

UK EAPN response to the 2017 UK NRP questions

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1. What is your overall impression of the NRPs this year? Is it better or worse than last year?

NB UK Government policy presented in the NRP is commented upon. Where policy is devolved to the Devolved Governments and Administrations (Scottish and Welsh Governments and Northern Ireland Executive), these are only reported. To go further would require more time.

Response to Q1

Much the same. The neoliberal economic framework of 'live within its means', 'burden' etc., is outlined in Chapter 3, p12. The policy approach is the same at macroeconomic and structural level. The emphasis remains fiscal consolidation, a push on investment especially in energy and transport infrastructure, and continued roll-out of the welfare reforms announced in Summer Budget 2015. Despite the NRP statements on deficit and debt trajectory, there is a slight indication of relaxing austerity: a lengthening of the time frame for deficit reduction; a slightly stronger framework for investment, including investment in housing and skills, but a continued reliance on a supply-side approach that uses the private sector to deliver the government's agenda.

It is surprising that there is not more change in plans, given the potential risks and opportunities of Brexit.

The Introduction to the UK NRP 2017 gives a summary of the overall approach of UK government and of the three devolved governments and administrations: Northern Ireland, Scotland and Wales. The devolved governments and administrations have a similar focus to UK government on growth, investment and competitiveness, but a more explicit stated concern for aspects of social integration and equalities. Viz:

1. The UK government refers to its 2017 'Plan for Britain' as a 'balanced approach'. The macroeconomic element focuses on deficit reduction but this has not gone according to plan. There is a welcome, if limited, recognition of the role of industrial strategy, and a focus on apprentice skills, one million new housing starts and 'good school places' (NRP paras 1.1. to 1.3 p5). There is an aim to achieve benefits for the whole country: cities and towns and communities are referred to, but no reference to a regional strategy. There is a reference to 'actively promoting policies that support integration and social cohesion' (para 1.3 p5) but no reference to an anti-poverty strategy, though there is a reference to tackling child poverty and disadvantage (NRP p46).
2. The Northern Ireland Executive, in its 'Programme for Government' refers to rebalancing the economy and 'addressing the impact of the global downturn on the local economy and labour market' (para 1.4 p5). There is explicit reference to its racial equality strategy and ambition for a 'united and shared multicultural society'.
3. The Scottish government's Economic Strategy refers to 'two interdependent pillars' – 'increasing competitiveness and tackling inequality' and one of its four priorities is a 'fair and inclusive labour market'. There is an explicit reference to use of European Structural Funds to aid growth, the only government or administration which does refer to ESF. One of the approved investments is to 'reduce poverty and social exclusion' (para 1.4 pp 5-6).
4. The Welsh government's 'Programme for Government' refers to a multiannual plan for 'more and better jobs through a stronger, fairer economy' (para 1.4 p6).

Please give us concrete examples of overall the most positive and negative elements / what's missing in your country's NRP

What's positive

1. The strengths and weaknesses of the UK economy and policy are those also identified in the CSR report
2. There is explicit recognition of lack of housing affordability and of rising in-work poverty.
3. There are a few positive developments in employment and social policy such as an expansion in apprenticeships and an increased offer on childcare for three and four-year olds

What's negative

1. No change in the neoliberal approach to deficit reduction – fiscal austerity and very loose monetary policy, but positively, some extension to the date for deficit reduction and slightly less concern with quick progress on the debt to GDP ratio, which may signal a slowing of austerity measures
2. Continuation of welfare reform policy that places the burden of cuts mainly on women and children and people with a disability
3. The impact of the abandonment of the previous child poverty strategy and its target, indicators and measures. Child poverty is rising and expected to rise significantly by 2020 due to the welfare reforms announced in Summer Budget 2015 and 2016, still being rolled out; with no let-up

What's missing?

- New thinking and ambition for an inclusive, modern, productive, humane, green economy and society
- An integrated strategy and sufficient resources to combat poverty and social exclusion, that respects human dignity
- Quality in work. At present, there is only an employment insertion strategy; there is an increase in statutory minimum wages (The National Living Wage for those aged over 25 who are eligible because they have conventional employment contracts) but there is no attention to quality or sustainability in work or sufficient quality services. There is harsh conditionality to push people to the labour market and to more hours of paid work
- A full response to the Country-Specific Report 2017 commentary on social and health matters

MACRO-ECONOMIC POLICIES

2. **Do the macro-economic policies proposed support or undermine poverty and inequality reduction and social investment?** Please give good and bad examples. *Do they increase social investment in social protection, public services including housing and health, quality job creation? Do they reject austerity cuts on benefits and services? Do they promote greater equality through better distribution and fairer tax policies?*

Response to Question 2

The context is a stagnant economy, austerity policies, Brexit and a minority government. If the minority government retains the austerity policy agenda it inherited, then between 2017-2020, public spending will fall relative to GDP. Inequality is expected to rise and so is child poverty.

Macroeconomic policy, a stagnant economy and declining real living standards

There is a reliance on private business investment and growth to drive the economy. In chapter 2 the UK government presents the independent Office for Budget Responsibility's central forecast for investment, consumption, government spending, trade and indicators such as inflation, employment, unemployment and productivity (Table 2A p9). GDP per capita growth is not forecast to reach its 2015 level (1.4) again until 2021. The OBR forecast shows a very significant pick-up in private business investment for 2018, which is ambitious if past outcomes are a good indicator. The OBR forecasts a significant fall in household consumption, which is shown peaking in 2016, declining rapidly till 2019 and rising to 2021, but to less than 2/3 of its 2016 level.

A rebalancing of domestic components of GDP *is* needed, and the current low value of the pound sterling is helping exporters and hurting domestic spending due to the higher cost of imports. But this squeeze on incomes comes after seven years of austerity and stagnant and now declining real wages. In the OBR forecast CPI inflation was expected to peak at 2.4% but is already, at 2.9%, producing a bigger squeeze on real incomes while there is already a cap on public sector wages of 1% (till 2021) and a freeze on the main welfare benefits (till 2020) for working-age people. By 2020 real incomes are set to decline for the bottom 40% of the population. The pressure on incomes is the worst for sixty years and productivity is low; the NRP notes it is 35% below Germany and 30% below the USA (para 3.11 p13).

Public spending

Public spending is not expected to grow its share of GDP. In his Autumn Statement of 2014, the Chancellor announced spending cuts which when implemented would bring the state to a 35% share of GDP, the lowest of any comparable European economy. Much of the burden is being carried by cuts to working-age benefits.

Spending and policy on the tax-benefits system, housing, employment and education and skills are discussed in response to other specific questions later in this questionnaire response. Below are comments on health and social care, as they are mentioned in the Country Specific Report¹, but not responded to in the NRP.

Given the UK's low minimum income levels, flanking services are crucial to the capacity of low and minimum-income households to sustain themselves and to have opportunities for better life chances. In 2016 EAPN in the UK questioned why there was no commentary on health care in the UK Country Report. For the first time, the Country Report addressed the health and care sectors, which face difficulties in financing and provision in a period of rising demand relative to budget changes. In addition, UK mortality rates have not improved since 2011 and they vary greatly by income and area.

Health spending has increased in real terms by 1.3% a year from 2009/10 to 2015/16 in a context of rising population and demographic ageing. Average growth in spending from 1955 to date was 4.1% per annum. Total UK health spending is at the EU average (9.8% of GDP) but is below Germany (11.1%) and France (11.0%) as well as Sweden, Netherlands, Denmark, Belgium and Austria. Health is a devolved matter. To 2020/21, NHS spending will increase by £11.6b (11.3%), but other Department of Health spending will fall by £3.4b (21.%). Taking into account population growth and ageing,

¹ Country Report United Kingdom 2017, Commission Staff Working Document, SWD(2017) 93 final, accompanying the document Communication from the Commission to the European Parliament, the Council, The European Central Bank and the Eurogroup, Brussels, 22.2.2017, accessed at: https://ec.europa.eu/info/publications/2017-european-semester-country-reports_en

spending per head in 2019/20 will be slightly below 2009/10 levels (Stoye 2017)². At the same time, as EAPN UK noted in its 2016 response to the CSRs, the NHS in England is going through a 'change management' revolution that devolves commissioning of health care services to the local level, fragments responsibility and steps up contract access for for-profit businesses. Reorganisation absorbs staff time and resources that could be devoted to front-line services.

The Country Report Chapter 3.1 stated that there is a *'high risk to sustainability'* of the health service in the medium to long term (p15). Chapter 3.4 of the Country Report noted that the number of doctors per 100,000 citizens in the UK is below the EU average. It referred to staff shortages and recruitment and retention problems in the NHS. The Country Report mentioned concerns about access to and quality of mental health services, especially for children and young people. It referred to the conclusions of the NHS England Commission and their acceptance by the government, as well as the pledge of more funding. It noted the heavy financial cost, economically and socially, of mental ill-health, but especially in terms of employment and productivity costs; this is equally true of delays to elective surgery. The Country Report did not address the major shift to local level commissioning of services by Clinical Commissioning Groups (CCGs), mainly led by general practitioners (GPs, i.e. community-based doctors). Local consortia have become 'gatekeepers' to tertiary care and the decision-makers about priority services. This is leading to a 'post-code lottery' in access to elective surgery, some common medicines and access to community-based health services.

NHS 'health' care is free at the point of need whereas 'social' care (both domiciliary and in care homes) is means-tested. The 2017 Country Report refers to the funding model for long-term care in England as *'unsustainable'* (p30) and notes that it is putting pressure on the NHS budget. There is no comment on the diminished access to care and its very variable quality, nor on the impact of caring on working-age people's (especially women's) capacity to do paid work to support household incomes.

Economic and social risks from Brexit

The most serious immediate Brexit impacts are related to increased uncertainty. First, for the 2.9m EU-27 nationals who are resident in the UK and the 1.2m UK residents living in the EU 27. Their rights and security are at risk and there will be significant political, social and economic costs involved in transfer of peoples, if that happens, as well as economic losses from the loss of EU workers in shortage industries and likely higher recruitment costs from recruiting from outside the EU. The National Health Service will be particularly affected. Second, the economic cost since the Brexit Referendum of inflation arising from the depreciation of sterling is already having a real impact on standard of living for low-to-moderate income households. Costs are rising, especially rent, fuel, food, and transport, at the same time as frozen benefits including minimum incomes, new benefit cuts, and wage rises below the rate of inflation are already reducing the real value of low and moderate incomes.

Further Brexit risks will arise from a potentially lower growth path for the economy and a potential risk to employment. Since Brexit, the Bank of England has significantly revised down its forecasts of output for the next three years. Most forecasters, except a small group of 'Economists for Brexit', expect a negative economic impact from Brexit which will cut GDP, raise the public finance deficit and consequently affect the resources available for public expenditure.

² Stoye, G (2017) UK health spending, *Institute for Fiscal Studies Briefing Note (BN201)*, May 3, accessed at: <https://www.ifs.org.uk/publications/9186>

Emmerson et al in a report of May 2016³ for the Institute of Fiscal Studies (IFS) estimated that the impact by 2020 of leaving the EU for a European Economic Area (EEA) or World Trade Organisation (WTO) membership arrangement is a 'weakening' of the public finances by £21b-£30b. Overall, the IFS estimated that on any scenario the losses to the public finances far outweigh the gain from the £8bn current UK net contribution to the EU budget. Emmerson et al (p67) suggested a further £20bn-£40bn of spending cuts and tax rises in 2019-2020 to keep to the 2016 plan for a £10bn public finance surplus. There is also further risk of tax-base erosion (and therefore further weakening of the resources for welfare policy) if the UK goes for a low-wage, low-tax competitive model after Brexit. There is also the divorce bill.

The size of the potential cuts to social security benefits depend on the government's priorities and the rate and period over which the government plans to reduce the deficit and pay down debt. The last Conservative leadership (i.e. pre-June 2016 Referendum) pushed back closing the deficit to 2021, but also made it explicit that 'austerity' will continue. The current Conservative leadership has further extended the anticipated closure of the deficit to 2025. It is in this economic context that the impact of Brexit will take place, but now with a minority government and a more left-of-centre opposition, who may prefer a 'softer' Brexit and crucially, no reduction in employment and social rights.

3. **Is there more sign of a rebalancing of economic and social priorities?** Please give examples, bad and good.

Response to Question 3

There is not much sign of rebalancing; that may change in the new context of minority government. For example, proposed cuts to pensioner benefits and free school lunches for small children, are not now likely to be implemented. There may be a further weakening of 'austerity' measures over time, as there is a widespread view that the election results show public disillusion with the effect of austerity on access to and quality of, housing, health and education, as well as stagnant incomes.

Examples of policy developments in social policy and social investment

Example 1: Wage policy

There has been some attempt to boost stagnant real incomes (now declining in real terms) and cut the cost of tax-credit top-ups to low wage incomes through increased minimum wages. The National Living Wage (NLW, a statutory minimum wage) was introduced for those aged over 25 by the last conservative Chancellor, George Osborne. It is £7.25 an hour rising to £9 by 2020. It helps most those in the middle deciles of the income distribution. Its overall effect on the bottom two deciles is weak – it compensates their income for about 6% of their losses from tax-benefit changes. For the third decile, it compensates for 14%. The National Living Wage does not apply to young people under 25, who receive much less, nor apprentices nor workers who are not employees – for example, the UK has 5m self-employed, 15% of the workforce, whose average income is lower than employees.

Example 2: Tax-benefit policy

According to Hood and Waters of the Institute for Fiscal Studies (2017, April)⁴, since 2010, lower-income households have lost out due to benefit cuts and the richest households have lost out from

³ Emmerson, C. Johnson, P. Mitchell I. and Phillips, D. (2016), Brexit and the UK's public finances, IFS Report 2016, IFS, London, May, accessed at: www.ifs.org.uk

⁴ Hood, A. and Waters, T. (2017) *The impact of tax and benefit reforms on household income: IFS Briefing Note BN196*, IFS, April, accessed at: <https://www.ifs.org.uk/uploads/publications/bns/BN196.pdf>

increases in income tax. Those in the middle and pensioners have had their incomes protected until now. Increases to the income tax personal allowance and the higher-rate tax threshold cost the government £5bn per year. Basic-rate taxpayers have gained £160 per year and higher-rate taxpayers £380 per year; for the latter, this reverses the cut in the higher rate threshold in the last Parliament. Those who have been taken out of income tax by previous increases, or who pay no income tax, get no increase in income.

Social protection for working age people, especially means-tested social assistance, has been repeatedly cut since 2010. The Country Report 2017 is clear on the heavy poverty burden from the cumulative effect of welfare reforms/cutbacks, especially to means-tested social assistance for people of working age and their families. For example, it notes the impact of changes to Universal Credit (UC). The Country Report refers to the Resolution Foundation finding that Universal Credit has a 'far worse' disincentive to work for many second earners than the tax credit system it replaces. In the Summer Budget of 2015, then-Chancellor Osborne announced a staggeringly large programme of cuts to be rolled out from then until November 2017.

Three of the biggest losses for low-income groups, mainly those on minimum incomes (including top-ups to low paid work incomes), are due to: the *benefits freeze*, which even at recent inflation rates (now rising) will reduce government spending by £3bn per year; *cuts to child and family tax credits*, which will reduce spending by £5bn per year and the *roll-out of less generous UC*, which will also reduce government spending by £5bn per year (Hood and Waters 2017, p4). If all the 2015 planned cuts were already in place (the latest were rolled out in April 2017), three million working households with children would be on average £2,500 per year worse off. One million families with children and nobody in paid work would be £3000 per year worse off on average. The four million households with children earning *above* the eligibility income for tax credits will be just £100 worse off. To date, the impact of benefits cuts since May 2015 has been relatively small; the scale of cuts will rise over time, as benefits' changes apply to new claimants. The biggest percentage income losses are forecast for each of the bottom three deciles.

Government introduced an overall cap on annual spending on means-tested benefits for working-age people at a time of rising demand. This means that it is made difficult to rebalance in favour of the adequacy of incomes of the working-age poor. Despite the increase in statutory minimum wages, this applies to people in work too, more people in the UK are poor in work than there are poor out of work. Low wages and low work intensity mean that the bill for top-up 'tax credits' to low incomes has reached £30b a year even though the generosity of tax credits has been significantly reduced since 2015. There is now also an individual household cap on total benefits a family can receive, whatever their entitlements.

Example 3: Housing

Housing availability and affordability are at crisis point in the UK. The government recognises this; a 2017 White Paper⁵ on housing referred to the housing market as 'broken'. The Country Report 2017 referred to housing supply shortage and high prices and stated that 'an increasing proportion of households do not have the option of buying a house.' They also noted that large private housebuilders are unlikely to increase demand to meet need, that some existing policies like Help to Buy which stimulated demand, have put further upward pressure on prices; that rising private sector rents are indicative of the pressure of demand for housing and that government plans to provide

⁵ Department for Communities and Local Government (2017) Fixing our broken housing market, DCLG cm 9352, February, accessed at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

£10bn of guarantees for private sector housing to rent will increase private landlordism (Country Report 2017 pp 18-21).

The NRP Chapter 3 responds to the Country Report Country-Specific Recommendations (CSRs). CSR2 on infrastructure, covered housing and planning. The NRP restates the government's commitment to build more housing; the NRP refers to 'the biggest affordable house building programme since the 1970s' (para 3.13 p14). The government has been building more, but there are two shortcomings:

i) Volume built and type of tenure

In Chapter 3 of the NRP, the UK government says housing starts were at their highest level in nine years. A mix of funding schemes are listed to boost housing starts and housing for rent in the coming period. The Northern Ireland Executive commits to delivering 'social and affordable housing' and says it has exceeded its last five-year target of 7,669 homes by 169. The Scottish Government referred to a target of 30,000 affordable homes including 20,000 for social rent. 5,992 of these were local authority homes. The Scottish government also increased its housing subsidy to local authorities for social and affordable homes for rent. The Welsh Government built 11,508 affordable homes. All the governments and administrations have increased their targets for the next five-year period. But there is no comment on whether then or now, targets met need or what kind of need was met.

The numbers built to buy or rent are much lower than needed, despite a 2016 boost to infrastructure funds and to the affordable homes programme referred to in the NRP (para 3.26 p16). Annual completions in 2015/16 had risen to about 160,000, but still well below the 250,000-275,000 the White Paper on Housing says are needed (2017 p9 and fig 4 p13). Much of the Housing White Paper is devoted to planning, land use and modernizing the construction sector, which reflects the weight of comment in CSR 2. There are some changes to the Affordable Homes Programme to enable housing to be built for rent, and some relaxation on restrictions on local authorities' capacity to build social housing, but these changes are insufficient to meet demand and affordability and to provide security (social renting is no longer a secure tenancy as it is means-tested).

'Build to rent' is mainly focussed on higher-end properties and one and two-bedroom flats for the private market.⁶ For poorer tenants, access to social housing has continued to decline. The government rebooted the 'right to buy' social housing to provide enhanced incentives to buy and more pressure on social landlords to sell. The government again promised 'one for one' replacement but has again failed to achieve it. Today, replacement rates are still about three units sold, to one provided. Weakened regulation of provision of affordable housing in 'mixed' developments and a loosening of the definition of 'affordable' have been part of the reason.

ii) Affordability

The concept of 'affordability' does not meet the needs of low and moderate-income households. Several years ago, the government changed the definition of 'affordable' from 50% to 80% of market rents.

Housing affordability

From 1997 to 2016 median house prices increased 259% but median annual individual earnings rose 68%. Housing affordability has deteriorated from 3.6 times annual earnings in 1997 to 7.6 in 2016. Affordability has decreased everywhere, most in London, and gaps between areas have widened

⁶ Judge, L (2017) The delicate balance of 'build to rent', *Resolution Foundation*, February 6, accessed at: <http://www.resolutionfoundation.org/media/blog/making-the-private-rented-sector-fit-for-families/>

(ONS 2016)⁷. A study for the Resolution Foundation (Clarke et al 2016)⁸ found that: between 2002 and 2015, real average household incomes for those aged 25-44 have grown 2% and housing costs by 25%. Real average household incomes for private renters have grown 2% and housing costs by 16%. Real average low-to-moderate household incomes have grown 5% and housing costs 36%. The whole of their income gain has been taken by increased housing costs. For three types of household at median earnings, in 2015 the NGO Shelter England⁹ looked at affordability to buy housing based on the size of average loan advances and earnings multiple for first-time buyers. They chose the property website Zoopla and looked at a snapshot of all listings on one day. They found that across England only one in six houses is available to buy at an affordable price; in 35 areas, there were no affordable houses to buy for people who needed at least two bedrooms; in London, there were only 43 affordable houses for sale, including houseboats.

A key feature of social renting is affordability. Social renting is now a smaller tenure than private renting and access is very difficult, especially in London, and for younger people. Since the Localism Act of 2011, local authorities can choose who is or is not eligible to go on the waiting list, but certain groups are given 'reasonable preference'. These are homeless or at risk of homelessness, or living in overcrowded accommodation. Reasonable preference means only some priority on the waiting list (which can be very long and require waiting for years for an offer). It does not mean people in these situations will have their needs treated as urgent. People under immigration control and asylum seekers have no eligibility for local authority housing¹⁰.

Social housing landlords have been forced to reduce rents by 1% a year which is reducing their incomes at a time when they already have experienced severe cuts, further affecting their ability to provide adequate services.

Private renting: 4.5m households rent privately and it is now the dominant tenure for those aged under 40. Private renters spend over 50% of their income on renting, excluding benefits, and 45%, including benefits. This is much more than double the lowest percentage spend out of income - those with mortgages spend below 20% of their income. Private renters spend significantly more on rent as a percentage of income even than those who rent from housing associations and local authorities (White Paper on Housing, 2017 p11). There is no prospect for low and moderate-income households of getting on the housing ladder and a severe shortage of social housing. Families in private rented accommodation have increased from 30% to 37% in the last few years.

Private renting has become less accessible to disadvantaged households. Shelter (2017)¹¹ says that inability to access a new home after losing a private rental tenancy is responsible for 78% of the rise

⁷ Office for National Statistics (2016) Housing affordability in England and Wales: 1997-2016, *ONS Statistical Bulletin*, accessed at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/1997to2016>

⁸ Clarke, S, Corlett, A and Judge, L (2016) The housing headwind: the impact of rising housing costs on UK living standards, *Resolution Foundation*, June 28, accessed at: <http://www.resolutionfoundation.org/publications/the-housing-headwind-the-impact-of-rising-housing-costs-on-uk-living-standards/>

⁹ Shelter (2015) Homes for our children: how much of the housing market is affordable? April, *Shelter policy library*, accessed at: england.shelter.org.uk/housing_advice/council_housing_association/how_councils_allocate_housingengland.shelter.org.uk/__data/assets/pdf_file/0007/1124593/2015_04_24_Homes_for_Our_Children_-_FINAL.pdf

¹⁰ Shelter How councils allocate housing, accessed at:

¹¹ Shelter (2017) Shut out: the barriers low income households face in private renting, June, Shelter, accessed at: england.shelter.org.uk/__data/assets/pdf_file/0004/1391701/2017_06_-_Shut_out_the_barriers_low_income_households_face_in_private_renting.pdf

in homelessness since 2011. Barriers include the low value of local housing allowances for households on means-tested benefits, up-front costs and the need for guarantors (the government has very recently announced it plans to ban lettings agent fees), weaknesses in the administration of Universal Credit (the new main minimum income benefit) and restrictions on current schemes to support access that limit them mainly to people who are statutorily homeless.

Housing support for low income people

Housing accessibility has declined for the poorest. People aged under 35 in receipt of means-tested minimum incomes are supported only to rent a room in a shared house. Other households seeking accommodation must have regard to the 'appropriate' number of bedrooms, which includes sharing for children of different genders; they will not be given support for what is deemed a 'spare' room, even if that is so a parent whose children do not live with them or parents not living together sharing care, can have their children to stay with them. Outside London this has put pressure on two-bedroom accommodation, which is in very insufficient supply.

Households are only supported by Local Housing Allowance (LHA) to the bottom 30% of rentals in an area. Those in private rented housing already had their benefit limited. LHA rates are now frozen and social housing tenants have been included in the LHA cap. New regulations whereby housing support is paid by the renter from their benefits and not direct to the landlord, are encouraging some landlords to withdraw from renting to people on social assistance. The individual 'benefits cap' affects especially large families in London. These factors are putting pressure on the private rental housing stock and the poorest households have least access.

Example 4: Social investment in community-based initiatives

The Northern Ireland Executive refers to its 'Social Investment Fund' 'which aims to make life better for people living in targeted areas by reducing poverty, unemployment and physical deterioration'. It runs to March 2020. It is referred to in the employment section of the NRP, and the budget given is for employment and training initiatives, £18.6m (UK NRP 2017 para 4.43 p38). But the total fund is £33m and there are 68 projects, with steering groups that include voluntary and community partners. For example, the Belfast South project includes enhanced community facilities, employment and training programmes and early intervention programmes¹².

POVERTY AND SOCIAL EXCLUSION POLICY

4. Is there a specific section on poverty? Is progress on the target/indicators discussed? Can you give us details?

Response to Question 4

Yes. **Chapter 4: Performance and transparency**, discusses progress in the areas of the Europe 2020 headline targets¹³. There is a section entitled 'social exclusion and poverty reduction'. The UK

¹² The Executive Office, Social Investment Fund, accessed at: <https://www.executiveoffice-ni.gov.uk/articles/social-investment-fund>

¹³ These are: a 75% employment rate with better participation by young and older groups and disadvantaged minorities; reducing school drop-out rates by 10% and increasing to 40% the share of those aged 30-34 in tertiary education; promoting social inclusion and contributing to lifting 20m people out of poverty; improving conditions for research and development, raising it to 3% of GDP; reducing greenhouse gas emissions by 20% compared to 1990 levels and increasing renewables to 20% of energy consumption and increasing energy efficiency by 20%.

government response is pp 46-49 and the devolved governments and administrations' response is pp 49-52.

The UK government does not use the Europe 2020 target on poverty reduction. The NRP Report states that 'the government's position remains to not set a significant number of top-down targets as a performance management tool.'

The NRP set out the EU level targets, Treaty basis and Integrated Guidelines then reports on the UK Government's objective in each area and 'the UK's approach to national monitoring and actions taken in support of the 5 headline targets of Europe 2020' (pp 32-33 paras 4.7 and 4.8).

Annex A: Measuring progress against objectives: indicators, presents performance indicators for employment, education, social exclusion and poverty reduction, research and development and innovation and climate change and energy. In general, the indicators used are not those proposed at EU level, and they vary amongst the governments and administrations.

Note: the devolved governments and administrations have various and somewhat varied policy approaches and benchmarks in the areas of employment and education and poverty reduction. This is because there is devolution of powers (to varying extents) in these matters. Welfare policy used to be reserved (to UK government) but is devolved to Northern Ireland and to a limited extent Scotland, but not Wales.

The UK will not meet its 'share' of the Europe 2020 poverty target. The UK has a relatively high employment rate, but relative income poverty is also high and will rise, as will deprivation.

Progress on combating poverty and exclusion

The main policy context stated is the Welfare Reform and Work Act of 2016. Some aspects of Welfare reform and its extent are referred to above in response to Question 3 Example 2 Tax-Benefit policy.

The NRP Report refers to the slight fall in AROPE between 2014 and 2015 (the latest Eurostat figures). The Report does not state whether AROPE is flattered by a definition of employed which allows very low work intensity of any quality; nor does the Report use more up-to-date UK figures or available forecasts for the impact of the policy context. The UK 'actions to achieve objectives' (paras 4.101 to 4.105 pp47-48) are listed as: welfare reform, focused on Universal Credit (see the UK EMIN 2 Context report, just completed, for detailed comment on welfare reform); the Troubled Families programme for 'families with multiple high-cost problems' (p47) and the Youth Engagement Fund (p48).

The main impact of the welfare reform spending cuts of 2015 is still to come. According to Browne¹⁴ (IFS November 2015) and Hood and Waters (IFS March 2017), the total impact of announced tax and benefit reforms from 2015 to 2020 cuts real incomes for all families on benefits, or in work with one earner. Brown's 2015 forecast of the total impact of tax and benefit changes announced in Summer Budget 2015, showed by 2020, a loss of income for the poorest two deciles of 6-8% and for the third decile, 5%. On average, couples with children and no earner lose about 16% of their net income by 2020; lone parents who are not in paid work lose 15% of their net incomes. Couples in paid work with one earner, with children, lose about 5% and single parents in work lose about 8%. Single adults with no work lose 9%; single adults in work lose less than 1% in real terms (Browne, 2015 p19).

¹⁴ Browne, J (2015) The impact of proposed tax, benefit and minimum wage reforms on household incomes and work incentives, *IFS Report R111*, accessed at: <https://www.ifs.org.uk/uploads/publications/comms/R111.pdf>

These changes do not include the impact of the National Living Wage (NLW) for those aged over 25. But for the bottom two deciles, the NLW offsets only 6% of the losses from tax and benefit changes; for the third decile, it offsets 14% and for the fourth decile 21%. (Browne, 2015 p 12). Changes to benefits announced after 2015 will increase income losses.

The impact of the benefits freeze has been exacerbated by price inflation following the Brexit vote, when the value of sterling dropped substantially. Consumer price inflation (CPI) is now 2.9%. Figure 27 of Clarke et al 2017¹⁵ for the Resolution Foundation shows the increased impact of income losses from benefits changes for various household types, due to adjusting upwards the CPI rate of inflation in 2017.

- 5. Are the policies proposed likely to reduce poverty? i.e. do they propose an integrated, rights-based strategy to fight poverty and social exclusion for all groups e.g. Active Inclusion (integrated strategies to guarantee adequate minimum income and social protection, access to quality jobs and services – housing, health, education, energy...)**

Response to Question 5

There are some positive developments, for example, in the National Living Wage and support for skills and childcare, but overall, the policy framework will increase poverty. Relative poverty has been stagnant because the poverty threshold has fallen and because the largest impact of benefits cuts is still to come. Child poverty is forecast to be most negatively affected. The government's tax and benefits' policy will contribute to increasing inequality and poverty as the independent Office for Budget Responsibility and the key expert institute, Institute for Fiscal Studies, have shown.

Income poverty

Income poverty and variation by group is commented upon in the UK Country Report. The Report noted that the at-risk of poverty rate is stable, but the figures are from 2015 and there is no interpretation of the shape of the income distribution and the impact of falling thresholds on income adequacy. The Westminster government does not report on the EU poverty target and has abolished the UK's previous child poverty targets and is changing its measures and strategy, but there is no comment in the Report on this matter.

The UK Country Report linked the variation in poverty risks amongst groups to the different policy treatment of working-age adults, children and retired pensioners. The future risk of poverty given further 'welfare reform/cutbacks' is explicitly stated, as is the different treatment of pensioners. The Country report explicitly refers to people with a disability and to all children.

Inequality

Inequality had been stagnant or declining due to: i) the effects of the financial crash on high incomes and the increased minimum wage on low incomes; ii) minimum income benefits being raised after the 2007-8 crash (cuts began post-2010).

¹⁵ Clarke, S., Corlett, A., Finch, D., Gardiner, L., Henehan, K., Tomlinson, D. and M. Whittaker, (2015) *Are we nearly there yet? Spring Budget 2017 and the 15-year squeeze on family and public finances*, IFS, March, accessed at:

<http://www.resolutionfoundation.org/publications/are-we-nearly-there-yet-spring-budget-2017-and-the-15-year-squeeze-on-family-and-public-finances>

Inequality in future is expected to increase due to a combination of faster earnings growth for high-income households and benefits cuts for low-income households. The Office for National Statistics¹⁶ and the Resolution Foundation¹⁷ have shown that all incomes below the median (more than the bottom 40% of the income distribution) will decline in real terms, with those of the poorest people falling most, by nearly 16% between 2016 and 2020-21.

Relative and absolute poverty

Relative poverty at the 60% median household disposable income threshold is expected to rise from 21.3% in 2014-15 to 23.6% in 2021-22. Two-thirds of the increase in relative poverty is explained by faster earnings growth for middle-income households, and one-third is due to benefit cuts (Hood and Waters March 2017 p3).

Absolute poverty is expected to fall by half of one per cent (from 20.3% to 19.8%); but *absolute child poverty after housing costs (AHC) is expected to rise from 27.5% to 30.3%*, entirely due to the impact of tax and benefits changes. One-third of the increase is due to the cuts in work allowances in UC (the amount a claimant can earn before benefits start to be withdrawn).

6. Are there signs of an increased focus on social rights and standards? I.e. adequacy of minimum income and wage, access to services, if so give examples.

Response to Question 6

No, the reverse is true.

Rights: European Charter of Fundamental Rights, 2009

The Charter is focused on the EU as an entity but new proposals from the European Commission must 'have regard' to the Treaty and impact evaluation of new proposals is required. There is mainly 'soft law' (e.g. Recommendations) follow-up to the Articles in the Charter but it is important in creating space and budgets for 'social Europe', to which the UK will no longer be a party. Even if the UK Repeal Bill preserves rights, most can be removed later by statutory instrument without the approval of the UK Parliament. Also important, is that the UK will not be part of developing processes for improvements and coordination in rights and policies. It is the drifting apart of the UK and the EU-27 over time, in access to rights which is a major concern, and with it the risk of 'social dumping'.

Some key Articles and soft law follow-up where the UK may lose ground are:

- *Charter Article 34 Right to Social Protection and 'soft law' follow up – the Active Inclusion (AI) Recommendation 2008*
- *Charter Article 24: Rights of the child and soft law' follow up - Recommendation on Investing in Children, 2013*
- *Charter Article 35: Right to Healthcare*

'Soft law' processes

- *The poverty target in the Europe 2020 headline targets*
- *The European Semester process*

Rights and entitlements: UK social security policy – breaking the link between need and entitlement

¹⁶ See Office for National Statistics (GB), accessed at:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/may2017>

¹⁷ See <http://www.resolutionfoundation.org/app/uploads/2017/03/Spring-Budget-2017-response.pdf>

An overall cap on welfare spending and an individual cap on household benefits have both been introduced in the UK. These break the link between need and entitlement and were referred to in earlier UK EAPN responses. The most egregious recent example is the two-child cap on entitlement to the child element of tax credit and the equivalent policy change in the new Universal Credit (UC) social assistance minimum income. UC will not be fully implemented for all clients until 2022. It replaces six major social assistance benefits for various categories of claimant.

For new claimants of the child element of tax credits (and the UC replacement), the third child and subsequent children in families are not eligible for the child element of tax credits to top up low incomes of families in work. The DWP's 2015 impact assessment anticipated that 640,000 families would be affected by 2020/21, saving £1.6bn and £3bn in the long-run¹⁸. If people fall out of work and then get another job, they count as new claimants and come under the new policy. There are some exceptions to the third child policy. These include twins and children born as a result 'unconsensual conception'. There is now some DWP documentation on how this policy will be implemented by officers and some statements about training. There is no reflection on the likely impact on a third child, of any feelings that they are less worthy of public support than their older siblings. 600,000 three-child families will be an average £2,500 per year worse off in the long run. 300,000 four-child families will be £7,000 worse off. Some ethnic minority groups are likely to be worse affected than the general population of large families.

Policy in Practice¹⁹ published their estimates of the financial impact of the policy in April 2017. The policy will save £1bn per year by 2020 but the behavioural impact of the policy is unclear. Their key findings (2017 p3) were:

- Over 1 million children will be hit by this policy by the end of this parliament
- 2.1m families are at risk of being affected by this policy change should they have another child; 70% of these families are in work
- 104,000 third or additional children will be born to this cohort of households in the next twelve months
- 8,000 children born this April will miss out on support of up to £2,780 a year
- Based on the average cost of raising a child, low-income families that have a third child will have to make up a difference of up to £1,737 a year

This means that because of this policy:

- Over a quarter of a million children (256,000) already in poverty today will fall deeper into poverty
- 266,000 additional children will be living in poverty by the end of this parliamentary term
- This represents an increase in child poverty of more than 10%
- 609,000 children in other ordinary working families (low-to-middle-income households) will be pushed closer to the poverty line.

Standards of adequacy: Minimum Income Standards in the UK

There is no official benchmark of income adequacy of UK social assistance benefit. The Joseph Rowntree Foundation funds research on Minimum Income Standard (MIS), produced by the Centre for Research in Social Policy (CRSP) at Loughborough University. This is an approach based on what

¹⁸ Kennedy, S Bate, A and Keen, R (2017) The two child limit in tax credits and Universal Credit, *Briefing Paper number 7935*, House of Commons Library, April 10, accessed at:

<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7935>

¹⁹ Ghelani, D. and Tonutti, G. (2017) The Impact of the two-child limit to tax credits: a briefing paper by Policy in Practice, Policy in Practice, April, accessed at: http://policyinpractice.co.uk/wp-content/uploads/2017/04/Limiting-Child-Tax-Credits-to-Two-Children_PIP_Briefing-Paper_April2017.pdf

people need to spend for an acceptable living standard. In summary, no benefits for people of working age meet the MIS, and the gap is increasing.

One-third of families live below the MIS for the UK. CRSP updates the MIS every year for inflation and rebases (i.e. renews on the basis of research) the basket of goods and services every four years, most recently in 2016²⁰. In 2016, single people needed to earn £17,100 per year before tax to achieve the MIS. Partners in couples with two children needed to earn £18,900 each.

Actual incomes were 39% below the MIS for couples with two children in receipt of out-of-work benefits. If they worked full-time on the National Living Wage (NLW, the legal minimum wage for employees aged over 25) the family was 12% below MIS after childcare costs. In the same situation, a lone parent with one child is 44% short of MIS and 18% short after childcare costs. Where Universal Credit (UC) has been introduced, support for childcare costs rises from 70% to 85% and households get closer to meeting the MIS. If childcare were to be 100% supported, couple families would reach the MIS and lone parent families would get within 10% of it (Davis et al 2017 p2).

Overall, for families, the increased NLW and increased childcare support in UC (where it has been introduced for new clients) have not compensated for cuts to benefits and increased prices and so families have fallen further below the MIS. The risk of being below the MIS in the next years is worsening. This is due to: i) rising inflation ii) Brexit risks to growth and jobs and iii) the further roll-out of welfare benefits cuts already announced in 2015, 2016 and in the Spring 2017 Budget. Continuing cuts to public services and subsidised services also put pressure on households to pay for private alternatives, from health to transport, to ancillary school costs, to leisure.

The critical importance of measuring relative risk by low income in relation to required expenditure is shown by the fact that the risk of living below MIS rose over the last several years, but the risk of relative income poverty declined. This is because for much of the period following the great recession of 2007/8, median income fell in real (CPI-adjusted) terms. Over the same period, the costs of a minimum acceptable living standard rose, relative to CPI (Padley, Hirsch and Valadez (2017), p1)²¹. Thus the 'poverty line' fell along with incomes, but the costs of important goods for low-income people – food and domestic fuel - rose relatively quickly, even as some electronic goods fell in price. The cost of MIS rose faster than CPI. Increases in the number of people in paid work and in full-time work have not compensated for declining adequacy of wages and benefits levels (Padley, Hirsch and Valadez (2017) p2).

7. Are effective integrated strategies proposed to tackle at risk target groups or priority themes (i.e. as part of the Social Investment Package)?

- **Reducing child poverty?** i.e. *implementing the 3-pillar approach towards Investing in children: adequate income, quality services, children's participation.*

Response to question 7(a): Child poverty

The data in answer to Question 5 show a forecast increase to 2020 in child poverty, due to the welfare reforms of 2015 and later. the highest rates in the EU. The UK Country Report stated that child poverty is 'worryingly high' and it is very clear on the scale and expected rise in child poverty of 1.3 million children, by 2020, due to changes to support for working-age households, especially the

²⁰ Davis, A. Hirsch, D, Hill, K. and Padley M. (2016) *A Minimum Income Standard for the UK in 2016*, JRF, July, accessed at: <https://www.jrf.org.uk/report/minimum-income-standard-uk-2016>

²¹ Padley, M. Hirsch, D. and Valadez L. (2017) *Households below a Minimum Income Standard: 2008/09 and 2014/15*, JRF, accessed at: www.jrf.org.uk

cuts to tax credits. The Country Report noted a further tightening of support for children, announced in the 2016 Act, which came into effect in April 2017.

The response to Question 6 shows social security policy has abandoned the link between need and entitlement. There are further risks to children's rights following Brexit, as there is less European pressure to increase rights and the UN rights of the child are not as broad in scope or as focused on well-being.

Variations in the policy framework for tackling child poverty at UK level and in the devolved governments and administrations

At UK level, the 2016 Welfare Reform and Work Act replaced the 2010 Child Poverty Act including the target to reduce poverty and the measure based on family income. After a strong campaign, government agreed to a law that it regularly publishes data on aspects of child poverty, but only the numbers in workless households and education attainment at GCSE level (exams at age 16)²². In the UK NRP 2017, the UK Government stated that this focus is 'to drive action on the two areas that can make the biggest difference to children's outcomes' (para 4.95 p 46).

The devolved governments and administrations have remained committed to a stronger framework on ending child poverty than has UK government: -

The Scottish Government's Fairer Scotland Action Plan commits to ending child poverty and to a new socio-economic duty on public authorities to work consistently towards anti-poverty goals. A Child Poverty Bill was introduced in February 2017 with income-based targets (now to 2030) and a framework for measuring and reporting on child poverty (NRP p49). The Scottish government also has some powers to make Universal Credit more flexible in its implementation. The Scottish government's commitment on wages will help to combat poverty. They have committed to paying the voluntary Living Wage (a campaign demand for organisations to pay a voluntary Living Wage, based on Minimum Income Standards produced by the expert group CRSP; this is higher than the Statutory Living Wage i.e. the national minimum wage) and the Scottish Government has introduced a Scottish Business Pledge which commits employers to pay the voluntary Living Wage and to avoid zero-hours contracts (NRP paras 4.110 to 4.117 pp 49-50).

The Welsh government takes a rights-based approach (paras 3.134 and 3.135, pp 30-31). Since 2010 the Welsh Government has had a statutory duty to produce a child poverty strategy. The 2015 strategy adds new objectives on a fairer labour market to support the poverty agenda and to address the 'poverty premium' faced by low income families. Following a strategy evaluation, the Welsh Government has put more emphasis on measures that will help poverty in the 'here and now' including food poverty, affordable childcare, housing, in-work poverty and 'mitigating the impacts of welfare reform' (NRP para 4.123 p51). The Welsh government has made progress on the indicators but now accepts a target of 2030, rather than 2020, to eradicate child poverty. The Welsh Government refers also to their 10-year strategy which includes early years childcare and the Playwork workforce, and to an ESF funded programme 'Progress for Success', to support playworkers to achieve childcare or play qualifications (paras 3.128 and 3.129 p 30). Play is not mentioned in the UK part of the report. There are also additional programmes to support disadvantage people and places.

The Northern Ireland Executive's Child Poverty Strategy was published in November 2016. They state they are 'committed to mitigating the worst impact of (welfare) reforms' (NRP para 4.107 p49). They

²² Child Poverty Action Group (CPAG) Child poverty promise and child poverty Act, accessed at: <http://www.cpag.org.uk/content/child-poverty-promise-and-child-poverty-act>

had an Independent Working Group commissioned to make recommendations on mitigation, with £401m of funding over four years to implement schemes for carers, people with ill-health or a disability, people affected by the benefits cap and by the 'bedroom tax' (the spare room subsidy). The Northern Ireland Executive refers to its 10-year strategy to 'promote child development and parental employment' (para 3.109 p27) and states principal areas of need as breakfast, after school and summer clubs, particularly in disadvantaged areas (para 3.108 p27.)

In Chapter 3 on the CSRs, two of the devolved governments and administrations are more explicit about support for disadvantaged groups and areas. In contrast to the UK government (for England)

Response to Question 7(b) Tackling homelessness and housing exclusion (*integrated strategy including housing first?*)

Homelessness and housing exclusion

Neither the UK government nor the devolved governments and administrations make any specific references to homelessness in the UK NRP 2017, not in the housing section in Chapter 3, nor in the section on social exclusion and poverty reduction in Chapter 4. This is despite rising homelessness and insecure housing.

Homelessness in England has risen 33% between 2010 and 2016. Much of this is due to loss of a tenancy following problems with benefits' cuts or benefits' administration. The NGOs Shelter and Crisis called for the UK government to follow in England the Welsh government policy which places a legal duty on local authorities to help people in housing crisis. This led to a 67% fall in formal homelessness in nine months²³.

Rough sleeping

Data collected in autumn 2016 showed 4134 sleeping rough each night. Rough sleeping has increased 134% since 2010, 16% between 2015 and 2016²⁴. Then-Chancellor Osborne provided £115m to tackle rough sleeping but Shelter does not think the measures proposed tackle the root causes of wider homelessness including insufficient housing, rising rents and benefits' cuts.

Housing First

McKeown, for Shelter (2008, updated)²⁵ noted that the Housing First approach started in the USA where there is substantial evidence of success. Housing First provides long-term open-ended support for recurrently homeless people with high support needs. Recently, in a small study of 60 participants in 9 services supported by the NGO Homeless Link, Bretherton and Pleace (2015)²⁶ found the Housing First approach was successful in sustainably rehousing three quarters of clients and reducing ill-health burden from 43% of users to 28%.

²³ Butler, P (2016) Rise in homelessness in England triggers calls to follow Welsh policy, *The Guardian*, March 23, accessed at: <https://www.theguardian.com/society/2016/mar/23/rise-in-homelessness-in-england-triggers-calls-to-follow-welsh-strategy>

²⁴ Homeless Link, accessed at: <http://www.homeless.org.uk/facts/homelessness-in-numbers/rough-sleeping/rough-sleeping-our-analysis>

²⁵ McKeown, S (2008 updated) Good practice briefing: Housing first: ringing permanent solutions to homeless people with complex needs, Shelter policy library, November, accessed at:

http://england.shelter.org.uk/__data/assets/pdf_file/0008/145853/GP_Briefing_Housing_First.pdf

²⁶ Bretherton, J and Pleace, N (2015) Housing First in England: an evaluation of nine services, Centre for Housing Policy, February, accessed at: <http://www.homeless.org.uk/sites/default/files/site-attachments/Housing%20First%20in%20England%20-%20full%20report.pdf>

Response to Question 7(c) Reducing the gender pay and pension gap and promoting gender equality?

There is nothing in the UK NRP 2017 specifically on the gender pay gap or gender equality, or on the impact of the significant recent increases in women's pension age. In NRP Chapter 4, the section on employment refers only to the female employment rate: 69.8% for women aged 16-64 (para 4.23 p35).

In the employment sections of Chapter 4 of the NRP the Scottish government refers to its work with the Equality and Human Rights Commission on tackling pregnancy and maternity discrimination and working with large employers to help women who have had career breaks back into the workforce (UK NRP para 4.49, p40). It also refers to 'making progress on diversity and gender balance', the 5th of 9 elements of its Scottish Business Pledge (Box 4A, p39).

The gender pay gap

The National Living Wage (NLW) benefit women more than men and this may help close the gender pay gap. The gender pay gap was 18% in 2016²⁷. But there is a significant difference in pay gap between: full-time men and women (this gap is below 14% and has narrowed since 1997) and all men and women whether part or full-time (this gap has widened since 1997). 41% of women and 11% of men work part-time (but part-time men earn 6.5% less than part-time women). The pay gap widens significantly for women aged over 40²⁸.

From 2017 Government has required large employers (with over 250 employees) to publish their gender pay gaps. Besides the NLW, UK Government's stated main strategy in the NRP is to incentivise more hours of work through UC and its enhanced sanctions plus an enhanced offer on childcare support, as well as encouraging girls to consider a wider range of careers. does not address women's equality or the gender pay gap.

Response to Question 7(d) Discrimination against older people, people with disabilities, migrants (including undocumented) ethnic minorities (including Roma).

There is no specific reference to discrimination in the UK NRP 2017. In the employment section of Chapter 4, the UK government says its labour market role is to 'encourage flexibility, efficiency and fairness' (para 4.15 p34). The Welsh government includes 'equality and equity' in its Skills Performance measures (para 4.54, p41).

People with a disability

Along with working-age families, people with health conditions and disabilities are at higher risk of poverty. Gregg and Finch²⁹ state that 22% of working-age adults living in a household with a person with a disability live in poverty. This is compared to 12% of people in poverty in households in which no-one has a disability.

People with a disability

²⁷ Government Equalities Office (2016) UK gender pay gap, gov.uk, November 17, accessed at:

<https://www.gov.uk/government/news/uk-gender-pay-gap>

²⁸ ONS (2016) What is the gender pay gap? February 12, accessed at: <http://visual.ons.gov.uk/what-is-the-gender-pay-gap/>

²⁹ Gregg, P and Finch, D (2016) Employing new tactics: The changing distribution of work across British households, *Resolution Foundation*, January, accessed at: <http://www.resolutionfoundation.org/app/uploads/2016/01/Employing-new-tactics.pdf>

The UK Country Report stated the gap in at-risk-of-poverty and exclusion (ARPE) for people with a disability as 33% and notes that this is relatively high by EU standards. The gap for those with and without disabilities is 13.6pp in the UK compared to 8.7pp in the EU. But the Country Report did not refer directly to the policy changes that have increased the risk of inadequate income/poverty for people with a disability, who confront very low chances of gaining stable, suitable employment.

The UK NRP does not directly address disability discrimination, which has been illegal in the UK since the Equality Act of 2010. The UK NRP does focus on access to work for disabled people. In chapter 4 there is a section entitled 'halving the disability employment gap' (p36), which was a commitment in the 2015 Conservative Party Manifesto. It does not focus on employer responsibilities but on the supply side, especially incentives for people with health-related conditions or disabilities, to take up paid work. The government reports on progress in increasing employment of people with a disability, but notes the disability employment gap is 31%.

The Scottish government also commits to halving the disability employment gap and explicitly states it will work with disabled people's organisations. The new delivery plan (December 2016) 'aims to ensure that disabled people have access to decent incomes and fairer working lives' (para 4.51, p40). There are also two new programmes to deliver outcomes, Work First and Work Able Scotland, following the devolution of powers on employment from April 2017 (para 4.53 p40).

Although proportionately more disabled people are in work than in the 1990s, being without work remains a key issue. Gregg and Finch state that the mix of tax credits, conditionality and regulation has been less effective in boosting employment for people with a disability than for non-disabled households with children. Gregg and Finch noted that an important difference for people with ill-health or disability, was the lack of a right to return to the job, linked to Statutory Sick Pay or Employment and Support Allowance. They noted also the poor implementation of the conditionality-based testing regime, lack of practical support and the need for more focus on the role of employers and of transitions in and out of the labour market. This may be one reason for the launch this year of the government's Work and Health employment insertion programme which replaces the Work Programme. But with reduced resources per capita, the new programme will face significant challenges in reducing the employment gap for people with a disability.

There is currently an inquiry by the UN Committee on the Rights of Persons with Disabilities into violations of disabled people's human rights due to welfare reforms. It is due to publish later in 2017. The process was initiated in 2012 by Disabled People Against the Cuts³⁰. Below is one example of a change to disabled people's support to enter paid work which has seriously reduced the incomes of some people with health-related conditions.

**Welfare reform to incentivise employment for people with a disability or health related condition
Who may be able to work in future.**

People with a disability or health condition face higher costs to meet any minimum income standard and to access employment, and this has been recognised in the benefits system, but recently this has been scaled back, especially for people of working age. There have been changes to the work-related activity component of Employment and Support Allowance. Prior to April 1, 2017, those not in paid work were divided into the unemployed actively seeking work currently and those not able to work, who had a higher benefit to reflect the longer-term nature of their condition. This group was itself subdivided into those not able to work in the foreseeable future (the 'Support' group who are paid £109.65 per week) and those who have cannot work now but are likely to be able to work in future, the Work-Related Activity (WRAG) group, who faced some conditionality around work activity. Under the previous welfare reform of 2012, the length of time the WRAG group could claim

³⁰ See <https://dpac.uk.net/>

a higher rate of allowance than unemployment benefit (the Work-Related Activity Component, or WRAC) was 12 months. Under the 2016 Act, in force April 2017, this group have had their benefit cut to the same amount as those currently able to work and seeking work: a flat rate of £73.10 per week for those aged over 25. ESA WRAG claimants spend much longer out of work on average than JSA claimants, therefore the policy change is a clear disincentive to seek work, in case it is not sustainable and the person becomes a new claimant. There is a coalition of 30 disability charities who sent a letter asking for the change to be reversed but the Petitions Committee disallowed the petition because the policy change had already been discussed and voted on by Parliament³¹.

The costs of living with a disability and therefore the achievement of adequate living standards, has been reduced at the same time as cuts to the main minimum income benefits for people with a disability. Removal of Disability Living Allowance (DLA) and its replacement with Personal Independence Payment (PIP) for people of working age have meant that eligibility criteria are tighter and assessment, particularly for people with mental ill-health or intermittent conditions, is widely considered to be not fit for purpose. Most people are significantly financially worse off after migration and the numbers receiving benefit are significantly lower than for DLA.

EMPLOYMENT POLICIES

8. **Will the proposed policies help achieve the employment target in a meaningful way, and what is their impact on poverty?** i.e., *is priority given to quality job creation, particularly green/social jobs, tackling in-work poverty? and raising wages; Increasing employment rights and conditions and reducing precariousness? Promoting access to work for excluded groups prioritised through personalized pathways, without hardening sanctions and increasing conditionality? Are key groups targeted (youth, long-term unemployed, etc)?*

Response to Question 8

Please note, for comments on access to work for specific groups:

- Comments on people with a disability are in answer to Question 7 above.
- Families with children are targeted through Universal Credit and childcare support, discussed below.
- Youth unemployment is discussed below.
- Skills are discussed in response to Question 9.

The UK government approach – high employment rates via supply side policy on benefits’ conditionality

Note: employment legislation is reserved to Great Britain, but devolved for Northern Ireland. Minimum wages (including the NLW) are reserved to the UK. Skills are a devolved matter (para 4.17 p34).

The UK Government employment policies are designed to achieve high employment rates. They are not designed directly to reduce poverty. By 2013, the numbers of families in work who live below the poverty line surpassed the numbers out of work and retired combined³².

The UK NRP states that ‘the overall role of the UK government in the labour market is to encourage flexibility, efficiency and fairness’ (para 4.15 p34). The government aims to have the highest

³¹ See <https://petition.parliament.uk/petitions/124016> and <http://www.bbc.co.uk/news/uk-politics-35384506>

³² PSE, In-work poverty, accessed at: <http://www.poverty.ac.uk/tags/work-poverty>

employment rate in the G7. At 74.6%, composed of 79.4% men and 69.9% women (April 2017) the UK has just fallen below the Europe 2020 employment rate target. England has the highest employment rate (74.9%) and Northern Ireland the lowest (69.3%).

Three departments are involved in generating employment and the responsibilities of these departments fulfil the 'work first,' low regulation environment for UK workers. The Treasury controls public spending and economic policy; The Business, Energy & Industrial Strategy Department promotes growth, 'a business-friendly and internationally competitive environment working with business and the devolved administrations to strengthen the skills base'; the Department for Work and Pensions' role is 'to increase the number of people in employment and improve the functioning of the labour market, providing extra support to disadvantaged individuals who are less able to help themselves' (para 4.16 p34).

The Report's statement of labour market objectives and interventions show the priority on tackling worklessness backed up by sanctions. Although the objectives refer to tackling poverty in and out of work, relative poverty is rising and social mobility is falling. Viz., the Report states that the labour market objectives include: 'tackle worklessness and out of work poverty, reducing inactivity and promoting sustained employment; reduce in-work poverty; promote social mobility, reduce individual dependence and state expenditure on benefits through more and better work.' Labour market interventions include: 'design of working age benefits to avoid distorting the labour market; activation strategies to maximize labour supply....as a condition of benefit.... backed by sanctions for non-compliance'; interventions to raise employment levels among specific groups' (paras 4.19 and 4.20 p35).

The first action listed to aid employment is Universal Credit (p35) which rolls up six of the previous means-tested social assistance minimum incomes into one benefit paid monthly in arrears. It is still in process of implementation (till 2019 for new claimants and 2022 for all claimants) and in many elements, it is less generous than the schemes it replaces and its generosity had been reduced during its roll-out. An exception is support for childcare, which is more generous than under the old system. The unique aspect of Universal Credit is the harsh conditionality and the extended reach of conditionality into people in work on low incomes which are topped up.

70% of participants in the previous activation programme, the Work Programme, did not find sustained employment and the Parliamentary Work and Pensions Committee called for a programme that focused on people with complex needs and provision of local integrated support. The Committee also called for a separate programme to address the specific needs of people with a disability, to meet the government's aspiration of halving the employment gap between disabled and non-disabled people. In 2017 the Work Programme and Work Choice are being replaced by a single Work and Health Programme, with fewer places and a reduced cost per head³³.

In consequence of CSR3 (on skills and on childcare) there is a section in Chapter 3 of the UK NRP on each of these areas, which are meant to stimulate employment. Skills are discussed in answer to Question 9, education and lifelong learning. Childcare is discussed below.

Childcare

The Country Report, as in previous years, noted the lack of affordable, high quality, child care in the UK that could fulfil that offer. The Report stated that 29% of children under 3 years of age attended

³³ Commons Select Committee (Work and Pensions Committee) (2015) Government must focus support on people with complex needs, October 21, accessed at: <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2015/welfare-to-work-report-published-15-16/>

formal child care, but 'only' 4% of them for more than 30 hours per week. The Report noted that this affects mothers' capacity to work longer hours and may segment them in poorer parts of the labour market. The Country Report noted the government's plans to double the number of free childcare hours for (some) children aged three and four, to 30 hours a week. But the Report raised concerns that the allocated funding may not be sufficient and that the quality on offer is variable.

The NRP states that 93% of three-year olds and 97% of four-year olds take up the offer of 15 hours of funded early education. Places are also available for disadvantaged two-year olds with 70% take up. There is a grant for three and four-year old children with a disability to access their early years place. There is no comment on the figures given. The government states that the childcare sector is 'healthy and growing' (para 3.85 p24) and that quality is rising. From 2016 the government began rolling out an increased childcare offer of 30 hours for three and four-year olds. The NRP does not state that this offer is available only in formal settings, for 38 weeks a year, effectively, school term time. the Welsh government states that it is committed to providing the 30 hours offer for 48 weeks a year (para 3.127 p30).

Parents must be eligible to pay income tax, which means doing paid work for the equivalent of 16 hours per week at the equivalent of the national minimum wage for those aged over 25 (now called the National Living Wage), to parents who work sufficient hours to be eligible for income tax. In couple households, both partners must be eligible. Therefore, it will not help the poorest families with no or few hours of work. The government is also increasing support for tax-free childcare (para 3.94 p 24) but this offer is not available to low-income workers in receipt of means-tested benefits. Universal Credit is still being rolled out and will be for some years, where it is implemented (for some types of family in some areas) it increases support for eligible childcare costs to 85%. As the NRP says, this helps to mitigate the effect of the household benefits cap (the maximum any household can receive, even if their total entitlements would come to a higher sum) from which it is exempt, but it is subject to the 63% taper (the amount by which benefits are withdrawn as earnings rise) (paras 3.95-3.98 p25).

It would be a progressive step if child care could also be addressed in terms of its benefits for child development. That might mean explicitly recognising that it should be a right for all children, including those with non-working parents, and that not every child would be suited to long hours or specific childcare settings. This would be more in the spirit of Article 24 on the rights of the child in the European Charter of Fundamental Rights.

Tackling youth unemployment

The UK NRP 2017 states that the UK Government ambition is to 'abolish long term youth unemployment (NRP para 4.37 p37). The measures are strongly focused on supply-side tightening of conditionality, for example the 'Youth Obligation' for 18 to 21-year olds in Universal Credit (UC) (NRP para 4.38 p37). In March 2017, a report from the Parliamentary Work and Pensions Committee called for this programme to be unlinked from UC. As the roll-out of UC has been delayed and it is only fully operational in some areas, the Committee said that this made a postcode lottery of access to the new youth programme. The Committee also called for better cooperation between Job Centre Plus and employers and education and training providers. After six months, young people under the Youth Obligation are mandated into a traineeship, apprenticeship or Job Centre Plus-arranged work placement (which may be unpaid). The Committee called for an end to 'counter-productive' work placements which are not appropriate for the young person or the host³⁴.

³⁴ Work and Pensions Select Committee (2017) Employment opportunities for young people, March 27, accessed at: <https://www.publications.parliament.uk/pa/cm201617/cmselect/cmworpen/586/58602.htm>

There is little reference to youth programmes in the employment section of the NRP (skills, for example are dealt with in Chapter 3, on responses to the CSRs). The Scottish Government refers to expanding modern apprenticeship and to its Opportunities for All programme which guarantees a training place for all 16-19-year olds (UK NRP paras 4.47 and 4.48 p39). The Welsh government refers to its apprenticeship programme which is discussed in the skills section in Chapter 3 of the NRP report (which responds to the CSRs).

Quality in work: labour market context in the UK

The UK NRP does not directly address quality in work.

In a recent paper in response to a request from EAPN for country-level information on new ways of working and the risk of poverty, EAPN England's response³⁵ summarised key developments in income, jobs and the labour market.

The UK labour market is increasingly generating insecure and low-skill, low-pay jobs as well as high-skill, high-pay jobs. There has been a shift in employment shares towards low and high skill jobs and a 'hollowing out' in the middle. The biggest relative decline has been in process, plant and machine operatives', 'skilled metal and electrical trades' and 'administrative staff such as book-keepers and office managers. Technological drivers include routine-biased technological change in an environment of low capital investment overall. Policy drivers include a lightly regulated labour market which enables rising insecurity as employers avoid employer costs by changing the status of jobs from employee to self-employed, or agency workers for example, and low and falling levels of benefits, which reduce the floor under wages.

In much of the EU there is a rise in temporary employment, i.e., open-date contracts to cover gaps in staffing (the third highest rise in the EU is in the UK) and in fixed-term contracts, i.e. contracts with a fixed expiry date, and in marginal part-time work. But in the UK, there is a much more significant rise in other 'atypical' work, especially 'bogus' self-employment. This is due to weaker regulation of working arrangements. There are nearly 5m self-employed (15% of all people in work) and more than 900,000 'zero-hours' contracts, though the rise in the latter has stopped, possibly due to bad publicity. The increasing numbers of atypical workers have limited access to the social rights of employees and to certain aspects of welfare and pensions, although improved access to state pensions for self-employed people will come into force later in 2017.

Young people aged 16-24 and people with a disability are most disadvantaged in the labour market, with the situation much worse for people in some minority ethnic groups.

Real pay is still 5% below its 2008 level and real earnings growth is now below the rate of inflation. Since 2008 there have been real income gains (of 13%) only for retirement pensioners. One reason is that productivity is low and only 1% above its 2007 peak. 4.6m families with 7.6m children were receiving tax credit top-ups to low income (April 2015). Cuts to tax credits introduced in 2015 and to Universal Credit are expected to save £4.6bn in 2016-2017, rising to £5.8bn per year by 2020-21. Increases in the National Living Wage will compensate for only 26% of income losses due to cuts in benefits and tax credits. Public sector employment has fallen by about 2m, from 20.9% of the workforce in 2011 to 17.1% at the end of 2016.

There are implications of a changing labour market for the size of the social security bill, especially for tax credit top-ups to low work incomes, as well as for the trajectory of policy in this area. Although Universal Credit – via the Real Time Information system operated by employers with HMRC

³⁵ Duffy, K. (2017) UK response: new ways of working, May, EAPN. The EU level synthesis report is in preparation, overseen by Amana Ferro, policy officer in EAPN Europe.

- will help to adapt benefit payments more quickly to changes in household circumstances, the social security system

is not well designed to meet the UK's changing labour market. Neither is the de-regulated labour market well adapted to the social security system - even though each has helped to generate the other.

EDUCATION/LIFELONG LEARNING POLICIES

9. Are effective policies proposed to tackle early school leaving and to back lifelong learning for all? i.e. personalized support, wrap-around support for families, comprehensive and coordinated approach to recuperation mechanisms, 2nd chance, informal or non-formal training through community approaches? Support for education/training throughout the life cycle, supporting professional, personal and community development ensuring access to education to excluded groups, 2nd chance schools etc. Are quality and inclusiveness of education prioritised and backed?

Response to Question 9

Note: education and skills are devolved matters. UK Government policies therefore apply to England only. This means the four parts of the UK may have different policies.

Chapter 4 of the NRP has a section on education. The UK Government's objective is 'to deliver generational change' through 'access to high quality education at every stage'. Specifically, the Government aims to spread social mobility, strengthen the teaching profession and build a world-class skills system (para 4.57 p41).

The UK does not present the EU2020 education targets, The Government notes that in attainment, 40% of the gap between disadvantaged children and others is evident at age 5. It also states that there has been an increase of 1.8m since 2010 in the number of children in schools rated 'good' or 'outstanding' but there are still 1.0m children in schools rated less than good, disproportionately located in areas of disadvantage (paras 4.59 and 4.60 p42).

Social mobility

The UK Government refers to the following actions on social mobility (paras 4.65 to 4.71, pp 42-43) which apply to England only:

- The Pupil Premium paid to schools to help raise attainment for disadvantaged children (this came into being following the election of a Coalition government in 2010)
- Six new opportunity areas in England to increase links to employers for disadvantaged children
- Funding reform which will change the weighting that distributes funds to schools in England. The context is that between 2015 and 2020 there is a cash freeze on school spending in England; Belfield and Sibieta (2017)³⁶ forecast that school spending per head will be 6.5% lower in real terms by 2020. Changes to the funding formula, the biggest for 25 years, will further disadvantage some schools, especially in London and some other urban areas. Despite some protections, the net effect is to shift resources out of schools of high deprivation to those with average levels of deprivation. The Government is currently under pressure to commit to no schools losing out

³⁶ Belfield, C and Sibieta, L (2017) The short and long-run impact of the national funding formula for schools in England, *Institute for Fiscal Studies Briefing Note (BR 195)*, March 22, accessed at: <https://www.ifs.org.uk/uploads/publications/bns/BN195.pdf>

- Lifting the ban on opening new selective schools. The evidence suggests selection is bad for overall attainment, reducing results for disadvantaged pupils. The move was opposed by most education professionals and by other political parties and by many in the Conservative Party. The proposal is on hold as it would be difficult to pass with minority government.

Transition from school to work: School-leavers

At 16, students can leave school but must continue until 18 in full time education, training or apprenticeship, or half time volunteering and half-time training. 88% of 16-17-year olds were in full-time education in 2016. The UK Government notes that 94% of 17-year olds were in sustained education, employment or training in 2014/15 and that achievement at GCSE LEVEL (age 16 school exams) rose slightly (para 4.62 and 4.63 p42).

In the first quarter of 2017, 11.5% of 16-24-year-olds were not in education, employment and training (NEET). This is above the OECD average for 15-19-year-olds (10 EU countries have lower rates), but below it for 19-24-year-olds. NEETs are three times as likely to be disabled as not, 2.5 times as likely to have no qualifications as GSE or above and least likely to be Chinese or other Asian and most likely to be Pakistani/ Bangladeshi or white³⁷.

Skills – apprenticeships and adult second chance education

There are changes to technical education and school leaver skills but the main change is apprenticeships. The UK government says it is committed to three million apprenticeship starts by 2020 (para 3.69, p21). The NRP states that the government aims for a 20% increase in apprenticeships for people of Black, Asian and Minority Ethnic BAME backgrounds (para 3.69 p22) but there is no other commitment to ensuring access for poor and disadvantaged people.

The government has a loose interpretation of apprenticeship. While a degree takes 3 years, an apprenticeship can take as little as 12 weeks though in the new programme, offers range from basic skills to level seven (e.g. qualified solicitor). Funding is doubling to £2.5b by 2019-20 and the new 'English Apprenticeships' are more business-led and oriented. Provision is employer-led rather than training provider-led; the employer chooses the training partner and can source their own apprentices, though a minimum 20% must be 'off the job' training. Regulatory commitments to take apprentices are placed on large public-sector employers. From April 2017, there is an employer levy of large employers (i.e. with at least a £3 million per annum annual pay bill) in return for which employers can choose and pay for any apprentice training they want. There is a centralised brokering service but no government leadership on what kind and how many training places are provided for an industrial strategy in the national interest. Only 2% of employers pay the levy, but 60% of employees work for such employers. The scale of the programme is much greater than before the 2016 Act; it requires 600,000 apprenticeships a year in this Parliament and will reduce wages by 0.3% (as apprentices are paid very low wages). Government is subsidising 90%-100% of training place costs. An increase in quality training is really needed in the UK, low investment in training a long-standing problem. But Cribb and Amin-Smith for the IFS³⁸ are concerned that the current scheme will repeat past mistakes and will be distorting, especially for the public sector. Given the subsidy, there is little incentive to choose a cost-effective provider and there is an incentive to rebadge existing training programmes as apprenticeships. The requirements on the

³⁷ Brown, J (2016) Neet: Young people not in education employment or training, *Briefing Paper SN 06705*, House of Commons Library, 6 April, accessed at: <http://www.parliament.uk/commons-library>

³⁸ Russell, V (2017) IFS calls for government to abandon public sector apprenticeship target, *PublicFinance*, January 31, accessed at: <http://www.publicfinance.co.uk/news/2017/01/ifs-calls-government-abandon-public-sector-apprenticeship-target>

public sector could mean one in five of new hires would need to be apprentice places and could lead to costly reorganisations.

Apprenticeship participation in 2015-16 was at an all-time high (899,400), with the majority still at GCSE level, but with an increasing trend to higher-level qualifications. But adult skills, including 19+ apprentices, colleges, publicly funded work-based training and community learning is declining. There were 1.8m participants in 2011/12 and 1.2 m in 2015/16.³⁹ The increased funding for apprentices comes after years of severe cuts to funding for further education colleges, which increasingly compete with private for-profit providers for contracts. From 2010-2015 funding for further education was cut 12% in real terms. To 2014, total government spending on adult education was cut 22%.⁴⁰

Tertiary Education

UK Government notes that the tertiary education attainment rate (those aged 30-34 who have completed tertiary education or equivalent) is 47.8% compared to the EU average of 38.7% (para 4.64). But only 10% of adults have a technical qualification at the highest education level.

UK Government also notes that there are no 'upfront coats' (para 4.80 p44). Tuition fees have increased funding to higher education organisations in England by about 25%. There is increasing concern about the burden of debt and whether demand for higher education will be negatively affected. But the average wage gap for graduates-non-graduates has not narrowed and unemployment for graduates is lower, so it is still a relatively attractive option but that may be changing. Student debt is now £100.5b, 16.6% up on a year earlier. Students are graduating owing about £57,000. Graduates are required to pay 9% of what they earn above £21,000⁴¹. Real interest on student debt is RPI (currently 3.1%) plus 3%. Two-thirds of debt is unlikely to be repaid after the 30-year repayment period. However, those students who will be paying for thirty years at high interest are those without the resources to pay student fees upfront. Those on low earnings, paying low repayments, can find their debt rising by more than they pay off, due to high interest rates.

Lifelong learning

In the NRP the UK Government states that the importance of lifelong learning was highlighted in its Industrial Strategy. In 2017, the government allocated pilot funding for 'innovative course delivery' such as digital technology (para 4.77 p44).

Part-time students are often mature students with family responsibilities. Fees and associated costs in transport, childcare and potential loss of working hours or opportunities are a disincentive. Those studying at tertiary level can get a maintenance loan. Government notes part-time student numbers have declined 50% since 2008-09 (para 4.78, p 44).

Policy in the devolved governments and administrations

³⁹ Henehan, K (2017) Apprenticeship participation reaches a record high – but wider adult education and training continues to decline, *Resolution Foundation*, June 26, accessed at: <http://www.resolutionfoundation.org/media/blog/apprenticeship-participation-reaches-a-record-high-but-wider-adult-education-and-training-continues-to-decline/>

⁴⁰ Association of colleges (2014) *College funding and finance*, May, accessed at https://www.aoc.co.uk/sites/default/files/College%20Funding%20and%20Finance%201%20May%202014%20FINAL_0_0.pdf

⁴¹ Monaghan, A and Weale, S (2017) UK student loan debt soars to more than £100b, *The Guardian*, June 15, accessed at: <https://www.theguardian.com/money/2017/jun/15/uk-student-loan-debt-soars-to-more-than-100bn>

The Northern Ireland Executive refers to a self-evaluation approach to raising school standards and states that a successful school is 'effectively led and child-centred, provides high-quality teaching and learning and is connected to its local community' (para 4.81 p44).

The Scottish Government puts more focus than does UK Government on access to education for all including adult and disadvantaged students. For example: It refers to a policy on improving schools' attendance (para 4.83); it also refers to the Scottish Attainment Challenge 'which aims to achieve equity in educational outcomes with focus on closing the poverty-related attainment gap'. There is a five-year fund of £750m. Current priorities are Pupil Equity (essentially this is the Pupil Premium at UK level). £50m is allocated to targeted areas of deprivation to support the Challenge and to national staffing support programmes (para 4.84 p45). The Scottish Government has also retained the Education Maintenance Allowance which has been ended in England by UK Government. It provides financial support to low income 16-19-year olds to stay in education or learning after the school leaving age. The programme has been extended to raise the eligible income thresholds and to include non-advanced part-time courses (para 4.85 p45). Full-time further education students can receive non-repayable bursaries of £95.94 per week (para 4.89). One of the Outcome Agreements for Scottish colleges is to remove barriers for all local learners and the proportion of full-time older learners has risen 33% since 2006/7. In 2015/16 learners aged over 25 were 28.7% of all learning hours (para 4.90 pp 45-46). There are no fees for tertiary education and the Scottish Government says it is committed to keeping access free for Scottish-domiciled students (para 4.87).

The Welsh Government refers to its apprentice delivery (para 4.94 p 46) and to its Youth Engagement and Progression Framework of 2013 which is a person-centred integrated approach. It includes early identification of need, coordinated brokerage of support and tracking of progress (para 4.91 p46). From 2015 there has been a Common Area Prospectus in all schools which gives access to on-line search for all post-16 locally provided courses and training (paras 4.92 and 4.93 p 46).

STRUCTURAL FUNDS SUPPORT FOR POVERTY REDUCTION

8. Are Structural Funds mentioned in the NRP? Are they being used effectively to support delivery on the poverty target? Are measures supported beyond employment? e.g. implementing the 20% of ESF on social inclusion and poverty, through integrated active inclusion strategies (adequate minimum income, inclusive labour markets and access to quality services?) Tackling discrimination for key target groups, investing in social infrastructure – early learning and quality childcare, affordable housing, health?

Response to Question on Structural Funds

Structural Funds are mentioned by the devolved Scottish government. The Fairer Scotland Action plan is underpinned by a new £29m programme, 'including £12.5 million from the European Social Fund, to tackle poverty in Scotland' (NRP para 4.112 p49).

The Welsh Government refers to an ESF funded programme 'Progress for Success', to support playworkers to achieve childcare or play qualifications (paras 3.128 and 3.129 p30).

The Northern Ireland refers to the EU Peace IV Victims and Survivors funding to provide 'health and well-being support' for up to 17,650 victims and survivors. The 2014-2020 Peace IV programme includes €17.6m for a cross-border programme (para 4.109 p49).

GOVERNANCE AND PARTICIPATION OF STAKEHOLDERS IN THE NRP
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- 9. Was there a better governance process for the NRP this year, with more and better participation of civil society stakeholders and people experiencing poverty? (i.e. was the NRP decided by finance ministers or were social ministries able to have an impact? Was there more meaningful involvement of all relevant stakeholders: social partners, regional/local authorities, Parliaments, NGOs, people experiencing poverty?)**
- 10. How did you in your national EAPN network or organization engage in the NRP this year? Was it better than last year? Did you have an impact? What were the main obstacles? (Please give us full details on how you were involved this year, the obstacles faced and the impact– i.e. did you ask to be involved, send an input, attend a meeting, what response were there? what difficulties did you face i.e. over timing, process, what results did you have etc)**

Response to Questions on governance and participation

We did not have any opportunity to engage. UK government does not consult on the NRP. Viz., in the NRP Ch1 section on 'stakeholder engagement' the Report states that 'since the NRP does not contain any new policy announcements, it is not subject to formal consultation' (para 1.12 p7). The Report states that the 'document is illustrated with examples of how stakeholders are involved in translating policies into concrete outcomes' (para 1.14 p7).

EAPN PRIORITY RECOMMENDATIONS

Give your top 3 priority recommendations for policy action at the national level (these can be cut and pasted from your CSR proposals for 2017 or adapted/new ones)

1. Housing: Local authority social house-building programme, to scale of housing need; with secure tenancies and affordable rents; rent control and improved quality control in the private sector; integrated Housing First support for homeless people with complex needs
2. Poverty: end freeze on benefits and link to MIS; reinstate Child Poverty target, indicators and measures, reinstate support for disabled people of working age
3. Employment: end exploitative forms of contractual relationship for self-employed and atypical workers; increase the National Living Wage (and minima for those under age 25 and apprentices) to the level of the voluntary Living Wage; rebalance workplace powers for workers to bargain with employers, end costs for access to employment tribunals

Brief Justification/evidence of why these are the priority

These would have the biggest impact on capacity to tackle poverty, providing the tight fiscal policy was relaxed to enable social investment in people and homes and workplaces

General Scoreboard on the NRPs (put a cross)

Questions	Strongly Agree	Partly Agree	Strongly Disagree	Partly Disagree	Not sure
1. <i>The NRP is primarily aimed at macroeconomic and financial management not on Europe 2020 targets</i>	X				
2. <i>Austerity is still the dominant focus, and is generating more poverty and social exclusion</i>	X				
3. <i>There is more focus on investment, but not on social investment</i>	X				
4. <i>The burden of the crisis is being equally distributed and reducing inequality a priority</i>			X		
5. <i>Poverty is not a priority, and employment is seen as the only solution with increased conditionality</i>	X				
6. <i>An integrated strategy on poverty, supporting active inclusion – access to quality jobs, services and adequate minimum income is proposed.</i>					X
7. <i>Progress has been made on implementing key EU social investment priorities – particularly investing in children and tackling homelessness</i>				X	
8. <i>There are signs of an increased concern about social rights and standards</i>					X
9. <i>Increasing quality jobs and tackling in-work poverty is a key priority in the NRP</i>			X		
10. <i>The employment measures proposed are the right ones to ensure access to quality jobs for all</i>				X	
11. <i>Education and training measures are primarily aimed at increasing skills not at ensuring an inclusive quality education system</i>	X				
12. <i>Social Protection is seen as a cost not a benefit, or a social investment</i>	X				
13. <i>Structural Funds are being used effectively to reduce poverty and deliver on 20% of ESF.</i>					X
14. <i>Antipoverty NGOs were consulted in the development of the NRPs</i>			X		
15. <i>The opinion of Antipoverty NGOs was taken seriously into account in the NRPs</i>			X		