ensure that personal accounts will complement, rather than replace existing high quality pension provision, including a general ban on the transfer of pension funds into and out of personal accounts; and an annual contribution limit of £3,600, up-rated in line with average earnings growth from 2005.

Pensions Act 2007 and the creation of the Personal Accounts Delivery Authority (PADA)

249. It was broadly agreed that the setting up of the personal accounts scheme is not a job for the Government. Because of this, the Pensions Act 2007 established the Personal Accounts Delivery Authority (PADA) as a Non Departmental Public Body - distanced from Government to harness the knowledge, skills and expertise of the private sector in establishing personal accounts. The Authority has an initial remit to advise Government on proposals about personal accounts, as well as making preparations for implementation.

Current Pensions Bill 2007

250. The current Pensions Bill 2007 was introduced into the UK Parliament in December 2007 and is currently progressing through the Parliamentary process. It proposes:

- Automatic enrolment into a qualifying workplace scheme from 2012.
- The introduction of the new personal accounts scheme designed for those employees who do not have access to a good quality workplace pension scheme.
- Extending the remit and enhancing the powers of the Personal Accounts Delivery Authority so that it can take on responsibility for establishing the infrastructure necessary for delivering the new scheme;
- A role for the Pensions Regulator as the compliance body for these reforms, ensuring employers meet their new obligations.

⁸⁰ www.dwp.gov.uk/pensionsreform/pdfs/PA_PersonalAccountsFull.pdf

251. Automatic enrolment will establish the presumption-to-save as the new default and is critical for overcoming decision-making inertia. People's circumstances and preferences vary. Compulsion is unlikely to work in the best interests of everyone. Individuals will remain free to decide whether to save in a private pension and hence people who are automatically enrolled into workplace pension saving will be free to opt out, if they wish. People will be provided with information to help them decide whether pension saving is right for them.

252. Our estimates indicate this will result in between six and nine million people newly participating or saving more in workplace pensions, transforming the savings culture in the UK. For the first time employers will be required to contribute to workers pensions, providing individuals with a clear incentive to save, and helping those on low and moderate incomes to build up their pension.

253. We estimate that more than 1 million workers who were already saving will have their employer contributions increased to at least 3 per cent. Overall annual pension contributions are estimated to increase by up to around £10bn by 2015.

The Deregulatory Review

254. The volume of pensions legislation in the UK has built up over many years. The increased legislative burden has come at a time when the costs, particularly of providing defined benefit (DB) pension schemes, are also increasing.

255. The Government has already introduced some simplifications in the Pensions Act 2004 with the aim of reducing the legislative burdens on occupational pension schemes. The Act removed the requirement on defined contribution schemes for limited price indexation. It also reduced the statutory indexation cap for defined benefit schemes to reduce future costs.

256. The Government wanted to do more to reduce the burdens on employers **to encourage them to continue to provide good workplace pensions** for their employees and a rolling deregulatory review of private pensions legislation was announced in the pensions reform White Paper "Security in retirement: towards a new pensions system" published in May 2006. As the first stage of the review the Government has already announced measures which have the potential to provide significant savings for employers and has undertaken to do more work to identify areas where other burdens could be eased or removed. The Government is exploring a move towards a principles based approach to disclosure of information to scheme members and bringing payment requirements which apply to pension credit benefits (not to be confused with income-related benefit pension credit) following a pension share on divorce in line with the requirements which apply to pensions more generally.

Tax Simplification

257. From 6 April 2006 (A-Day), the many existing sets of rules governing the taxation of pensions were replaced with a single, unified regime. The new regime introduced simplified rules around the tax treatment of pensions, offering less complex and more flexible retirement arrangements for individuals and employers. There is now no limit on the amount of pension saving an individual can build up in a pension scheme or the number of pension schemes they can save in – although there are limits on the amount of tax relief individuals can get and pension savings over a set amount (the "lifetime allowance") may result in an additional tax charge.

258. The new regime provides a simpler and more accessible environment for pensions saving – making it easier for individuals to plan with confidence for a comfortable retirement.

Tax incentives

259. The factors motivating savers to invest in pensions are complex and often involve an interaction of many differing factors including advice from financial advisors and encouragement from employers. Within this framework tax reliefs provide a valuable and important motivation for pensions savings and such reliefs are often the reason why it is considered to be the best financial advice to invest in pension savings vehicles. Pension savings are often undertaken over many years and tax relief recognises they are therefore less flexible than other types of savings.

260. The tax relief provided by the UK Government to encourage and support pension saving is estimated to be worth £17.5 billion in 2007-08.

Reforms improving the adequacy of state provision

261. In order to make the system of personal accounts effective the UK needed to reform its state pension system, in order for it to provide a solid foundation for all while continuing to tackle pensioner poverty. This will better reflect the needs of a modern society and work towards redressing existing gaps in pension provision.

Pensions Act 2007

262. The Pensions Act 2007 received Royal Assent in July 2007. The main provisions of the Act are intended to increase the eligibility to full basic State Pension (particularly for women and those with caring responsibilities), to ensure that the basic State Pension retains its relative value through time (by linking it to earnings)⁸¹, focus spending more on those on lower incomes and extend working lives in line with longevity. These reforms will make a significant difference to those working and saving for retirement. At the same time, they will protect those on lower incomes by ensuring that all pensioners share in rising national prosperity – as the basic State Pension will be linked to the growth in national earnings. Prior to this reform, the generosity of state provision was set to decline significantly over the next 50 years, and even persons on average earnings would have become eligible for income-related benefits. The reform will increase replacement rates for people on lower incomes and broken careers, increase the progressiveness of the UK pension system and reduce future dependence on income-related progress.

Pension Credit

263. Pension Credit is a non-contributory, non-taxable income related benefit paid to people aged 60⁸² or over living in Great Britain. There are two elements to Pension Credit: the guarantee credit and the savings credit.

264. The guarantee credit provides a safety net for the poorest pensioners who have been unable to provide for their retirement, by topping up weekly income to a guaranteed level, currently set at £124.05 for an individual and £189.35 for a couple. People who are severely disabled, carers and those with certain housing costs may have a higher guarantee level. The savings credit provides a reward for those aged 65 and over who have made modest provision for their retirement, for example through occupational pensions or savings. This accrues on income above the savings credit threshold (currently £91.20 for an individual and £145.80 for a couple) and provides a reward of up to a maximum of £19.71 for individuals and £26.13 for a couple (2008 rates).

⁸¹ This is subject to affordability and the fiscal position in 2012, but in any event at the latest by the end of the next Parliament. The Government will make a statement on the precise date at the beginning of the next Parliament.

⁸² The State Pension age for women will gradually increase from 60 to 65 between 2010 and 2020. The age from which people can get Pension Credit will go up in line with this.

265. Since its introduction the standard minimum guarantee within Pension Credit has been up-rated in line with earnings (although in 2008 it was uprated by more than the relevant earnings measure, in line with the Budget 2007 announcement). The Pensions Act 2007 introduced a statutory commitment to continue this up-rating strategy over the long term. This will ensure that gains made against pensioner poverty are secure into the future.

266. As at November 2007 2.7 million households (3.3 million individuals) were receiving Pension Credit with an average weekly award of around £50.

Age-Related and Means-tested Payments

267. *Winter Fuel Payments:* Winter Fuel Payments were introduced in winter 1997/98 to reassure older people that they could afford to turn up their heating in the winter months without worrying about the cost. Older people are targeted because they are particularly vulnerable to the effects of cold weather during the winter months.

268. They are payable to most people aged 60 or over who are ordinarily resident in the UK during a specific qualifying week.

269. Winter Fuel Payments have risen from £20 when they were first introduced to their current rate of up to £200 for people aged 60-79 and up to £300 for people aged 80 or over.

270. The vast majority of payments are made automatically without the need to claim. Payments commence in early November and continue over several weeks. In winter 2007/08 the UK spent around £2bn and made over 12 million payments to over 8.5 million households. Of these payments over 2.4 million went to people aged 80 or over.

271. An extra one-off payment of £100 for households with someone aged 80 or over and £50 for households with someone aged 60-79 will be paid alongside the Winter Fuel Payment for 2008/09.

Other measures affecting adequacy

272. *Changes in the personal tax system:* The changes announced in budget 2007 simplify the personal tax system. The changes include increases to the higher personal allowances for pensioners aged 65 or over by £1,180 above indexation for the 2008-09 tax year. The personal allowance for those aged 65 to 74 increased to £9,030 (from £7,550) and the allowance for those aged 75 and over increased to £9,180 (from £7,690) in April 2008. The changes lift around 600,000 pensioners out of income tax.

273. The net impact of the budget changes is that no pensioner aged 65 and over benefiting from the age related allowance is made worse off as a result. The lowest income pensioners do not pay tax so will not lose out. By April 2011 no pensioner over 75 will pay any tax on incomes under £10,000 per year.

274. *Public Service Agreement – Tackling poverty and promote greater independence and wellbeing in later life;* The Public Service Agreement (PSA) (announced on 9 October 2007), led by the Department for Work and Pensions with major contributions from the Departments of Health and Communities and Local Government, brings together action across Government to tackle pensioner poverty and to ensure that we adapt well to an ageing society by promoting greater independence and wellbeing in later life.

275. The PSA has 5 key indicators to assess progress over the 3 year Comprehensive Spending Review period:

- the employment rate of those aged 50-69 and the difference between this and the overall employment rate
- the percentage of pensioners in low income
- healthy life expectancy at 65
- satisfaction with home and neighbourhood among the over-65s
- the extent to which older people receive the support they need to live independently at home

3.3 Review of Financial Sustainability of Pensions

Objective(h): the financial sustainability of public and private pension schemes, bearing in mind pressures on public finances and the ageing of populations, and in the context of the three-pronged strategy for tackling the budgetary implications of ageing, notably by: supporting longer working lives and active ageing; by balancing contributions and benefits in an appropriate and socially fair manner; and by promoting the affordability and the security of funded and private schemes

276. The UK currently has total (state and occupational) pension spending estimated at 11.0% of GDP, slightly below the EU25 average. State spending on pensions (as a % of GDP) is around three-fifths the EU average – even though the UK’s old-age dependency ratio is very similar to that of the EU. This reflects the fact that the UK state pension system differs fundamentally from those of the rest of Europe: in that it is mainly concerned with preventing poverty and providing a foundation for saving, rather than providing income in retirement similar to that in working life. The UK state system is supplemented by extensive private pension provision, such that pension fund assets constitute 77% of GDP, as against 3% in Italy and 4% in Germany.⁸³ Population ageing, and the more generous provisions resulting from the Pensions Act 2007, are projected to result in an increase in state spending on pensions (up by about 1% of GDP from current spending), but in 2050 UK state pension spend is projected to still be significantly lower than today’s EU25 average state pension spend.

Monitoring the Sustainability of the UK State Pension System

277. The sustainability of the UK state pensions system is regularly monitored through the production of long-term projections of spending, at least annually, which are published by the Department for Work and Pensions, and also in HM Treasury’s Long-Term Public Finance Report⁸⁴ (also annually), which sets pension spending in the wider context of overall government spending. The independent Government Actuary also reports on long-term sustainability of the contributory parts of the pensions system every five years

278. Beneath this high level information there is a range of information which is made available on request. The models and assumptions underpinning these projections are scrutinised and quality assured by other Government and external organisations, and the sensitivity of projections to different assumptions, in particular the demographic assumptions, are tested. Demographic assumptions are provided by the Office for National Statistics, and are subjected to intensive scrutiny also.

⁸³ See ‘Pension Markets in Focus’, OECD, November 2007.

⁸⁴ http://www.hm-treasury.gov.uk/budget/budget_08/documents/bud_bud08_longterm.cfm

279. However, there are still significant challenges to ensure the UK system remains financially sustainable. These mainly revolve around the promotion of longer working lives and strengthening private provision.

Promoting Longer Working Lives

280. The UK, along with other Member States, is experiencing the ageing of its population. Whilst the UK is comparatively better off than other European states, with a dependency ratio increasing comparatively slower, by the late 2020s nearly approaching half of the over 16 population will be aged 50 and over. The UK recognises that if the financial sustainability of the UK State Pension system is to be preserved, employment levels for older workers and both sexes in general must be improved.

281. The employment rate for older workers, at 57.4%, is already ahead of the EU's 2010 target of 50% and amongst the highest in Europe, but we still want to improve on this as part of our aim for an overall employment rate of 80%. To achieve this, and to encourage the culture change that is needed to ensure that older people stay in the labour market for longer the Government has introduced a number of measures, including:

- State Pension age for women is being equalised with that of men and will be gradually increased from age 60 to age 65 between 2010 and 2020. In the longer term, State Pension age will be increased, for both men and women, by one year over a two year period from 2024, 2034 and 2044 to eventually reach age 68 in 2046. This will ensure that successive generations enjoy the same proportions of life spent supporting and receiving the State Pension.
- The Government has a range of policies designed to increase employment for older people. New Deal 50 Plus has supported over 175,000 older people in their return to work and the Department for Work and Pensions has extended the back to work help available to people aged 50 to 59.
- Individuals have the option of drawing their State Pension whilst continuing to work, or can choose to defer their pension. The deferral rate was increased from 7.4% to around 10.4 % in April 2005. People deferring their State Pension can receive an increased weekly pension when they decide to take it, or, for the first time, those who defer for over a year can receive a taxable lump sum instead of an increased pension.
- The Government is increasing the earliest age at which a personal/occupational pension can be drawn from 50 to 55 from 2010.
- Currently 1.2 million people have already chosen to carry on working past State Pension age - many in part-time work. Our research shows that this is what people want - the choice.
- In addition, legislation to outlaw age discrimination in employment and vocational training was introduced in 2006, along with a default retirement age of 65. Employers can use age 65 or set a higher age or choose to have no normal retirement age. We are monitoring the use of the default retirement age and will carry out an evidence based review in 2011. It will be abolished if this review concludes that it is no longer appropriate.
- We continue to work hard through our Age Positive initiative to encourage employers to adopt flexible approaches to work and retirement for the benefits it can bring to their organisations and the increased choices it can bring to individuals to work for longer and balance their home and work commitments.

Strengthening private provision

282. Strengthening private provision is not just important to ensure adequacy of pension provision, but is also essential to guarantee the sustainability of the UK's pension system. In this respect, the UK Government has sought to establish adequate protection for members of occupational pension schemes and has also tried to ensure that individuals are empowered to make the right choices for their retirement provision.

Occupational Pension Schemes - Dealing with Risk

283. When considering the way in which the UK addresses the risk attached to the future benefits to be provided by defined benefit and defined contribution occupational pension schemes, the way in which such schemes are organised in the UK must be taken into account. The law requires that most occupational pension schemes in the UK are set up as trusts. A trust ensures that the pension scheme's assets are kept separate from those of the employer. This is important for the security of members' benefits.

284. Trusts are administered by trustees who can be a person or company, acting separately from the employer, holding the assets in the trust for the beneficiaries of the scheme. In tandem with this, defined benefit schemes are protected by the "employer covenant", which is an agreement by the employer to contribute to the scheme and to underwrite the risks that a scheme is exposed to, including longevity risk, investment risk and inflation risk. This means that where a solvent employer leaves a scheme the gap between the schemes assets and liabilities becomes a legally enforceable debt on the employer.

The Pensions Regulator

285. The Pensions Regulator is the UK regulator for work-based pension schemes. It has statutory objectives to protect the benefits of members of work-based pension schemes, to promote the good administration of work-based pension schemes, and to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund (PPF).

286. Its key objective is to improve confidence in work-based pensions by protecting members' benefits and encouraging high standards and good practice in running pension schemes by focusing on schemes where the risk to scheme members' benefits is greatest using its wider powers to investigate and act on whistleblower's reports - this statutory obligation expands to include not only scheme auditors and actuaries, but also trustees, fund managers, employers, scheme administrators and Independent Financial Advisors.

287. It is also responsible for providing education, advice and guidance to those administering, advising or running pension schemes, including the launch of its e-learning programme. It has issued 9 codes of practice and guidance to help trustees, employers and others, understand how to comply with legislation.

288. The Regulator analyses the recovery plans which trustees must prepare if an actuarial valuation reveals a funding deficit. Ultimately this will allow the Regulator to track the funding position of underfunded schemes over a period of time. The Regulator published a summary of its analysis of the initial tranche of recovery plans in September 2007. The results were encouraging, and indicated that trustees were generally agreeing prudent funding objectives, with the result that average funding targets were generally close to the FRS17 accounting standard; and that the average period over which deficits were being eliminated under the plans was 7.5 years, a significantly shorter period than the Regulator's 10 year "trigger" for further scrutiny.

289. The Regulator has powers to issue, Contribution Notices (CNs) (allowing it to direct those deliberately attempting to avoid statutory debt to pension schemes to pay the debt either to the scheme or to the Pension Protection Fund).

290. In relation to defined contribution (DC) schemes, the Pensions Regulator has published a policy document on how it will promote better governance of work-based pension schemes (October 2007), and with the Financial Services Authority, a guide on the regulation of work place contract-based pensions (November 2007).

291. The Pensions Bill 2007 proposes a new statutory objective for the Pensions Regulator, in addition to their current objectives defined in the Pensions Act 2004. This will be to maximise compliance with the duties set out in Chapter 1 Part 1 of the Pensions Bill 2007, such as the requirement that employers automatically enrol their eligible jobholders into a qualifying workplace scheme and specific duties in Chapter 3.

Pension Protection Fund (PPF)

292. The Pension Protection Fund (PPF) is a statutory fund created to protect members of defined-benefit occupational pension schemes by paying compensation if their employer becomes insolvent and the pension scheme is under-funded. The fund is administered by the Board of the Pension Protection Fund, a public corporation. Currently 10.7 million scheme memberships are protected by the PPF.

293. An eligible scheme is transferred into the PPF and compensation is paid where:

- An employer has a qualifying insolvency event;
- There is no possibility of a scheme rescue; and
- There are insufficient assets in the scheme to pay benefits at PPF compensation levels.

294. The PPF provides security in retirement by paying compensation, subject to PPF rules on indexation and revaluation.

295. Compensation is paid at two levels:

- 100% level of compensation for people who have reached the scheme's pension age at the start of a PPF assessment period and for those under the scheme's pension age who are either in receipt of survivors' benefit or already in receipt of pension on the grounds of ill-health; and
- 90% level of compensation for people below that age subject to an overall compensation cap and subject to a review of the scheme's rules.

296. The first schemes transferred to the PPF in December 2006 and 38 schemes have transferred in as at 31 May 2008. Over 12,000 scheme members are either receiving PPF compensation or due to receive it in the future (i.e. on retirement). The PPF estimates that by the end of March 2009 there will be 70,000 members.

297. As at 31 May 2008 there were 198 schemes (121,716 members) in assessment. The assessment period establishes whether the scheme can be rescued or whether it can afford to secure benefits which are at least equal to the compensation that the PPF would pay.

298. The administration of the PPF and the compensation it pays to scheme members are both funded by eligible pension schemes which could make a claim on the PPF now or in the future.

299. The PPF is funded by an annual Pension Protection Levy from eligible pension schemes and from:

- recoveries of money, and other assets, from insolvent employers of schemes it takes on;
- taking on the assets of schemes that transfer to it; and
- returns on the PPF's own investments.

The Financial Assistance Scheme

300. The Financial Assistance Scheme (FAS) was created in 2004 to help those who lost out before the PPF was established. The UK Government has extended the FAS to cover all members of pension schemes that wound up between 1st January 1997 and 5th April 2005, ensuring that around 140,000 people who lost out when their pension schemes were wound up, will see their pensions topped up to

90% of the pension they accrued in their scheme, paid from their normal retirement age, subject to a lower age limit of 60 and a cap of £26,000 per annum.

Information and Expertise to gauge future Income Prospects

301. *Planning ahead for retirement;* The UK Government is continuing to ensure individuals are empowered to make the right savings choices for retirement. That is why, alongside the reforms introduced by the Pensions Act 2007, the Government is committed to ensuring people can develop their financial skills and have the information, education and tools they need to plan ahead.

302. *Financial Capability and generic financial advice;* In January 2007, the UK Government published its long-term approach to Financial Capability when it set out its aspirations around personal finance education in schools, provision of generic financial advice and mainstreaming financial capability into Government programmes. The Government and the Financial Services Authority (FSA) have worked closely together on financial capability and it continues to support the FSA led National Strategy for Financial Capability.

303. The Government's overall aim is to ensure people have the financial skills and advice to enable them to understand and manage their financial affairs and make effective decisions about their money, including retirement planning. The Government published its Financial Capability Action Plan⁸⁵ on 7 July 2008.

304. Supporting people in building financial capability - the knowledge, skills and confidence to support better financial decision-making - is important in promoting personal responsibility for retirement. And this encourages sustainable independence and material well-being in later life.

305. In 2007 the Government asked Otto Thoresen, Chief Executive of AEGON UK, to conduct a feasibility study into the provision of generic financial advice, or 'Money Guidance'. This is impartial and personalised information and guidance on a range of money matters. Otto Thoresen published his final report to Government on 3 March 2008.

306. The Government welcomes Thoresen's final report and is taking forward his central recommendation of a two-year 'Pathfinder' or large-scale trial, for a Money Guidance service, in partnership with the FSA.

3.4 Review of Modernisation of pension systems in response to changing needs of the economy, society and individuals

307. Since 1997, Government has focused pension policy on poverty alleviation. This has been particularly beneficial to women, who tend to have lower employment rates and lower earnings than men and thus accumulate less pension rights, both in the state and the private pension systems. Between 1998/99 and 2006/07 the number of women pensioners in low income fell by about one third in relative terms and around two thirds in absolute terms. Just under two-thirds of the people benefiting from Pension Credit are women. Eurostat data confirm there has been significant progress in achieving better gender equality in pensions. Whereas in 2000, the gender gap in elderly poverty rates in the UK was much more pronounced than that in the EU25, in 2006 the gap for the UK became slightly smaller than that in the EU25.

⁸⁵ http://www.hm-treasury.gov.uk/media/C/7/fincap_jointactionplan.pdf

Objective(i): that pension systems are transparent, well adapted to the needs and aspirations of women and men and the requirements of modern societies, demographic ageing and structural change; that people receive the information they need to plan their retirement and that reforms are conducted on the basis of the broadest possible consensus

308. The latest round of reforms will further supplement this progress. Around 90% of those benefiting from the reforms to State Second Pension coverage are projected to be women, while with reform - by 2010 - around three quarters of women reaching State Pension age are projected to be entitled to a full basic State Pension, compared to around 35% now. By 2050, around 95% of the population will be entitled to a full basic State Pension.

309. The UK Government has also sought to adapt the pension system more to the needs of modern society, by reforming the treatment of pensions on divorce, and also improving access to information and education on pensions.

Eliminating inequalities in UK Pension Provision, recognising the role of those who care for others, and ensuring fairness

310. In addition to the introduction of Personal Accounts which will increase the coverage of pension provision in the UK, we are also committed to ensuring that future state pension provision is delivered in a fair and just manner.

Reducing the number of qualifying years of contributions needed for basic State Pension

311. For people reaching State Pension age from 6 April 2010, existing contribution conditions for Category A (based on a person's own National Insurance contributions), and B pensions (dependent on the contributions paid by a spouse) will be replaced with a single contribution condition. The same condition will apply to the spouse/civil partner of a claimant of a Category B pension where the spouse/civil partner reaches State Pension age on or after 6 April 2010 (or dies on or after that date without having reached that age).

312. For people reaching State Pension age before 6 April 2010, and for those claiming bereavement benefits (whether before or after 6 April 2010), existing contribution conditions will continue to apply.

313. For those reaching State Pension age from 6 April 2010, the number of years needed to qualify for a full Category A or B pension is to be reduced from 44 years for a man and 39 years for a woman to 30 qualifying years for men and women alike. A person who achieves 30 qualifying years will be entitled to a full basic State Pension. The current minimum contribution conditions will no longer apply. A person who has less than the 30 qualifying years will be entitled to a proportion of the full basic State Pension based on the number of qualifying years they have built. Just one qualifying year, achieved through paid or credited contributions, will give entitlement to the basic State Pension worth one thirtieth of the full basic State Pension

Replacing Home Responsibilities Protection with credits for carers

314. Home Responsibilities Protection (HRP) is being replaced for people reaching State Pension age on or after 6 April 2010. When working out State Pension, the current process simply deducts the number of years of HRP (years spent receiving child benefit or caring for others) from the number of qualifying years needed to calculate state pension, however, HRP can't reduce the number of qualifying years required below 20. The provisions apply to men and women.

315. From 6 April 2010, parents and carers will be able to build up qualifying years through new weekly credits for the basic State Pension and additional State Pension. Parents or carers will get a credit for each week in which they:

- are getting Child Benefit for children aged under 12;
- are an approved foster carer;
- are caring for at least 20 hours a week for people who are getting Attendance Allowance, the middle or highest rate care component of Disability Living Allowance or Constant Attendance Allowance; or
- have caring responsibilities for at least 20 hours a week for other people who need care.

316. There will be no limit to the number of years in which parents or carers can get credits, as long as they meet the qualifying rules.

317. For parents or carers reaching State Pension age on or after 6 April 2010, any years of Home Responsibilities Protection already built up before 2010 will be converted into qualifying years under the new rules. Up to 22 years of Home Responsibilities Protection can be converted into qualifying years for the basic State Pension (these qualifying years can also be used for up to half the working life for bereavement benefits, as Home Responsibilities Protection counts towards these benefits as well).

Reform of the Additional State Pension

318. The additional State Pension can include accruals from both the State Earnings Related Pension Scheme (SERPS) and from April 2002 the State Second Pension (S2P). Under the provisions of the Pensions Act 2007, State Second Pension is to be restructured to provide a simpler, flat-rate system. From a date as yet to be finalised, but most likely to be from 2012, accruals of State Second Pension on earnings between the lower earnings limit (£4,680 pa) and the low earnings threshold (£13,500) will be replaced with a flat rate amount of around £1.60 a week (in current earnings terms).

319. Under the National Insurance contributions Bill, currently before Parliament, from April 2009 the upper earnings limit (£40,040 pa) will be replaced by a new upper accrual point (UAP) for the purpose of capping entitlement to the State Second Pension. Unlike other earnings thresholds, the UAP will not be annually revalued. The effect of this will be to gradually erode earnings-related accruals of State Second Pension. Taken together these measures will make State Second Pension a completely flat rate, top up benefit to the basic State Pension by around 2030.

320. In addition to simplifying the future structure of the UK's additional State Pension, steps are being taken to simplify the additional State Pension that today's workers may have contributed to in the past and in which they will have a stake for many years to come. The Pension Bill 2007, currently before Parliament, sets out a new method of assessing certain components of State Pension for people who are due to reach State Pension age from April 2020, to provide a single consolidated additional State Pension. These future changes will make it easier for people to understand how their State Pension is calculated when they reach State Pension age. They will be able to estimate how much State Pension they will receive well in advance of their State Pension age and plan accordingly.

Removal of restriction on claiming a Category B pension

321. From 6 April 2010 a wife's entitlement to a Category B pension will no longer be restricted by her husband having to make a claim for his Category A pension. She will be able to claim her category B pension even if her husband has not made a claim for his own Category A pension. They will both still have to be over State Pension age.

322. After 6 April 2010, a husband or civil partner may be able to qualify for a Category B pension at State Pension age based on their wife's or civil partner's National Insurance contribution record, as long as their wife or civil partner was born on or after 6 April 1950 and has reached State Pension age. Their

wife or civil partner does not have to have claimed their own State Pension, but they must have reached State Pension age.

323. Where one member of a married couple or civil partnership has put off claiming his or her Category A pension and the other member has reached State Pension age, the other member will have the choice of claiming Category B pension (and where applicable, any Category A pension based on their own contributions) or putting off claiming their Category B pension (and any Category A pension to which they also have title) in order to accrue either extra State Pension or a lump sum.

The Treatment of Pensions on Divorce

324. In earlier reports we mentioned the role pension sharing on divorce has to play in ensuring that women, who on account of the current distribution of pension rights are the main beneficiaries, can be assured of security of income in retirement. Married couples in the UK who commence divorce proceedings on or after 1 December 2000 are able to share the value of their pension rights (excluding the basic State Pension, but including SERPS/S2P). Pension sharing is not compulsory, but is an option available to the parties to a divorce and the Courts in determining a fairer financial settlement.

325. *Substitution and State Pensions*; It should be noted, however, that other arrangements are in place to ensure that women who divorce before they reach State Pension age are not disadvantaged in their final entitlement to State Pension. In the UK, if a woman divorces before State Pension age and does not remarry, she can substitute her former husband's National Insurance contribution record for her own record for specified periods (this will always include the period of the marriage), and will receive a State Pension on this basis when she reaches State Pension age.

326. The substitution provisions were designed to help women whose marriages had terminated. Historically, many married women did not work and pay full-rate contributions but relied instead on their husbands' contributions for their pensions. A woman in this position who became divorced would be unlikely to qualify for a full State Pension solely on the basis of the contributions she could pay between her divorce and State Pension age.

327. However, if a divorced woman remarries before State Pension age she cannot use her previous husband's contribution record and like any other wife becomes dependent on her current husband's contribution record if her own record is deficient.

328. Substitution provisions also apply to divorced men who have a worse National Insurance record than their ex-wife.

Information and Education

329. To help people plan for retirement, Government continues to provide access to pensions information services such as: personalised pension forecasts; a pension tracing service; state pension deferral information; and generic information. This is provided primarily via the Pension Service website and leaflets, and guidance from the Pensions Advisory Service (TPAS).

330. The Government is also ensuring that all information requested by individuals – via contact centres, leaflets or websites, for example - is accurate and up-to-date in the light of the Pensions Act 2007. Additionally, the Government is proactively raising awareness of State Pension age equalisation among affected women, and helping carers understand how Pensions Reform might affect their entitlements, for example, through some short term communications activity including a direct mailshot to 1.7m women on State Pension age equalisation, advertorials and Public Relations activity.

331. To complement the reforms and its Financial Capability Action Plan, Government is also currently in the process of developing a new, longer-term information and communications strategy, informed by a continually enhanced evidence base, which will enable and encourage more people to plan and save for their retirement (including the option of remaining in employment for longer). This new strategy will ensure that individuals are equipped with the necessary facts and understanding so that they are able to make the necessary decisions about their retirement planning. The target group for this strategy is likely to include those being auto-enrolled, those who are otherwise in danger of retiring without sufficient means and those seeking information to support their retirement planning.

332. Evidence-based information will also be developed to ensure the smooth introduction of personal accounts and reforms around automatic enrolment from 2012. By ensuring adequate information is available in a simple and clear form, individuals will be able to make their own choices in relation to these reforms. The Government will work with stakeholders, including The Personal Accounts Delivery Authority, to ensure that the information available is both coherent and consistent.

333. The Government is also continuing to enhance the evidence base by commissioning research to improve understanding of individuals' information needs and behaviour in response to information about pensions and retirement planning. Equally, lessons will be learned about how information and guidance can best be delivered from initiatives aimed at increasing people's awareness of the need to, and value of, planning ahead for retirement such as the '50+ Face to Face Guidance Pilot Project and the Pensions Education Fund.

334. Research findings from the 50+ Face to Face Guidance Project pilots, that are due to end March 2009, will inform the development of best practice for Government and non-government organisations to use in the guidance that they offer older workers.

335. The Pensions Education Fund (PEF) contracts which originally ran to March 2008 have been extended to March 2009. PEF is a UK wide initiative established to explore ways of ensuring employees and self-employed people, particularly the traditionally hard to reach groups who are at risk of under saving, have impartial and accurate information on pensions and retirement planning allowing them to make an informed choice about the retirement income they want and how they can achieve it.

336. The PEF was established to develop and test innovative approaches in or through the workplace by independent trusted third parties such as trades unions, charities, trade associations and the voluntary sector to increasing financial awareness and encouraging working people to provide for their retirement.

337. An independent research organisation carried out an evaluation, conducting research on 14 of the 26 Pension Education Fund schemes which were selected to ensure coverage of a range of different types of initiatives. Through in-depth interviews the research organisation collected detailed information on providers' experiences of setting up and running particular initiatives, on employers' experience of participating, and evidence of the added value that a trusted third party can bring to the process of delivering pension and retirement planning information. DWP Research Report No 507 "Evaluation of the Pensions Education Fund"⁸⁶ was published in June 2008

338. *Gauging future income*; A retirement planner will be available on Directgov⁸⁷ later this autumn. This will help people approaching retirement without adequate pension provision to find ways of maximising their retirement income by signposting them to information about tax, benefits, and working in retirement.

⁸⁶ <http://www.dwp.gov.uk/asd/asd5/rrs-index.asp>

⁸⁷ <http://www.direct.gov.uk>

339. The Government is reviewing pension forecasts in view of ongoing reforms. To allow for changes to IT systems as a result of new legislation, forecasts to those reaching State Pension age after 5th April 2010 have been suspended since July 2007. These IT changes should be completed by autumn 2008.

340. We are looking again at the role pension forecasts should play within future communication and information provision.

341. TPAS has also set up and launched a web-based structured choice tool to help people through the options for choosing the most suitable annuity for them. This webtool is linked with the FSA's comparative tables of annuities.

342. *Making pensioners aware of other benefits they may be entitled to;* The Government is continuing to undertake a range of activities to ensure people are aware of, and claim, their entitlement to Pension Credit. Data matching is used to identify people who may be entitled to Pension Credit and invite them to claim, using the new simplified claim process: face to face visits are offered to the most vulnerable pensioners and there is closer working with partner organisations. As at November 2007 2.7 million households (3.3 million individuals) were receiving Pension Credit.

343. Enhanced customer data is being used to inform a number of pilot campaigns, the first stage of which launched in February 2008. The pilots will test the effectiveness of a range of media and channels in overcoming barriers to claiming Pension Credit, Council Tax Benefit and Housing Benefit. The pilots will also explore opportunities for partnership working with Help the Aged, Age Concern and other voluntary organisations.

344. The same data has also been used as part of a cross government fuel poverty mailing which in 2007 targeted 250,000 pensioners, encouraging the take up of energy efficiency grants. The mailing was developed in conjunction with BERR, DEFRA and the energy suppliers.

CHAPTER 4

NATIONAL PLAN FOR HEALTH AND LONG TERM CARE

4.1 Summary

345. Health and social care policy and delivery are devolved to the component parts of the UK. This report therefore deals with each country in turn.

England

346. The Department of Health has set out a vision for the development of the health and social care system, and for the promotion of public health, in a series of major policy documents, notably *The NHS Improvement Plan* (June 2004), *Choosing health: making healthy choices easier* (November 2004), *Health Reform in England: next steps* (Dec 2005) and *Our health, our care, our say* (January 2006). The NHS published in July 2008 the final report of the NHS Next Stage Review, *High quality care for all*, which sets a new foundation for a health service that empowers staff and gives patients choice. It ensures that health care will be personalised and fair, include the most effective treatments within a safe system, and help patients to stay healthy. The government's focus is also increasingly turning to combating the challenges of health inequalities and poor lifestyles, e.g. *Healthy Weight, Healthy Lives* (2008) a cross-government strategy to reduce obesity levels and promote healthy weight.

347. The Government is committed to creating a system whereby personalised health and social care services are focused around the needs and preferences of the individual. To achieve this, unprecedented investment is being made in the NHS; this investment is funding a dramatic expansion of capacity in both primary and secondary care, including new service providers. This additional capacity, combined with significant increases in the numbers of clinical staff, is enabling waiting times to be reduced, alongside the introduction of much greater choice for patients as to where and when they are treated. A system of tariffs is developing that ensures that money follows the patient, rewarding the best providers and giving clear incentives to others to improve. The Government is introducing systems whereby all clinicians will be able to access the electronic record of any user of health or social care services to ensure more coordinated care. Deployment of these Summary Care Records in a number of early adopter sites began in 2007 and will be evaluated before national roll-out.

348. The Government is committed to moving many more services out of hospitals into local communities, closer to people's homes by improving GP services and developing new community provision aligned to social care services. The Government is also committed to taking positive steps to improve public health, most notably banning smoking in public and work places from summer 2007; encouraging individuals to take steps in their own lives to improve their health; and most recently announcing a national programme of vascular checks, described in the document *Putting Prevention First*, for those aged 40-74 from April 2009. The Government is committed to tackling health inequalities, and has published developing a Health Inequalities progress and next steps document in June 2008.

Scotland

349. The Scottish Government's objective for a healthier Scotland was set out in its Action Plan, *Better Health, Better Care*, published in December 2007 with a specific focus on helping people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to healthcare.

350. The Action Plan sets out a programme of comprehensive and targeted action to accelerate progress on health improvement and tackling health inequality. While acknowledging the progress that has been made in tackling smoking it is still the biggest cause of premature death in Scotland. Efforts will therefore be stepped up to reduce smoking and action will also be taken to tackle alcohol misuse and the rising problem of obesity. A commitment is also made to review the approach to improving mental wellbeing as well as physical health.

351. The Action Plan also sets out a range of measures to improve the quality of the National Health Service in Scotland. It gives effect to commitments to:

- Local care whenever possible, embedded in communities and tailored to people's needs
- Care that is even quicker, even safer and even more efficient and effective than ever before.

352. There is also a commitment to public participation, improving patient experience, patient rights and enhanced local democracy, expressed in terms of a more mutual approach.

353. Improving Scotland's mental and physical health is central to the welfare of Scottish society, and to a healthy and prosperous Scotland. The Action Plan's objective is therefore to help people sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care. It also sets out to tackle the causes of poor health and health inequalities; and to invest in the NHS to enable it to deliver high quality services to more patients more quickly and achieve improvements across a range of performance measures.

Wales

354. *Designed for Life* (2005) set out the Welsh Assembly Government's aspirations for achieving world-class health and social care over the following decade. This involved reconfiguration of services and a new emphasis on quality, with both staff and service users having a strong influence on service improvement. The new administration has set out its health priorities in *One Wales*, including the elimination of the market in the NHS in Wales. At present, a major consultation process is taking place on the future structures for the Welsh NHS.

355. The main focus of *Designed for Life* is health services and this is to be complemented by a more detailed set of proposals for social services. The Welsh Assembly Government has made a commitment to the development of a formal strategy setting out the future policy direction for social services and social care in Wales over the next decade. The Social Services Policy Directions Paper will be aimed primarily at local authorities in the discharge of their statutory social services functions. It will set out the Welsh Assembly Government's vision for social services, social care and associated community-based services for the next 10 years.

Northern Ireland

356. In December 2004 the Department of Health, Social Services and Public Safety (DHSSPS) published a twenty-year regional strategy for health and wellbeing in Northern Ireland, focusing on:

- Investing in public health, with an emphasis on cooperation across organisational and sectoral boundaries to tackle the determinants of inequalities in health and wellbeing;
- Involving people and communities to improve health and wellbeing;
- Developing new, more effective and efficient ways of working through multi-disciplinary teams
- Developing responsive and integrated services which will aim to treat people in communities rather than in hospitals, and
- Improving the quality of health and social care services.

357. Northern Ireland's public health strategy *Investing for Health* seeks to improve health and reduce health inequalities by tackling the wide range of factors which impact on health and wellbeing. It is an

overarching framework for action based on multi-sectoral partnership working and is underpinned by a number of related strategies which encourage healthy life choices.

358. Implementation of *Investing for Health* and its related strategies has contributed to many health gains, however achieving the significant health improvements which *Investing for Health* envisaged requires a co-ordinated and long term commitment. The Department is planning to review the *Investing for Health* strategy, but is currently considering how best to take this forward in the light of reform proposals which include the establishment of a new regional public health agency.

359. Targets set to reduce waiting times have been achieved through changes in the way hospitals manage waiting lists and robust performance management arrangements. In cases where Trust performance fell short, patients were offered the opportunity of a transfer to an alternative provider under the Alternative Offer scheme, with the cost of the treatment being met in full by the original provider.

360. In January 2006 the next stage in the reform programme was announced. A key feature of this programme is establishing integrated multi-disciplinary teams of health professionals to provide a range of services in a variety of primary and secondary care settings. An electronic referrals management system will register all primary care referrals to be assessed and responded to within 72 hours. There will also be improved management of outpatient services, including the introduction of partial booking systems to reduce non-attendance and increase efficiency, comprehensive reviews of clinic templates to ensure that reasonable time is allocated to see new referrals, and the appointment of Outpatient Improvement Managers in Trusts to oversee the implementation of these reforms.

361. In October 2002, DHSSPS initiated a wide-ranging, independent review of the law, policy and service provision affecting people with mental health needs or a learning disability – now referred to as the Bamford Review. The review produced a series of 10 reports between June 2005 and August 2007, which together represent a composite vision for radical reform and modernisation of mental health and learning disability law, policy and services.

362. The Government's response is currently being prepared and will be going out for public consultation in the summer of 2008. The response is set out to provide a strategic view of how Government as a whole and the health and social care sector in particular intends to address the findings and recommendations of the Bamford Review.

363. Promoting equality of opportunity and social inclusion for people with a mental health problem or a learning disability will be a key message. The Bamford Review set out a "Just Like You" vision on how people with mental health needs or a learning disability should be enabled to reach their full potential, as equal members of society, and this will be progressed across Government.

364. The principles in the Government's response to the Bamford Review will emphasise its determination to make a real change in people's lives and to deliver fair outcomes and social improvements. Respect for human rights, equality of opportunity and addressing disadvantage and the social inclusion of the most vulnerable groups in the community are central to these principles.

365. It has been long recognised that the Traveller community throughout the island of Ireland experiences considerable disadvantage in health status relative to the settled community. The Department and the Department for Health and Children agreed that the position must be quantified through an All Ireland Traveller Health Study in order to plan appropriate services and provisions to address that inequity. The Study will quantify the position on Travellers' health, providing important baseline information for the future planning of health and social care services for Travellers.

4.2 Healthcare

4.2.1 Brief description of the healthcare system

366. The government is the dominant supplier of health care to the population of the UK through the National Health Service (NHS), which provides comprehensive and universal coverage. Primary care is provided by family doctors (GPs), dentists, optometrists and pharmacists and other professionals, some of whom are contractors rather than employees of the health service. Secondary care is provided by NHS employees in hospitals and treatment centres, although in England some services are contracted directly from the independent sector. Visits to the doctor and treatment in hospital are provided free of charge at the point of delivery; there are a limited number of co-payments, the most notable being a flat charge for prescription drugs except for certain groups. A large proportion of those in most need are exempt since children, older people and those on various benefits are not required to pay. Since the NHS is funded by taxation and National Insurance, enrolment is effectively compulsory and based on residency in the UK. Asylum seekers and those who are detained by the state awaiting deportation are also exempt from charges for hospital care until their status is clarified or they are deported. People can choose private health care, with or without private insurance, without affecting their access to NHS treatment generally. However, the long-standing rules issued by Government are clear that a patient cannot be both an NHS patient and a private patient for the same episode of treatment. This is in order to guarantee NHS principles which include the provision of services free at the point of delivery and equity.

367. Responsibility for health and social care is almost completely devolved to the constituent countries of the UK. The relevant Departments agree with the Treasury how much money is to be allocated to the NHS on a two-or three-year cycle. Similar negotiations take place for the government-funded elements of social care.

368. The Scottish Government and the Welsh Assembly receive a block grant from HM Treasury under the Barnett formula, and determine how this is allocated to health and social care as well as other devolved functions.

369. The division of money throughout the United Kingdom is partly constrained by a formula designed to improve the geographic distribution of medical resources. Funding and decision-making are increasingly devolved to a local level.

4.2.2 Priority policies related to Common objective (j)

Common objective (j): access for all to adequate health and long-term care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed

370. As noted above, there is in effect compulsory coverage of the resident population. Access to some services, particularly elective care, have been constrained by lack of resources, but the significant increased investment being made in the NHS, has led to reduced waiting times, most significantly in England.

England

371. Tackling health inequalities remains a key priority for the government. On 9 June 2008, the Secretary of State for Health launched '*Health Inequalities: Progress and Next Steps*' which announced enhanced and new programmes supported by £34m of funding to improve health and narrow inequalities. The document sets out action to support achievement of the national health inequalities Public Service Agreement targets for life expectancy and infant mortality by 2010, ensuring that those

experiencing the poorest inequalities in health outcome remain the focus of concerted and focussed evidence based actions. It also signals the future policy direction beyond the 2010, ensuring that health inequalities are increasingly a focus for all communities, not just the most disadvantaged.

Scotland

372. The Scottish Government's health improvement policy aims to improve the health and wellbeing of everyone in Scotland but there is an overarching focus on tackling health inequalities. Record levels of additional resources have been put into health improvement.

373. A Ministerial Taskforce on health inequalities was established in autumn 2007. It was chaired by the Minister for Public Health, and included six other Ministers with relevant portfolios, ranging from children to environment. Its Focus was on improving specific elements of health and social care services and service responses to particular groups and communities most at risk. The health inequalities faced by people with learning difficulties are well-documented and the Scottish Government is developing a framework for regular health assessments for people with learning disabilities in all NHS Board areas. The Taskforce's report, *Equally Well*, was launched by the Minister for Public Health in the Scottish Parliament on 19 June 2008. The report highlights the £1.78 billion being spent on tackling health inequalities in Scotland over the next three years but recommends that this resource can deliver better outcomes by re-designing public services. This is backed by £15 million of new money to achieve this aim. The Convention of Scottish Local Authorities - which represents Scotland's local authorities who are responsible for delivering key services such as housing, education and social work - have been fully involved in, and are fully supportive of, the Taskforce's work. *Equally Well* puts particular emphasis on the early years as that is when opportunities are greatest to create health by forging appropriate behaviour patterns and the ability to relate well to other people. An implementation plan will be published before the end of 2008 which will give further details about how *Equally Well* will be taken forward."

374. The Health Directorates support a number of initiatives and programmes to help Boards optimise the use of acute hospital beds. This includes programmes to manage acute hospital admissions, so that where possible patients are treated in other settings without the need for admission to hospital; targets and funding aimed at reducing delayed discharge of patients from acute beds; initiatives to increase the proportion of surgery that is carried out on a daycase basis, reducing the demand on overnight beds; and the "streaming" of elective and emergency work to reduce disruption to elective surgery schedules as a result of emergency demands.

375. These programmes and initiatives are consistent with Better Health, Better Care, which set out the Scottish Government's vision for the future of the NHS. We recognise the importance of shifting away from a model of treating illness based on episodic, acute care in hospitals, increasingly through emergency admissions, towards a model of anticipatory and preventative care. In particular, NHS Boards are expected to deliver care that is even quicker, safer and more efficient and effective than ever before. Care that, whenever possible, is embedding it in communities and tailored to people's needs. By December 2011, Boards are expected to operate a maximum waiting time of 18 weeks from referral by a GP to hospital treatment for non-urgent patients. Most patients, however, will be treated more quickly than this.

Wales

376. Equity Training and Advocacy Grants have funded projects to provide an opportunity for health care professionals to reflect on issues of inequity of access to health care services and if appropriate to make changes in services to address issues that are identified. The grants have also enabled healthcare professionals to engage in advocacy to address issues identified outside the health sector which

adversely impact on the health of individuals. Following a successful pilot in 2003-2004, 31 projects were funded between 2004 and 2008. The scheme closed in at the end of March 2008.

Northern Ireland

377. The DHSSPS utilises a sophisticated statistical resource allocation formula to assess the equitable allocation of available resources to the province's population. The formula specifically takes account of its statutory duty to ensure equality of opportunity to various groups (age, gender, religious belief, sexual orientation, political beliefs, marital status, persons with or without a disability and persons with or without dependents).

378. Annual updates take place to the formula to take account of the changing demographics of the region. This is particularly relevant due to the increase in migrants following European accession. In addition due to a high rural distribution of the NI population, additional resources are targeted towards the more sparsely populated areas to reflect the additional expenses incurred by providers delivering services in rural areas. DHSSPS has a policy of moving each of the 4 Health & Social Services Boards closer to its assessed fair share of available resources by redistributing funds from the overfunded Board towards the 3 smaller Boards.

379. In relation to equity of access to care, DHSSPS has a policy that all residents must be able to access an A&E facility within the 'Golden Hour'.

4.2.3 Priority policies relating to common objective (k)

Common objective (k): quality in health and long-term care and by adapting care, including developing preventative care, to the changing needs and preference of society and individuals, notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients

380. All four countries in the UK are giving high priority to improving the quality of the healthcare they provide to their populations, including improvements in access. This has in part been achieved by very substantial investment in healthcare (for 2007-08 the UK spent around 8.5% of its GDP on healthcare). Specific strategies for quality improvement in the four countries are described below.

England

381. The Government's strategy for improving quality was originally set out in *A first class service* in 1998. This emphasised the importance of clear national standards, through National Service Frameworks and the National Institute for Clinical Excellence; improved local delivery, with development of clinical governance in all healthcare organisations; and national monitoring through the Healthcare Commission and patient surveys. Since then, there have been sustained increases in clinical quality in many areas of healthcare, in particular in the areas targeted by the National Service Frameworks.

382. More recently, there has been an increasing recognition of the need for quality improvement to be grounded in the needs of local communities and in the preferences of individual patients. This is reflected in the final report of the NHS Next Stage Review *High quality care for all*, published in July 2008. The report recognises the continuing need for clear national guidance and standards, with an expanded role for the National Institute for Health and Clinical Excellence. Subject to Parliament, a new body, the Care Quality Commission, will take over from the Healthcare Commission the responsibility of assuring patients that all healthcare organisations meet core requirements of governance, safety and quality, and will have robust new enforcement powers to ensure compliance. In addition, the government is

developing an integrated framework of national and local metrics to describe the quality of services provided both by individual healthcare providers and for health communities. This will help patients to choose the healthcare providers that best meet their needs, and will also enable providers and commissioners (Primary Care Trusts) to identify and agree the priorities for local quality improvement. Clinical leadership will be strengthened at all levels in the NHS to maintain a clear focus on quality. All this is underpinned by a new system of tariffs which ensures that money follows the patient (so good providers are rewarded and others encouraged to improve), and which will be enhanced to allow high quality to be further rewarded.

383. Over the last decade, there have been dramatic improvements in waiting times in England as a result of investment combined with reform. Ten years ago waits of 18 months or more for treatment were not uncommon. By December 2008, no one should have to wait more than 18 weeks for non-emergency treatment from the time that they are referred, to the start of their treatment, unless it is clinically appropriate to delay treatment or patients choose to wait longer. The NHS is on track to deliver this challenging target which will reduce unnecessary delays and improve patients' experience overall.

384. Changing patterns of demographic and health need, along with rising expectations of services, mean there is a compelling case for providing more care closer to home, including in patients homes. It is therefore likely that this will increasingly be a feature of future health and social care services. Such changes will encompass a wide range of services, from increased use of prevention and early intervention through to 'instant access' services such as pharmacy and walk-in centres, extended community health and social care services, and specialist services (such as diagnostic tests and minor surgery) which would previously have taken place in a hospital setting.

385. The Department is working to support the NHS in making changes to shift care closer to home, including providing practical tools for planning and implementing change and publicising learning from where change has been successful. A number of pilot projects are also underway to test specific, innovative interventions and care programmes across the whole range of community health and social care.

Scotland

386. Scotland has a poorer record on healthy life expectancy than most other western European nations, and there are larger gaps between the health experience of rich and poor people in Scotland. A key objective of the NHS in Scotland and of Scottish Ministers is to improve health generally through persuading and supporting people to make healthy lifestyle choices (diet, exercise, smoking, drinking). These services are aimed particularly at people with the poorest health record, to try to narrow the health gap between rich and poor.

387. Ministers have set 30 Key Targets for the NHS in Scotland. These targets encompass the whole range of NHS activity i.e. health improvement, efficiency and effectiveness, waiting times and quality of treatment. NHS Boards produce Local Delivery Plans which set out how these targets are going to be met and these Plans form the basis of an agreement between the Health Department and NHS Boards. Progress is closely monitored and intervention and support is provided when performance is not on track.

388. NHS Boards need to provide assurance that robust governance arrangements are in place for the purposes of safety, quality and probity. Organisations such as NHS Quality Improvement Scotland (QIS) and Audit Scotland provide external scrutiny of these arrangements and offer development and improvement support.

389. The Scottish Government Health Directorates are also developing a more coherent and integrated approach across the strands of governance activity in the NHS. Key to this approach is to

ensure NHS Boards have available a common set of principles which can be applied in the context of local organisational arrangements.

390. A range of guidance is in place spanning many areas of governance activity. This guidance is currently being reviewed and updated to reflect the developments which have taken place in NHS Scotland over recent years to achieve single system working; and to ensure governance arrangements in NHS Scotland continue to be relevant to and support the strategic direction of Better Health, Better Care.

391. Policy initiatives, such as the establishment of the Scottish Patient Safety Alliance and the *Patient Experience* programme place the patient at the centre of care and assert the importance of professional skills at the level of the clinician-patient interaction. The values-based approach described in *Delivering Care, Enabling Health* gives frontline staff a far bigger role in the delivery of care, but ensures that caring for, and empowering patients remains at the heart of modern healthcare. Among the actions in place or planned which provide the necessary safeguards and assurances for all patients are:

- NHS Board Chief Executives have a statutory duty of quality. NHS Boards are responsible and accountable for the quality of care provided.
- NHS Boards should work to ensure the key strands of clinical governance; staff governance; and corporate governance are combined to ensure every decision focuses on the quality and safety of care provided. This will be further reinforced in guidance on 'Good Governance' planned for later this year.
- NHS QIS sets standards and undertakes reviews of NHS services making recommendations at national and local levels.
- NHS Scotland has accountability arrangements in place including annual reviews and performance management. NHS Boards are required to demonstrate continuous improvement against the NHS QIS Clinical Governance and Risk Management Standards.

392. The development of the Scottish Patient Safety Alliance links the NHS to the range of organisations which seek to secure and enhance the safety and quality of services provided to patients in NHS Scotland; and, at the same time improve patient experience. While acute care is the starting point, the overall approach reflects the totality of the patient journey and recognises that care will take place in a range of settings, with primary and community based care becoming increasingly prominent in terms of the delivery of complex packages of care.

393. This approach reflects an evidence base which suggests that one in ten patients admitted to Scottish NHS hospitals will be unintentionally harmed and that around 50% of these events could have been avoided if lessons from previous incidents had been learned.

394. The key objectives are to:

- Reduce healthcare associated infection
- Reduce adverse surgical incidents
- Reduce adverse drug events
- Improve critical care outcomes
- Improve the organisational and leadership culture on safety.

395. The basis for the Scottish Patient Safety Alliance has roots in Scotland's long standing tradition for clinical audit; in the '100,000 lives' campaign based in the United States; and in the work done through the 'Safer Patients Initiative' by the Institute for Healthcare Improvement and the Health Foundation in the UK, involving NHS Tayside. The '100,000 lives' campaign is seen as a significant success, signing up 3000 US hospitals to a common improvement effort and resulting in the prevention of 122,300 avoidable deaths. Data now emerging from NHS Tayside's work at Ninewells Hospital are showing substantial improvements in patient safety.

396. Independent healthcare services in Scotland are regulated by the Care Commission against the requirements of the Regulation of Care (Scotland) Act 2001 and its associated regulations taking account of the National Care Standards published by Scottish Ministers.

397. The Scottish Medicine Consortium provides guidance to the NHS on the use of new drug therapies.

Wales

398. Parts of Wales, particularly the former mining and industrial areas in the South Wales Valleys, have some of the worst health indicators in Europe, with reduced life expectancy and high levels of heart disease and cancer. Despite greatly increased funding for the NHS in Wales, the demand on acute hospitals is considerable, with very high levels of emergency admissions (as opposed to planned operations), resulting in long waiting times for treatment. The causes are complex but contributing factors include a large population of older people and widespread poor health.

399. A new resource allocation model is targeting resources to Local Health Boards on the basis of the direct health needs of their residents. Local Health Boards are working very closely with local stakeholders, in particular Local Authorities, who have a particular role to play in relieving pressure on the acute sector of the NHS through better care at home, especially of older people.

400. The aim is to reduce the emphasis on acute hospital treatment by improving illness prevention, developing more comprehensive primary care, and better social care provision. Elective, emergency and long-term condition services are being redeveloped. As part of the development of new NHS structures, methods of involving the public and patients are being reviewed.

401. The Healthcare Inspectorate for Wales monitors quality of care, including safety, against the *Healthcare Standards (2005)* and regulates providers of private and voluntary healthcare. The Advisory Board for Healthcare Standards in Wales has been set up to manage the process of adopting the Welsh Assembly Government's healthcare standards. A new Quality Improvement Plan is due to be issued in the near future, which will aim to ensure that all important elements of quality are measured and the focus of constant attention and improvement.

402. The Welsh Assembly Government sets standards and targets for the NHS in Wales to meet. This has been broadened to include a system based on a balanced scorecard approach, which looks at each organisation not only on delivery of targets, but on its internal systems, infrastructure, staff leadership and external relationships. This also aims to encourage organisations continuously to improve.

Northern Ireland

403. The Government aims that all residents should receive consistent, high-quality services. There has been a statutory duty of quality in place in NI since 2003. Improvements in quality and safety of local services are centred on five broad themes, to be further developed over the next three years:

- Improvements in governance arrangements within the HPSS;
- The setting of standards against which service providers can be measured;
- New arrangements for the regulation, inspection and review of services;
- Improved accountability arrangements; and
- Links with national standard setting and patient safety bodies.

404. To support HPSS bodies in this work, a range of controls assurance standards has been introduced on a phased basis since 2003-04. In addition, the DH Modernisation Agency has been contracted to provide support to HPSS organisations in implementing clinical and social care governance. A Safety Framework, launched in 2006, sets out a clear policy statement on safety in the

HPSS, based on the promotion of an informed safety culture which recognises the social economic and human cost of adverse incidents. A number of new standards will be introduced over the coming years including further controls assurance standards; care standards and quality standards supporting implementation of clinical and social care governance. All of these standards will assist HPSS organisations in assessing risk and in the reporting on the quality of service provision. They will also provide greater transparency for the public on what care they are entitled to expect from the HPSS, and facilitate organisations in the demonstration of good governance.

405. There is a continuing health gap between the most deprived areas and the Northern Ireland average. Whilst there have been some relative improvements, which are most evident in *premature mortality; infant mortality rates; teenage births; standardised admission rates to hospitals; suicide and cancer* incidence rates indicators, the inequality gap has remained relatively consistent between deprived areas and the NI average for all other indicators.

406. Key targets for Health and Social care in Northern Ireland continue to include targets for health improvement and for reducing health inequalities. Consultation is currently underway on reform proposals which include a proposal for a new multi-disciplinary public health agency. This would drive the public health agenda by bringing together the wide range of existing public health functions to ensure better co-ordination and delivery of interventions to protect and improve health and wellbeing. It would also give renewed, enhanced focus to achieving key public health goals and to tackling health inequalities.

407. There has been a growing emphasis upon health promotion and disease prevention in recent years. Expenditure on Health Promotion & Disease Prevention increased 10% in the year to 2006/07. This is a faster growth rate than that of Acute Services.

408. Additionally increased investment is being undertaken to provide healthcare in community settings to allow patients to remain in their own homes/communities. Typical examples are increased expenditure on domiciliary care, aids & adaptations and district nursing.

4.2.4 Priority policies relating to common objective (I)

Common objective (I): that adequate and high quality health and long-term care remains affordable and financially sustainable by promoting rational use of resources, notably through incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long-term sustainability and quality require the promotion of healthy and active lifestyles and good human resources for the care sector

England

409. As well as making historic levels of investment, the Government is creating a healthcare system where there will be stronger incentives for providers to deliver high quality care whilst controlling costs. This system is outlined above under 4.2.3. At the same time, the Government recognizes the importance of promoting healthy lifestyles, not only for individuals and communities, but also for ensuring that the healthcare system is more sustainable in the longer term. Initiatives include the introduction of comprehensive legislation in July 2007 to make all enclosed work and public places smoke free, action to improve information to the public about healthy living, and investment in new services, such as pilot health trainer schemes. The health trainer programme reaches out to people who are in circumstances that put them at a greater risk of poor health, and work with them to assess their health and lifestyle risks, helping to build their own motivation to change. They have facilitated behaviour change, provided advice, motivation and practical support to individuals in their local communities since 2006, initially in Spearhead areas and now right across the country.

Scotland

410. The 2008-09 budget for health and community care services in Scotland is £10.6bn, the majority of which is allocated directly to the 14 NHS Boards and 8 Special Health Boards. This represents an historic level of investment in health and community care services in Scotland and is supported by a fresh focus on delivery and performance through the implementation of the *Better Health, Better Care* Action Plan. The Scottish Government is committed to Best Value and the Health Directorates' (HD) Delivery Plan sets out this commitment, underpinned by specific programme of Best Value reviews, for both the HD and NHS Boards.

411. The Scottish Government is also providing local government in Scotland with record levels of funding over the period 2008-11. The vast majority of the funding, including the funding for community care, will be provided by means of a block grant. It is the responsibility of each local authority to allocate the total financial resources available to it on the basis of local needs and priorities having first fulfilled its statutory obligations and the jointly agreed set of national and local priorities including the Scottish Government's key strategic objectives and manifesto commitments.

412. The Scottish Government is committed to managing public sector resources more effectively, contributing to a growing economy, and to modernise and improve Scotland's public services by attacking waste, bureaucracy and duplication. As part of the Scottish Government's Efficient Government Programme, the Health Directorates have identified £464m cash savings and £149m time releasing savings over the 3 year period to 2007-08, giving a total of £613m savings. The savings include 1% efficiency savings across all NHS Boards, a Shared Services Project for Financial Processing and Reporting and NHS Payroll Services, a Logistics project and specific savings against procurement, improved prescribing of drugs, and drugs pricing. The Health Directorates are to deliver further cash releasing efficiency savings over the three years to 2010-11 of £645m. These savings include 2% efficiency savings per year across all NHS Boards.

413. Although the Scottish Government Health Directorates is not adopting the English Payments by Results System, a Scottish National Tariff is now in place for cross boundary flows of acute sector patients. The tariff is the estimated average cost of providing most hospital based procedures to inpatients and day-case patients and provides a set of standard prices for most procedures that is transparent and fair, which creates an incentive for efficiency and improves the accuracy of financial data. The Scottish Government are concentrating on the utility of the tariff as a benchmark with the aim of identifying efficiencies and improving the accuracy of hospital finance and activity data.

414. Scotland's health is improving. There are fewer deaths from cancer, stroke and heart disease. However, the health gap between the most and least affluent is widening and people living in deprived areas have a significantly shorter life expectancy than those in more affluent areas. Health improvement policy is aimed at supporting people to make healthier lifestyle choices, particularly children and young people, adults of working age and those who are socially excluded or are 'hard to reach'.

415. The Scottish Government's Fair for All projects, which worked to support NHS Boards ensure that there are no barriers to accessing NHS services based on gender, age, disability, race and religion and sexual orientation was mainstreamed within a new national Directorate of Equalities and Planning within NHS Health Scotland to ensure a co-ordinated approach to tackling health inequalities and discrimination across the NHS in Scotland. A major programme of work is also underway to test out how NHS services understand and respond to the multiple and complex factors that impact on people's lives and life opportunities.

416. Some examples of current Health Improvement activity are detailed in Annex 2.

Wales

417. The Welsh Assembly Government recognises that strong services require high levels of investment coupled with clear and effective governance arrangements. Incentives have a role in this alongside other mechanisms.

418. As part of the development of new NHS structures, the options for strengthening NHS planning are being reviewed, including the role of clinical leadership and engagement.

419. Promoting better health, while reducing inequalities, is a major policy aim. *Health Challenge Wales* has raised the profile of health improvement across the country, and the Health Inequalities Fund has generated considerable local creativity and enthusiasm for practical action.

Northern Ireland

420. Northern Ireland's Health and Social Care structures are undergoing reform. The aim is to have a modern health service, to tackle health inequalities, and place patients at the heart of its thinking. Health and Social Care organisations should be efficient, forward looking and innovative. They should deliver on targets and continually strive to improve performance and drive up quality and standards. People and communities will be encouraged to voice their concerns, actively engage in their own care and in promoting their own health and wellbeing. Proposals are now the subject of full public consultation.

421. The proposals in respect of public health aim to place it at the heart of the Health and Social Care system and further emphasise commitment to tackling health inequalities. The proposals aim to build on the work of the existing partnerships between public health and other sectors, including local government and health service delivery, to enhance the capacity and capability of these partnerships to achieve demonstrable improvements in key public health indicators.

422. A Northern Ireland tariff is planned to be introduced in shadow form in 2008/2009. The tariff is likely to be the average cost of providing most hospital procedures in relation to inpatients and daycase clients. The aim of the tariff is to provide incentives for providers to become more efficient. The 2008/2009 budget for health, community care & personal social services in NI is £2.881bn, the majority of which is allocated directly to the 4 Health & Social Services Boards.

423. Healthcare provision in NI is currently undergoing a period of unprecedented reform. The eighteen former Trusts have been streamlined into six. The Belfast Trust, with annual expenditure in 2006/07 of £905.7m, is now one of the largest in Europe. As part of its three-year comprehensive spending review, DHSSPS has identified £263m (3%) of efficiency savings that Boards must achieve by 2010/2011. These savings will be made available to reinvest in frontline services for patients.

424. To improve governance further reforms of health & personal social services in NI include the amalgamation of the 4 Health & Social Services Boards into one more streamlined Regional Board along with the emergence of a smaller more focused Department that will focus on policy and strategic direction. A Central Services Organisation will take over the role of support to all HPSS organisations in NI. Additionally a Regional Health Improvement Agency is to be formed.

4.3 Long-Term Care

4.3.1 Systems for Long-term care of older people

425. As with healthcare, responsibility for long-term social care of older people is devolved to the constituent parts of the UK. This report is therefore divided into separate country reports.

England

426. All people with support needs who are resident in a local authority's area are eligible for an assessment of their social care needs. Councils with social services responsibilities are responsible for determining eligibility for adult social care following a national eligibility framework which sets out 4 bands of need, ranging from "critical" to "low", describing levels of need against the seriousness of the risks to independence, or other consequences, if the needs are not met. Councils have discretion to decide which needs are eligible to be met against this framework. Guidance requires reviews at regular intervals to ensure that the care provided is still required, including a reassessment of the individual's needs.

427. Unlike healthcare, social services are not free to all, but are means-tested. Some people pay for all their social care out of their own money. Many people receive help from the state with this, either through welfare benefits or through social services funding. For example over 70 per cent of older people living in care homes get all or some of their costs met by their local council. In 2003-04 £3.4bn was spent on attendance allowance which is just one of the benefits paid by central government that helps people to stay living at home – which is what most people want.

428. For approximately 70% of people who use services (including older people) in England, local authorities with social services responsibilities commission and contribute towards the cost of social care. Approximately 30% of people organise and self-fund their social care. Some councils provide services directly, but the majority of providers of social care are largely private and voluntary organisations. Virtually all local authorities also provide services. The majority of local authorities means test for social care services, and apply eligibility criteria. There are 150 councils which have responsibilities for social care (district councils do not have this responsibility). At any time, up to 1.5 million people rely on social workers and support staff.

429. Instead of receiving pre-determined care services, in some circumstances people can choose to take money from their council to arrange and manage their own social care services – known as "direct payments". This gives them greater choice and control over the services they receive.

430. In England, patients can be assessed on the basis of health need for NHS Continuing Care or NHS funded nursing care.

431. The *National Framework for Continuing Care* was consulted upon and implemented 1 October 2007. The Framework sets out a single, national system for determining eligibility for NHS Continuing Healthcare and there is now a single band for NHS-funded nursing care.

Scotland

432. The Scottish Parliament confers on Scottish Ministers the Powers to provide comprehensive social care services in Scotland. Scottish Ministers in turn delegate these functions to 32 local authorities which are responsible for the delivery of services.

433. The local authorities have a duty under the Social Work (Scotland) Act 1968 to assess the needs of and provide appropriate services to people who appear to need them and decide, in the light of the assessment, whether they should arrange any services and, if so, which services. Any decision taken about care needs by social work departments should be based on a detailed assessment of the individual's needs and wishes. It is for the local authorities to determine how to manage their services to ensure they meet their statutory requirements.

434. The Scottish Government is committed to increasing the uptake of self-directed support (formerly known as "direct payments"), a means by which the money for social and health care services is provided directly to the individual enabling them to have more flexibility, choice and control over their care rather than receiving arranged services. Evidence shows that leading more independent lives brings

improvements in an individual's quality of life and emotional, physical and social health, helping to ensure that long-term care remains affordable.

Wales

435. In all, Social Services in Wales support 150,000 people. This service accounts for nearly £1.1 billion in public spending and employs over 70,000 people, and is governed by extensive legislation. Services are delivered by around 1,800 statutory, private and voluntary organisations. Often social services do not act alone, and partnership is crucial in much of what they do.

436. In Wales most social services are commissioned by Local Authorities. The twenty-two Local Authorities have the legal responsibility for planning, commissioning and providing services and for safeguarding individuals. The Welsh Assembly Government is responsible for setting the policy direction, setting standards, regulating and inspecting services, providing funding and guiding local authorities on their social services functions. Most services are provided by the independent sector that has a legal duty to provide support in ways that meet individual's needs.

Northern Ireland

437. Northern Ireland is the only country within the United Kingdom in which Healthcare & Personal Social Services is integrated. This undoubtedly assists in the smooth co-ordination of services. Social Care for older people accounted for £422.5m of expenditure in 2006/2007. Residents aged 65+ make up 7.2% of the NI population and this figure is forecast to continue rising.

438. The resource allocation formula employed by the DHSSPS has recently undertaken a review of the older people care element that has produced new age/gender cost and organisation need weightings that will target a higher proportion of available resources to the older populations' growing health & PSS needs. As in healthcare, additional resources are being channelled into the community care settings to allow the older population to remain within their local communities. Examples are meals on wheels, aids & appliances, domiciliary care, Residential and Nursing Homes. There is also a programme to facilitate clients rehabilitating from a hospital setting to get back to full independence in stages of Nursing Home, Residential Home, domiciliary care, and full independence. Long term care of older people takes place in a variety of settings and via a combination of independent, statutory and voluntary organisations as well as unpaid carers.

4.3.2 Priority policies relating to common objective (j)

England

439. Advances in public health, healthcare and changes in society mean that we are living longer, and as communities become more diverse, the challenges of supporting that diversity becomes more apparent.

440. The Government engaged with a large number of citizens, including older people, before setting out the way forward for health and social care in a White Paper in 2006 (*Our health, our care, our say*). What people told us was that they want adult social care services to focus on increasing people's independence and promote inclusion in communities through early intervention and promotion of well-being. Our ambition is to meet this aspiration through a radical reform of social care and make personalisation the cornerstone of social services. What this means is every person receiving support, in whatever setting, having choice and control over the shape of that support.

441. *Putting People First* (December 2007) set out a cross-sector commitment to personalising public services and the need for the state to empower citizens to shape their own lives and the social care

services they receive. It articulates the common aims and values and signals recognition of the need to work across shared agendas with users and carers to transform people's experience of local support and services. It builds on *Our health, our care, our say* in shifting the focus away from intervention at the point of crisis to a more pro-active and preventative model.

442. Individual Budgets have been piloted in 13 local authorities for people eligible for services from the local authority's social services department. In addition to social care, a number of other income streams have been tested: Independent Living Funds, Supporting People, Access to Work, Disabled Facilities Grant, and Integrated Community Equipment Services. The central idea behind the individual budget concept is to provide individuals who need support with greater choice and control over this and to place the person at the centre of the process. People have been enabled to design their own support in a way that best suits their own particular requirements with the knowledge early in the process of the level of finance that is available to them, and to manage the funding to provide that support (with help from a broker or advocate, family or friends if needed). People have been able to take this as a cash payment, a notional sum and a service or a mixture of both. The pilot ended in December 2007. Ministers will now decide how to take the programme forward in the light of a recently submitted evaluation report.

443. Most people rely on families and friends rather than formal social care, for at least part of their needs. The Government values the contribution that informal carers make and has taken a number of steps to support carers. This includes giving councils over a billion pounds since 1999 to enable them to support carers with breaks and other services and supporting legislation giving carers new rights including the right to an assessment of their own needs.

444. In addition, we are developing a new deal for carers. This will include:

- An additional £25m a year to provide emergency cover for carers who are temporarily unable to care due to a crisis.
- An information/helpline for carers which will give them access services and support for themselves and the person they care for.
- An Expert Carers Programme to provide carers with training.
- The publication of a revised national carers' strategy which will give us the blueprint for carer support in the future.

Scotland

445. Following on from the work of the Royal Commission Scotland introduced Free Personal and Nursing Care in July 2002 and was aimed at providing support to those people who were expected to pay for their care. People who live in care homes and pay their own fees will receive payments of £67 per week if they require nursing care and if they are aged 65 and over they are also eligible for payments of £149 per week towards the cost of their personal care. People at home aged 65 and over who receive personal care services from the local authority are not charged for them either through arranged services or through self-directed support (formerly known as 'direct payments').

446. The Scottish Government recognises the invaluable contribution unpaid carers make to Scottish society and has made support for carers one of its priorities. That is why its Concordat with local government includes a commitment to make progress towards an additional 10,000 respite weeks a year. In addition, revised respite guidance will support Scottish local authorities to plan and develop preventative, personalised respite which meets the needs of both service users and carers.

447. Health Boards are being allocated additional funding to develop and implement local Carer Information Strategies, to improve carer identification, information and training; helping to support carers to continue in their caring role whilst protecting their own health. Carers also have the right to have their support needs assessed by their local authority.

448. The Scottish Government is working to ensure that mainstream support for children and young people addresses the needs of young carers. Also, the development of a young carers' services self-evaluation toolkit and a National Young Carers Festival will help to promote the importance of quality support for young carers and will raise the profile of this group.

Wales

449. Services in Wales are broadly similar to those in England. The Welsh Assembly Government acknowledges the vital contribution made to society by the many unpaid carers in Wales, who look after relatives or friends who are frail, sick, disabled or vulnerable. The Welsh Assembly Government is committed, through its Carers Strategy, to supporting carers, enabling them to obtain the information they need, and ensuring that they have access to relevant and flexible services and support at local level.

450. In February 2006, the Welsh Assembly Government announced a significant package of investment to support older and disabled people through a range of initiatives. These have reduced for disabled and older people the burden of paying for home care while at the same time offering them, and their carers, additional services and support.

Northern Ireland

451. In May 2001 the former Northern Ireland Assembly Executive asked that an Inter-Departmental Group be established to examine the costs and other implications of introducing free personal care for residential care and nursing home residents. This work was suspended during direct rule. Following the restoration of devolution in May 2007 the Minister commissioned a report on the cost of introducing free personal care. This report has been completed and the Minister is currently giving consideration to its conclusions within the context of the recent Budget settlement.

452. Direct Payments, which are cash payments in lieu of social care provision, have been available in Northern Ireland since 1996, however, the uptake among service users has been historically low. The Department initiated a Review of Direct Payments in 2004 in order to promote their use in Northern Ireland and to increase uptake. The work of the review group has resulted in the number of users increasing by almost 800% in four years.

4.3.3 Priority policies related to community objective (k)

England

453. Users of services generally prefer to be supported to stay at home if at all possible and the Government has made this a priority, originally setting a target to increase the number of people supported intensively to live at home to 30 per cent of all those being supported by social services at home or in residential care. The figure rose from 29 per cent to 30 per cent in 2003-04, meeting the original target two years ahead of the target date. The target was extended to:

- Increasing the proportion of older people being supported to live in their own home by 1% annually in 2007 and 2008; and
- Increasing, by March 2008, the proportion of those supported intensively to live at home to 34% of the total of those being supported at home or in residential care.

454. This target was met in 2007, when the percentage of older people supported intensively to live at home in 2006-07 reached 35.1 per cent of the total supported by councils in residential care and in their own homes (*Community Care Statistics 2007. Home Care Services for Adults, England* - The NHS Information Centre, March 2008).

455. The National Service Framework for Older People was published on 27 March 2001. This set out a comprehensive ten year strategy to ensure fair, high quality integrated health and social care services for older people.

456. The Government has sought to improve joint working between health and social services. For example The Health Act 1999 introduced new powers to allow councils to set up new joint working arrangements with the NHS to pool funds, delegate functions to enable integrated provision and lead commissioning. The Health and Social Care Act 2001 further promoted the aims of integrating health and local authority services for vulnerable people, introducing a new policy for the formation of Care Trusts.

457. The White Paper *Our health, our care, our say* published in January 2006 sets out the Government's vision for the future of social care as part of an integrated service outside hospital. The need for local government and the NHS to work in partnership through an integrated approach to commissioning is reinforced in *Putting People First*.

458. Social care service providers are regulated and inspected by the Commission for Social Care Inspection (CSCI), which is independent of government. The Government is committed to merging CSCI with the healthcare regulator, the Healthcare Commission, and the Mental Health Act Commission to create a single, integrated regulator of health and social care, the Care Quality Commission.

Scotland

459. In Scotland, social care services, as well as independent healthcare services, are regulated by the Care Commission under the Regulation of Care (Scotland) Act 2001. The Care Commission regulates these services against the requirements in the Act, the associated regulations and taking account of the National Care Standards (of which there are currently 23 sets) published by Scottish Ministers.

460. For many years community care policy in Scotland has been to enable people to live as normal a life as possible in their own homes. *Better Outcomes for Older People* (May 2005) is a framework for joint services for older people. The Framework signposts the way that joint and integrated services should be provided – in partnership between individuals and their carers, health, housing and social care organisations, in the statutory and independent (voluntary and private) sectors.

461. Its aim is to ensure older people get the services they need, regardless of which agency provides the service. By improving the quality and access to many services outside the NHS - these include housing, transport, social care, physical activity - older people will gain an improved quality of life and health problems can be mitigated or prevented.

462. *The Future Care of Older People in Scotland* (May 2006) sets out a vision for care that has to be worked out locally, with an emphasis on:

- Health improvement – keeping people well, maximising their independence and well-being in later life, so they are healthy when they are older
- care provided at home, within an agreed risk assessment and resource framework
- Care that provides benefit, is the minimum required, and takes account of the wishes of the person
- Care based on the person's individual needs, so they get the service they need when they need it, regardless of who provides it older people seen as citizens, with important roles in supporting families and within communities, the biggest providers of support to other older people, and having both rights and responsibilities.

To deliver these, quality and flexibility are vital.

463. The Social Work Inspection Agency was established in 2005, replacing former inspection arrangements with a much more rigorous approach, based on a national Performance Inspection Model.

Wales

464. The Welsh Assembly Government has developed a comprehensive and integrated Strategy for Older People in Wales following extensive consultation with all partners including older people themselves. It provides a 10 year framework for statutory bodies in Wales to plan for the implications of an ageing society and improve services to older people. The Strategy was launched in January 2003. In 2007, the Welsh Assembly Government established a Commissioner for Older People in Wales, Ruth Marks MBE, whose role is to speak up on behalf of older people and be their champion. She will have an important part to play in taking forward the Assembly Government's agenda of tackling age discrimination wherever it occurs, promoting positive images of ageing and giving older people a stronger voice in society. She is a source of information, advocacy and support for older people and will seek to ensure that their interests are taken into account by public bodies such as the Assembly and local authorities.

465. *Making the Connections* (2005) sets a vision for Welsh public services, and expects that they will share common goals and work well together, and will be citizen-focused, responsive to community needs, more efficient, and driven by a commitment to equality and social justice. In support of this strategy, Local government and NHS bodies have come together with other local bodies in Local service Boards.

466. Care providers are inspected by the Care Standards Inspectorate for Wales (CSIW), and the Social Services Inspectorate for Wales (SSIW) evaluates the performance of social service authorities and undertakes joint reviews with the Wales Audit Office. SSIW also collaborates with Health Inspectorate Wales when reviewing services at the interface of health and social care.

Northern Ireland

467. Comprehensive and consistent assessment of care needs is absolutely central to the development and delivery of appropriate, safe and effective care services. With this in mind, the DHSSPS in Northern Ireland commissioned the development of a single comprehensive assessment process. The principle product of this work will be a single tool for assessing the health and social care needs of older people but the learning and outcomes arising from this project could also inform further projects to apply common principles to the assessment of needs amongst other groups. The development of the Northern Ireland Single Assessment Tool (NISAT) is in the final stages of completion and the project will then move into an implementation phase.

468. Recognising that older people prefer to remain in their own homes wherever possible, the Department established a Public Service Agreement target stating that by 31st March 2010 45% of people in care management should have their assessed care needs met in a domiciliary setting.

469. There have been substantial increases in the level of funding provided for social services in recent years and funding is set to increase in the years ahead. Over the next three years, Personal Social Services (PSS) will receive an average real terms increase of 1% per year – worth £2.6bn by 2010/11. Funding for 2008/09 is £24.08bn, £24.920bn in year 2009/10 and £25.76bn by year 2010/11. In addition, for social care, direct Department of Health funding for grants, including those for carers, mental health and the social care workforce, will see an increase by an average 2.3% real per year, worth £190m over the three years 2008/09 to 2010/11.

4.3.4 Priority policies related to community objective (I)

England

470. Local Councils, who are responsible for administering PSS, will also receive £520m in new ringfenced monies through the Social Care Reform Grant. The expectation is that by 2010/11 councils will have made significant steps towards redesign and reshaping their adult social care services, with the majority having most of the core components of a personalised system in place. The Government has worked with local authorities to ensure that this extra resource is sufficient to meet the future pressures on the social care system.

471. The Government recognises that the aging population will put greater pressure on care services over the next 10 to 20 years. The Government plans to publish a cross-governmental Green Paper early next year, which will set out reform options for the care and support system, to make sure it is sustainable in the face of demographic change and able to work better for more people in the future. Ahead of the Green Paper, the Department of Health is leading a period of engagement and debate with the public and stakeholders to reach a shared understanding about the issues we face, and the type of solution we want. The debate will be wide and far-reaching leading up to the end of the year. The findings of the debate will be used to inform the development of reform options in the Green Paper

Scotland

472. The Scottish Government will be providing local government in Scotland with record levels of funding over the period covered by the spending review 2008-2011. The vast majority of the funding, including the funding for community care services, will be provided by means of a block grant. As part of the new Concordat, the Scottish Government has been working with each local authority to develop Single Outcome Agreements based on national outcomes and taking account of local priorities. It is the responsibility of each local authority to allocate the total financial resources available to it to achieve the agreed outcomes, and the Scottish Government will monitor performance to make sure that our shared national priorities are achieved.

Wales

473. In 2005-06 the Revenue support Grant included an extra £12 million provided to help local authorities to address pressures in the health and social care system including supporting more people to be cared for at home and in communities and the costs associated with meeting higher standards of care.

474. In 2006-07 the Revenue support Grant included an extra £45 million provided to help local authorities to address pressures in the social care system, including supporting more people being cared for at home and in communities, avoiding admissions to hospital, improving commissioning and addressing the costs associated with meeting higher standards of care and other pressures identified by the Expenditure Sub Group from an ageing population. There was also an additional £1 million for more investment in direct payment arrangements.

Northern Ireland

475. The trend to increase levels of funding for community care & personal social services in recent years continues. Funding for older people in 2005/2006 & 2006/2007 was £468.5m & £504.3m respectively. This is expected to rise again by 5.5% in 2007/2008.

476. Public consultation will take place in Spring/Summer 2008 regarding proposed revisions to the Acute & Older People Care elements of the resource allocation formula. Groups consulted will be District Councils, Health & Social Care providers, voluntary organisations and the general public.