



United Kingdom

Assessment of the 2008-2010 National Reform Programmes for Growth and Jobs from a social inclusion perspective: The extent of synergies between growth and jobs policies and social inclusion policies

A Study of National Policies

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Summary

- This report focuses on the NRP as a document prepared as a summary of policies for the European Commission, and comments on it from a social inclusion perspective.
- The NRP was written before the global financial debacle and the signs of an economic recession in the UK the nature and depth of which are difficult to predict. We anticipate the Implementation Report will take the current situation more fully into account.
- Over the past year, sustainability of jobs and local labour markets were emerging issues; other political priorities blunted the government's attack on child poverty; and the debate over the 10p tax rate was seen as undermining belief in the government's sense of fairness. The devolved administrations continued to develop more progressive policies.
- The NRP is a report, not a developing strategy; it lists a range of economic reform and employment measures, rather than being a process which links these with other policies.
- As in previous years, the links with social inclusion are more evident in the employment section of the report than elsewhere; it reads as two different documents.
- What is not included is as important as what is. Eg tax policies are not discussed, despite their importance for the economy, employment and inclusion. (Likewise, tax (and most social protection) policies, despite their centrality, are not considered in the NSRSPSI.)
- Economic policies are portrayed as inherently social; alternative economic/employment policies more or less conducive to social inclusion are not presented.
- Inequality is not tackled head on as critical for the economy or for social inclusion.
- The recommendations to the UK included improvements in skills levels and employment and skills integration to improve productivity and increase opportunities for the disadvantaged; increasing the housing supply; and a focus on R and D.
- Feeding out: the chapter on employment emphasises the 'flexibility' rather than the 'security' side of flexicurity. The future of the government's focus on supply side policies, light regulation for business and ever increasing conditionality is uncertain in the context of the recession. 'Make work pay' policies continue to evolve, but have inherent limitations due to their means-tested nature. Reports suggested that moves to further improve the reconciliation of work and family life might be a casualty of the recession.
- Feeding out and economic policies: civil service cuts may impact on the quality of service. The limits to market-based approaches to affordable energy supply and digital inclusion are increasingly being recognised and addressed; but closures of banks and post offices threaten the achievement of the government goal of financial inclusion for all.
- Feeding in: there is no mention of active inclusion, despite the UK's championing of it at EU level; and rights to adequate income and quality services are not considered alongside active labour market policies (which receive huge emphasis). Thinking on education/training/lifelong learning is better integrated. Although women are mentioned sometimes, there is not a consistent gender perspective, despite the contribution that this

could make to economic as well as social inclusion goals. A recent study has estimated the significant economic cost of child poverty to the country.

- Governance: the government held a one-off seminar and online consultation on the NRP, but the engagement process does not seem to be as structured as it is for the NAP.
- Unemployment is now rising fast because of the recession. Childless people will be hit hard by poverty as a result because of the low level of their benefits; but the recession also threatens to increase child poverty again. The Flexible New Deal will come under pressure and the public may be more reluctant to save. Some commentators foresee a resurgence of values which emphasise fairness/equality.

A. Overall assessment of implementation of the 2005-2008 NRPs during the past year from a social inclusion perspective

A.1. Social dimension and evidence of feeding in and feeding out since 2007 IR

The 2007 Implementation Report (IR) included as priorities employment opportunities for all; ensuring fairness by delivering world-class public services; and addressing environmental challenges. However, it largely failed to integrate social goals, with little mention of the social OMC and none of feeding in/out, and social inclusion mentioned only in relation to employment.

Developments over the past year and plans for the future are discussed together under each section in the NRP; so it is difficult to pick out recent changes. However, leaving aside the looming clouds of financial crisis and economic recession, and the increasing focus on skills (B. below),¹ two issues linking social inclusion and economic/employment goals could be seen as gathering momentum over this period. One is the increasing concern over the (lack of) sustainability (and, linked with this, quality) of jobs entered by workless people.² One report noted that 40% of claimants were back on benefits within 6 months;³ yet proposals for the new contracts for private and voluntary sector providers only extend the definition of sustainability from 13 to 26 weeks.⁴ The Strategy Unit produced an overview of the issues involved in sustainability and progression.⁵ Another relevant emerging issue was the importance of local labour markets to achieving full employment. This is expounded not only by local government, but also by some researchers who urge more focus on the demand side of employment policy and a regional perspective, as well as employment quality.⁶ This focus may be expected to increase in the context of recession.

The policies of the devolved administrations were already diverging from those of Westminster, usually by pursuing more inclusive policies within the limits of their remit. The devolved administrations have placed less weight on 'choice' in public services, and have more services

¹ Department for Work and Pensions and others (2008), *Ready to Work, Skilled for Work: Unlocking Britain's talent*, Cm 7316, London: TSO.

² See, for example, National Audit Office (2008), *Sustainable Employment: Supporting people to stay in work and advance*, HC 32 (Session 2007-08), London: TSO.

³ Public Accounts Select Committee (2008), *Sustainable Employment: Supporting people to stay in work and advance*, HC 131, Thirteenth Report (Session 2007-08), London: TSO.

⁴ According to the Department for Work and Pensions' commissioning strategy.

⁵ Strategy Unit (2008), *Life Chances: Supporting people to get on in the labour market*, London: Cabinet Office.

⁶ Theodore, N. (2007), 'New Labour at work: long-term unemployment and the geography of opportunity', *Cambridge Journal of Economics* 31:6.

free at the point of use (eg school meals, prescriptions, home care etc.). This tendency seems to have increased over the past year. The Welsh Assembly Government consulted on a duty on all public agencies to make a contribution to tackling child poverty. Scotland set a target to increase the overall income and the proportion of income of the three lowest income decile groups by 2017;⁷ and this is described as 'taking forward the government economic strategy', ie it is seen as relevant to economic as well as social goals.

The withdrawal of the 10 pence tax rate was matched by a cut in the basic income tax rate. But the low paid of working age lost out. Some could be compensated via tax credits; but this still left many partly or wholly uncompensated. So the government also agreed an increase in personal tax allowances in 2008/09. It is not yet clear if this will be continued. A complex means-tested mechanism to compensate some losers was not enough; and the episode was widely seen as threatening to leave a lasting legacy of mistrust of the government's sense of fairness. NGOs active on child poverty confronted the government about the failure to take more meaningful steps towards halving child poverty by 2010, contrasted with the decision to effectively increase the inheritance tax threshold. Budget 2008 proposed further positive policies (including disregarding child benefit in housing/council tax benefit, increases in child tax credit etc). But this may be too late for the 2010 goal; and the government still has not increased out of work benefit rates for working age adults in real terms, despite the publication of minimum income standards showing that the rates are well below even these modest levels.⁸

A.2 Good examples of feeding in and feeding out

There are no specific examples that we would wish to highlight.

B. Assessment of the 2008-2010 NRPs from the perspective of social inclusion

B.1. Overall assessment

This report focuses on the NRP as a document prepared as a summary of policies for the European Commission, and comments on it from a social inclusion perspective.

B.1.1. Social dimension and feeding in and feeding out

The NRP was written before the global financial debacle.⁹ Plans for recovery are proceeding at European and member state level. We would anticipate that the Implementation Report will take the current situation more fully into account.

⁷ Scottish Government (2008), *Taking Forward the Government Economic Strategy: A discussion paper on tackling poverty, inequality and deprivation in Scotland*, Edinburgh: Scottish Government.

⁸ Bradshaw, J. *et al.* (2008), *A Minimum Income Standard for Britain: What people think*, York: Joseph Rowntree Foundation.

⁹ In its response to the Treasury Select Committee's report on Budget 2008, the government pointed out, however, that it did, in documents published alongside the 2008 Budget Report, provide an enhanced discussion of the risks to the UK economy and econometric analysis of its resilience. The Treasury estimated that the UK's flexible economy would be able to facilitate adjustment to the global economic shocks which were likely.

The government's long-term goals are: maintaining macroeconomic stability; sustainable growth and prosperity; ensuring fairness and opportunity for all; creating stronger communities and effective public services, and improving housing; ensuring an environmentally sustainable world.

The NRP calls for an effort across the EU to explain to its citizens how economic reform can lead to improvements in living standards and wellbeing and is integral to social and environmentally sustainable progress (p 4). In other words, the government believes its economic policies have positive social impacts in and of themselves. The NRP does not convey a sense of a choice between alternative economic reform and employment policies which may be more or less conducive to tackling poverty, social exclusion and inequality. An overview of 'New Labour's' policies since 1997 argues that its record has reflected a balance of priorities between a market-led strategy for economic growth and welfare policies for social justice;¹⁰ the market-led strategy is by and large the one that the NRP presents.

Welfare reform policies incorporate an extension of conditionality and more support in terms of additional resources to move a wider range of groups into work. The 'social bridges' approach developed by the Treasury with Sweden's and Germany's finance ministries (p 22) emphasises the link between human capital development and social inclusion, combining 'flexibility and fairness while providing opportunity for all'. This sees security as 'the ability to manage and take advantage of change', rather than being provided through social/employment rights. But other EU countries seem to prefer to continue to develop the concept of 'flexicurity', rather than adopting this language of 'social bridges'.

The inclusion of the 20/80 overarching EU indicator suggests that reducing inequality is seen as an important goal. A recent OECD report described income inequality in the UK as large in comparison with others;¹¹ and an ILO report argued that huge differences in income inequality can be damaging for most economies.¹² The NRP does not discuss this issue.

The country specific recommendations and 'points to watch' included:

- The implementation of plans to substantially improve skills levels and establish an integrated employment and skills service to improve productivity and increase opportunities for the disadvantaged
- Progressive increase in the housing supply to meet medium-term demand pressures
- Ensuring progress towards the R and D intensity target (especially in relation to services)

In response, the NRP reports on increased spending on higher education and skills, public investment in the science base and housing. There is a Public Service Agreement (PSA) to raise productivity; but this is linked more to macroeconomic stability and removing barriers to efficient functioning of markets than to skills. The government has published three recent documents on skills, and cites the resulting new developments. The employment chapter (pp 31-38) focuses on jobs offering chances to progress, and claimants having the responsibility to improve their skills if necessary. The Flexible New Deal (from 2009) also puts more emphasis on skills and training.

¹⁰ Driver, S. (2008), 'Poverty, social justice and the Labour government 1997-2007', *Benefits* 16:2, 157-167.

¹¹ Pearson, M. (2008), *Growing Unequal? Income distribution and poverty in OECD countries*, Paris:OECD. (Figures go up to 2005.) See also Brewer, M. et al. (2008), *Poverty and Inequality in the UK: 2008*, London: Institute for Fiscal Studies.

¹² International Labour Office and International Institute for Labour Studies (2008), *World of Work Report 2008: Income inequalities in an age of financial globalisation*, Geneva: ILO.

Innovation is a key theme of the NRP. Its perspective could benefit from the more rounded view proposed in a new report, which argues that innovation policies by cities are too narrowly focused on science and technology, whereas a more general approach encompassing transport, planning and affordable housing would be more successful.¹³ The NRP says that public procurement could be used to encourage innovation. A recent study found that using social inclusion clauses in public purchasing contracts delivered new training, apprenticeships and jobs.¹⁴ The NRP does not explore this, although guidance exists on how to take social policy issues into account in public procurement.¹⁵

B.1.2 Links between NRP and SPSI process

It is stated (p 12) that the NSRSPSI is prepared in coordination with the NRP. The Social Policy Task Force (a grouping of NGOs which work on the NAP) was again invited to attend the seminar held to discuss the NRP, and the Department for Work and Pensions was one of the departments hosting this. However, apart from the employment chapter the reports still seem to be separate.

B.2. Feeding out

B.2.1 Employment and feeding out

- Flexicurity

The NRP emphasises the flexibility side of flexicurity, with a focus on market openness and competition (eg p 13); the implications for social inclusion are not spelt out. Lighter regulation is a key theme of the NRP (eg pp 14, 16) (although 'essential protections' should be continued). However, a Select Committee report said that the benefits of cutting regulation on employers have been over-estimated.¹⁶ The NRP suggests the possibility of simplified inspection, enforcement and guidance. The TUC Commission on Vulnerable Employment did find ignorance amongst small employers to be a problem; so the proposed review (p 15) is welcome. But researchers also found some employers blatantly flouting the law, as well as workers fearful to enforce their rights.¹⁷ Neither of these is emphasised in the NRP, although the Employment Bill 2008 introduced new penalties for employers not paying the minimum wage and agencies exploiting their workers.

The employment chapter (pp 31-38) focuses on policies for progression within jobs, which it argues 'give effect to the principles of "flexicurity"' (p 31). This is a limited (albeit positive) interpretation, supplemented by the broader list in the footnote on the same page.

¹³ Webber, C. (2008), *Science and the City*, Centre for Cities.

¹⁴ MacFarlane, R. and Cook, M. (2008), *Community Benefits in Public Procurement*, Edinburgh: Scottish Government.

¹⁵ Office of Government Commerce (2008), *Buy and Make a Difference*, London: OGC.

¹⁶ House of Commons Public Accounts Select Committee (2008), *Reducing the Cost of Complying with Regulations: The delivery of the administrative burdens reduction programme 2007*, Thirty-second Report (Session 2007-08), HC 363, London: TSO.

¹⁷ Griffin, L. (2008), *Evaluation of the Vulnerable Worker Pilots: Interim report*, Employment Relations Research Series 98, London: Department of Business, Enterprise and Regulatory Reform.

- Job creation

In the past, the government has emphasised a supply side approach. The report says that the main barrier to full employment in future will be lack of skills (p 32). It will be interesting to see if this focus changes in the recession; already, the Cabinet Office has been asked to focus on saving jobs in small businesses. One PSA goal is maximising employment opportunity for all; and there is a goal of narrowing the difference between the overall employment rate and those for disadvantaged groups. There is also a PSA to increase the proportion of socially excluded adults in settled accommodation and in employment, education or training; and a draft regeneration strategy puts enterprise and jobs at the centre.

A clear emphasis of the UK's employment strategy, however, is the increasing conditionality imposed on those out of work, both the unemployed and increasingly those in other groups (including lone parents, who will be expected to actively seek work when their children are younger; and incapacity benefits claimants, many of whom will have to make moves towards work as a condition of benefit under the new employment and support allowance). This will be reinforced for long-term claimants by the use of private contractors, who will be paid by results. But there is evidence that benefit sanctions seem to have a negligible impact on labour market behaviour, at least for lone parents.¹⁸ The government has commissioned a review of conditionality, alongside discussion on welfare reform.¹⁹ It remains to be seen how appropriate this emphasis on conditionality will feel in the recession. Whilst users will have a choice of provider, there are no moves to give them a meaningful voice in the shape of the benefits/employment services system. And the previous hints by the prime minister about positive incentives in a 'contract out of poverty'²⁰ (including a possible work search premium for those on benefit) appear not to have been pursued. More effort is being put into strategies to try to stop people having to leave work for good when they have health problems; and a feature of the Green Paper on welfare reform which attracted praise was the proposed doubling of the money for adaptations in work to help disabled people.

- Adequate income from work

Just getting into work is sometimes seen as providing an adequate income. 'In-work poverty' is not a straightforward idea, since poverty is usually measured on the basis of net weekly income for a household and wages are gross, hourly and individual. However, there is still a problem in this area in the UK. The government has introduced the return to work credit (£40 per week tax-free for a year for certain groups returning to work of 16 hours per week or more on low pay),²¹ which may imply that the current tax credits scheme is too complicated and uncertain to give enough confidence about future income for some groups entering work.²² It is operated on a much simpler means test. A further in-work credit is now being introduced.

¹⁸ Goodwin, V. (2008), *The Effects of Benefit Sanctions on Lone Parents' Employment Decisions and Moves into Employment*, Department for Work and Pensions Research Report 511, Leeds: Corporate Document Services.

¹⁹ Department for Work and Pensions (2008), *Noone Written Off: Reforming welfare to reward responsibility*, Cm 7363, Green Paper, London: TSO.

²⁰ Gordon Brown MP, speech, 15 February 2008.

²¹ £60 for lone parents in London. There is also a new credit to ensure that lone parents (and others entering work after a certain time on benefit) are at least £25 per week better off, taking into account in-work benefits, than on out of work benefits. Whilst each new credit is simpler in itself, together with other in-work benefits to cover housing costs and local taxes the whole becomes very complex.

²² See Community Links, Low Income Tax Reform Group and Child Poverty Action Group (2008), *Interact: Benefits, Tax Credits and Moving into Work*, London: Community Links/LITRG/CPAG.

The emphasis in the UK on means-tested assistance to try to make work pay has resulted in an increase in the number of households facing high marginal deduction rates (MDRs), although the numbers facing the highest MDRs have decreased. However, this does not feature in the NRP as an important issue. Take-up of tax credits has been higher than that for previous in-work supplements, though it is known that take-up of working tax credit is particularly low amongst childless people.

- Reconciliation of work and family life

The government has introduced a range of policies in this area, though these are not described in any detail here. Moreover, the new Secretary of State for Business, Enterprise and Regulatory Reform has implied that in the current economic climate the proposed extension of the right to request flexible hours of work is at risk; there have been vigorous protests in reaction to this. There are a few paragraphs on childcare (p 38); though there is no longer a recommendation on childcare to the UK now, in recognition of improvements made, issues of affordability and quality persist. One recent article suggests that the mixed market economy as the main way to deliver childcare and family support provision results in separate markets for low income groups and the better off and hinders achievement of the government's child poverty outcomes.²³ As several commentators have argued, the government should challenge more proactively the gendered division of labour which often results in the reconciliation of work and family life being seen as only a women's issue.²⁴

- Older workers and active ageing

The government's employment PSA goal includes increasing the employment rate of those aged 50 and over. With the pension age going up in future, this will include larger numbers, at a time when the recession is likely to make the employment of disadvantaged groups harder. The measures in the NRP (p 37) are much vaguer than those for other groups of workers.

- SMEs' contribution to creating employment for those distant from the labour market

An Enterprise Strategy identified 'enablers' to enterprise. There is some emphasis on women in the description of measures to help small businesses and entrepreneurs to get the finance they need (p 14), and policies to provide women with business skills (p 16). An advisory committee will look at barriers to SMEs competing for public sector contracts. But there does not seem to be any explicit link between policies on SMEs and those distant from paid work.

²³ Lloyd, E. (2008), 'The interface between childcare, family support and child poverty strategies under New Labour: tensions and contradictions', *Social Policy and Society* 7:4.

²⁴ See, for example, Himmelweit, S. and Land, H. (2007), *Supporting Parents and Carers*, Manchester: Equal Opportunities Commission; and (2008), 'Reducing gender inequalities to create a sustainable care system', *Viewpoint*, York: Joseph Rowntree Foundation.

B.2.2 Economic growth, financial sustainability and feeding out

- Impact of 'fiscal consolidation' on social protection systems

Whilst 'fiscal consolidation' is not mentioned, it is not yet clear what impact commitments to the banking sector, increasing public debt, will have on social protection etc. The NRP records that the comprehensive spending review goes further than previous proposals for savings, with stricter scoring.²⁵ Some savings are intended to be achieved by reductions in front-line staffing due to increasing use of technology. However, there have been problems such as data losses and concerns about data sharing; and many of the most disadvantaged also prefer personal contact. The Treasury Select Committee suggested that the government should only record efficiency savings if service standards are maintained.²⁶ But advice agencies believe staff cuts are causing problems for claimants (eg in obtaining crisis loans).

- Impact of changes in fiscal policies on social inclusion

There is no systematic coverage of tax changes in the NRP; but some recent changes have worsened inequality. A committee of Peers has also criticised the formulation of tax policy as taking it in an uncertain direction, exacerbated by poor consultation.

It has been argued that extending unemployment insurance (or increasing other similar payments) provides an effective fiscal stimulus to counter recessions.²⁷ But the generosity of some national insurance benefits has been reduced in recent reforms.²⁸

- Impact of efforts to address territorial differences and regional gaps on social inclusion

The NRP mentions a plan to introduce a new economic assessment duty on local authorities in 2010, to empower them to promote economic development. There are a few examples of initiatives from regional development agencies etc. But in general there is not much emphasis on territorial differences and regional gaps or their relationship with social inclusion issues. (See A. above about local labour markets as an emerging issue over the past year.)

- Social impact of liberalisation of services, including energy utilities

Links between the EU Sustainable Development Strategy and the Lisbon process are described as increasing competitiveness, economic growth and job creation (p 25). 'Open and competitive' energy markets (p 25, p 26) are seen as the best way to secure security of supply at affordable prices; but the energy regulator, whilst acknowledging that this works for most, has proposed measures to ban unfair price differentials which bear hardest on those on lower incomes.²⁹ One energy policy goal is 'to ensure that every home is adequately and affordably heated' (p 26). Rising energy prices have jeopardised this, however, with growing numbers falling into fuel poverty (spending over one tenth of income on fuel); in 2008 there are an estimated 3.5 million in

²⁵ Also see HM Treasury (2008), *Operational Efficiency Programme: Prospectus*, London: HMT.

²⁶ Treasury Select Committee (2008), *The 2007 Comprehensive Spending Review: Government response to the Committee's first report of session 2007-08*, Sixth Special Report of 2007-08, HC 428, London: TSO.

²⁷ See Elmendorf, D.W. and Furman, J. (2008), *If, When, How: A primer on fiscal stimulus*, Washington: The Brookings Institution (The Hamilton Project), cited by Will Hutton in *The Observer*.

²⁸ See, for example, Franco, A. (2008), 'The economic impact of the employment and support allowance', *Benefits* 16:3.

²⁹ OfGEM (2008), *Energy Supply Probe: Initial findings report*.

England, compared with 3.4 million in 1998.³⁰ Calls for a windfall tax on energy firms have been rejected.

- Access to the internet for those experiencing poverty and social exclusion
 The NRP (pp 21-22) also stresses the government's belief in a market-based approach to household internet access. Take-up of broadband is 59 per cent. There is no discussion of households not taking up access or of ways in which they might be helped. Neither is there consideration of increasingly internet-based avenues of communication with service users. However, since the NRP was published, the government has appointed an independent 'digital champion' to examine ways to include the 17 million currently without digital access,³¹ and has published research on digitally excluded groups.
- Financial inclusion and people at risk of poverty and social exclusion
 There is no reference to financial inclusion in the NRP, although the government has done a lot of work on this,³² and is currently consulting on removing restrictions on the operation of credit unions. One author urges the government to take greater account of the uneven [market-driven] geography of retail financial services production and consumption.³³ Debt advisors suggests that some people on low incomes mistakenly open the kind of account which can become overdrawn when benefit/tax credit payments are delayed.³⁴ The government has put additional resources into debt and money advice, and is also pursuing prevention via financial education. Advisors are already anticipating an avalanche of demand for money advice given the financial crisis and the recession.
- Access to housing and people experiencing poverty and social exclusion
 The report (p 35) makes a link between social housing and joblessness. A government-commissioned study did not show that social housing provided a barrier or disincentive to work for the vast majority, or consistent evidence of 'cultures of worklessness' in deprived areas.³⁵ Any link may instead be seen as a product of the increasing selectivity of social housing, which could be solved through creating more mixed communities.³⁶ The proposal floated by one former housing minister (to make access to social housing conditional on active jobsearch if appropriate)³⁷ was criticised and has not subsequently been pursued.

³⁰ Department of the Environment, Food and Rural Affairs and others (2008), *UK Fuel Poverty Strategy: 6th Annual Progress Report 2008*, London: DEFRA and others.

³¹ Department for Communities and Local Government (2008), *Digital Inclusion: An action plan for consultation*, London: DCLG.

³² Department for Business, Enterprise and Regulatory Reform and other departments (2007), *Tackling Over-Indebtedness: Annual report 2007*, London: BERR.

³³ Leyshon, A. *et al.* (2008), 'Financial exclusion and the geography of bank and building society closure in Britain', *Transactions of the Institute of British Geographers* 33:4.

³⁴ A basic bank account can avoid this consequence but may not be promoted as proactively by some banks.

³⁵ Fletcher, D.R. *et al.* (2008), *Social Housing and Worklessness: Key policy messages*, Department for Work and Pensions Research Report 482, Leeds: Corporate Document Services.

³⁶ Bennett, J. (2008), *A Tale of Two Cities: Neighbourhood segregation by income in two urban case studies*, London: Institute for Public Policy Research.

³⁷ Caroline Flint, housing ministers, speech on 5 February 2008.

B.3. Feeding in

B.3.1. Active inclusion

There is no mention of the 'active inclusion' agenda in the NRP, despite the UK government having promoted it at EU level, and the publication of the Communication being imminent at the time of writing. The chapter on employment does not explicitly set the right to an adequate income or access to quality services (essential elements of active inclusion) alongside active labour market policies. The government has significantly improved incomes for families with children on out of work benefits in real terms; but for childless people the level of basic benefits is very low and has declined in relative terms. One recent commentator³⁸ describes spending on active labour market measures and benefits in the UK as one of the lowest in the EU (though note that this is based on OECD figures in 2005, and does not include tax credits). A report by a Select Committee recommended 'public service guarantees', ie statements of entitlements to a minimum standard of public services.³⁹ And a research report from the Ministry of Justice argued in favour of increasing the application of human rights principles to public service delivery.⁴⁰

B.3.2 Education, training, lifelong learning

Investment in human capital is seen as not only an essential element of the government's longer-term strategy against poverty and social exclusion but also a major plank of its response to the challenges of globalisation. So the government's thinking is more integrated in this area.

B.3.3 Gender equality

The NRP does not demonstrate thorough gender mainstreaming, and largely has a gender neutral perspective. Yet some of the UK's problems with worklessness and lower productivity, as well as poverty and social exclusion, are closely bound up with gender inequalities. In particular, evaluation evidence suggests that the government may find it difficult to achieve its goals on employment for lone parents and partners if it does not address the gendered division of labour within the home as well as outside it.⁴¹ Women tend to be more responsive to (dis)incentives in the tax and benefits system affecting both employment and hours of work than men.⁴² And women who missed out in terms of higher education because of early parenthood, low aspirations etc. need to be helped to fulfil their potential by support later on (whereas only 19-25 year olds without Level 3 qualifications will be able to take courses up to that level without charge).

³⁸ Mailand, M. (2008), 'The uneven impact of the EES on member states' employment policies: a comparative analysis', *Journal of European Social Policy* 18:4, pp 353-365

³⁹ Public Administration Select Committee (2008), *From Citizen's Charter to Public Service Guarantees: Entitlement to public services*, Twelfth Report (Session 2007-08), HC 411, London: TSO.

⁴⁰ Ministry of Justice (2008), *Human Rights Insight Project*, Research Report 1/08, London: Ministry of Justice.

⁴¹ See, for example, Coleman N. and Seeds, K. (2007), *Work Focused Interviews for Partners and Enhanced New Deal for Partners Evaluation: Synthesis of findings*, Department for Work and Pensions Research Report 417, Leeds: Corporate Document Services.

⁴² Meghir, C. and Phillips, D. (2008), 'Labour supply and taxes', Working Paper 08/04, London: Institute for Fiscal Studies.

B.3.4 Anti-discrimination

There is little discussion of migration in the NRP, even though it is a critical issue for employment and growth, and policies (and numbers) have been changing fast. Neither is there much focus on the need to tackle discriminatory attitudes by employers not only for reasons of social inclusion but also to improve the quality of job placement and productivity.

B.3.5 Child and family poverty

A series of studies has just been published by the Joseph Rowntree Foundation⁴³ pointing up the huge costs of child poverty to individuals, government and society. The Exchequer costs are an estimated £12 billion per year and the costs in below-average employment and earnings levels £13 billion per year. So the total estimated cost is £25 billion, £17 billion of which would return to the Exchequer were child poverty to be eradicated: 'in the long term huge amounts would be saved from not having to pick up the pieces of child poverty and associated ills' (Hirsch, 2008, p. 1). The cost of child poverty is not referred to in the NRP.

B.3.6 Social economy

The social economy is not mentioned explicitly; the NRP emphasis is on the mainstream economy.

B.4. Governance

B.4.1 Monitoring and assessment

Monitoring and assessment of UK policies is generally sophisticated and comprehensive, though attribution of causation is complex and there is often resistance to social experimentation. Although qualitative research involves interaction with users, their involvement in monitoring and assessment in a participatory way has progressed much further in health/social care.

B.4.2 Involvement of stakeholders

The UK government held one seminar to discuss the NRP, followed by an online consultation. Several quotes in the NRP come from groups at the seminar. However, these are often examples of good practice, rather than (as in the NSRSPSI) lobbying points; and neither the criteria used to select the groups, nor how far their contributions influence the NRP, is clear. Since the NRP is a report of existing policies rather than a developing strategy, it would perhaps be rather odd if policy were changed as a result of (what appears to be rather ad hoc) stakeholder involvement. Individual policies are consulted on as they are formulated; but this may result in policies each

⁴³ Hirsch, D. (2008), 'Estimating the costs of child poverty: Roundup – reviewing the evidence', York: Joseph Rowntree Foundation summarises the studies; for all the reports, see <http://www.jrf.org.uk/child-poverty/publications.asp#estimating> . A similar exercise was conducted for Scotland specifically earlier in 2008..

being considered on a one-off basis, rather than groups being involved in discussing the priorities and shape of an overall strategy (as they might be where social partnership is the preferred mode of governance). This may mean that the government is open to less coherent and consistent challenge about its priorities and overall ideology from non-party political stakeholders than in a situation of more structured ongoing dialogue. The Scottish government, however, recently emphasised the participation of both NGOs and local authorities in discussion of its economic strategy, and highlighted the participation of people with experience of poverty in debates to develop it further.⁴⁴ In the past, the UK has received recommendations to strengthen social partnership; it is unclear whether this is now no longer the case because the UK has persuaded the EU of the value of its own processes, including partnerships with NGOs, or because there are now more partnerships (Mailand, 2008) and/or for other reasons.

B.4.3 Coordination

The coordination between different areas of policy is more evident on the ground than in the NRP and NSRSPSI themselves. The Scottish government in particular appears to strive to connect its economic, employment and social justice strategies together more closely.

Since the NRP was published, a government report (on mental capital and wellbeing) proposes that the implications of new policies and interventions should be assessed for their impact on social equality and inclusion, citing access to new technology for learning as one example.⁴⁵ It says the government should engage with the wider society to agree on priorities such as the relative value of economic prosperity, well-being, social cohesion and inclusion, to develop clear principles for the division of resources. The government could take up this challenge in future years when preparing its NRPs.

⁴⁴ Scottish Government (2008), *Taking Forward the Government Economic Strategy: A discussion paper on tackling poverty, inequality and deprivation in Scotland*. Edinburgh: Scottish Government.

⁴⁵ Government Office for Science?Department for Innovation, Universities and Skills (2008), *Mental Capital and Wellbeing: Making the most of ourselves in the 21st century*, London: GoS/DIUS.