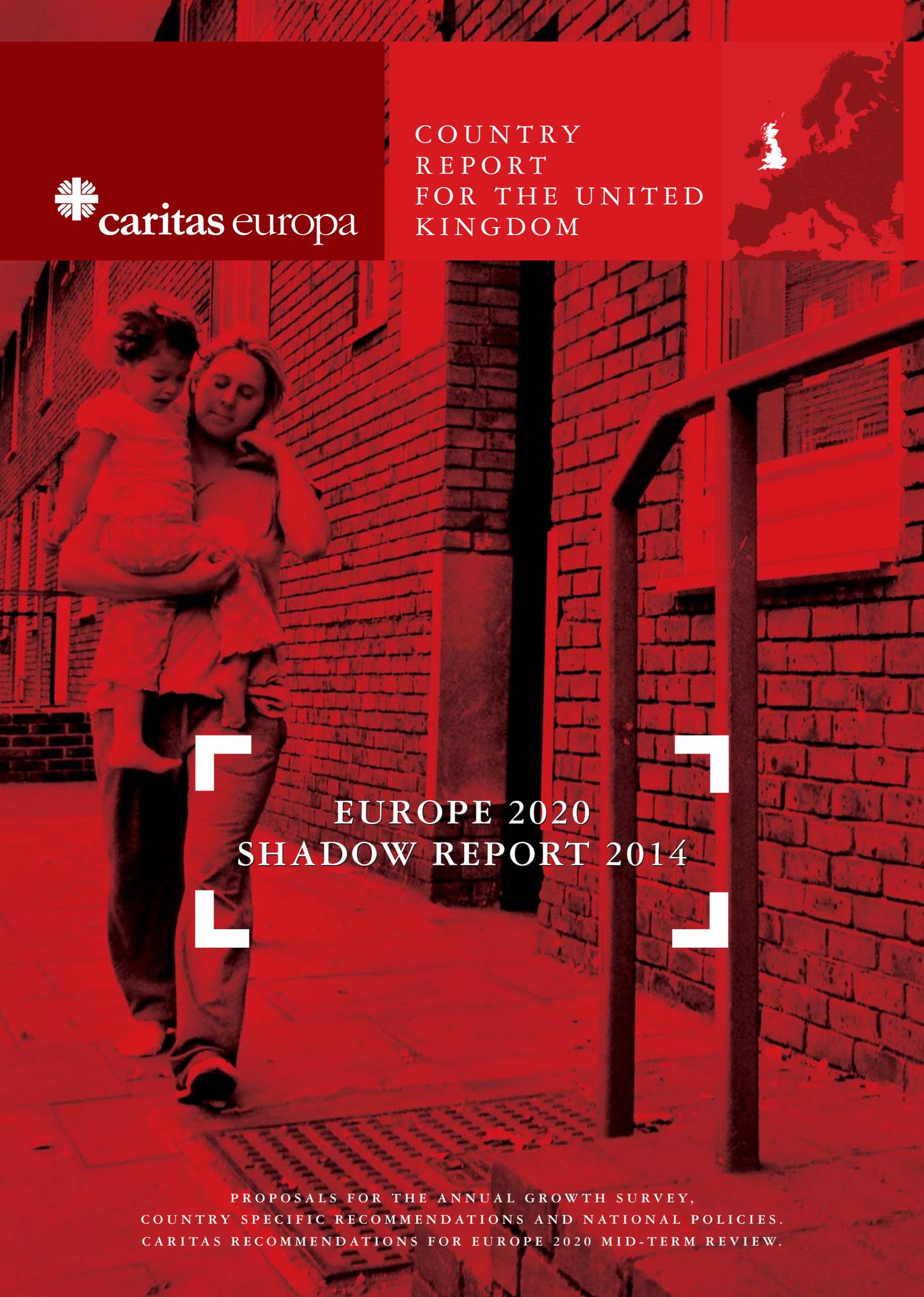




COUNTRY
REPORT
FOR THE UNITED
KINGDOM

A photograph of a woman carrying a young child in her arms, walking on a sidewalk next to a brick building. The entire image is overlaid with a semi-transparent red filter. The woman is looking down at the child, and the child is looking towards the camera. The background shows a brick wall and a metal railing.

EUROPE 2020
SHADOW REPORT 2014

PROPOSALS FOR THE ANNUAL GROWTH SURVEY,
COUNTRY SPECIFIC RECOMMENDATIONS AND NATIONAL POLICIES.
CARITAS RECOMMENDATIONS FOR EUROPE 2020 MID-TERM REVIEW.

01 EU 2020 Strategy: general evaluation

Whilst the Europe 2020 Strategy provides a common understanding of direction for the EU, it remains somewhat esoteric amongst the public in the UK. Policy developments are those of the elected UK government and implementation of these policies is, to that extent, transparent. Governments need to engage more with NGOs and hold more consultations with stakeholders to engage them with Europe 2020 and the NRP process.

Europe 2020 is currently not a driver of UK policy on employment growth and poverty reduction. In addition, there is very little involvement of UK stakeholders in the Europe 2020 Strategy. This does not mean that the EU does not need a strategy for growth and jobs for the coming years but it should have greater engagement from the public, possibly best achieved through NGOs and wider consultation being required by governments in the setting of European and national targets, with greater monitoring and more specific CSRs re-endorsing the expectation that the NRP process is important in achieving the Europe 2020 Strategy and targets. More detailed CSRs agreed with national governments could perhaps be more effective when it comes to implementing the instruments of the Europe 2020 Strategy.

From our perspective, growth should not be at the expense of a living wage and should not lead to greater in-work poverty. The Strategy also needs to address immigration issues, as these are becoming a political issue in danger of manipulation. Growth should not be an end in itself, which may lead to political instability. Instead, it should define growth in social terms, i.e. going beyond poverty and employment as a target. Perhaps monitoring the impact of migration (in and out), e.g. to avoid loss of skills in one EU country to the benefit of another.

02 Poverty

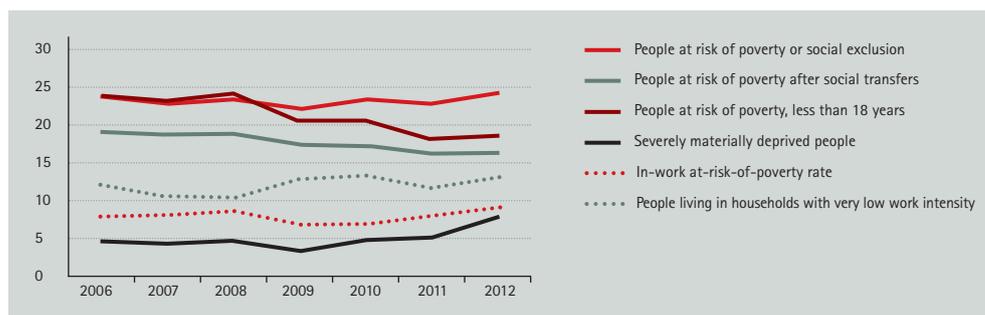
2.1

Recent trends

Development of poverty and social exclusion indicators in the United Kingdom (2009-2013) based on Eurostat:

- ➔ Although some indicators are showing an improvement between 2011 and 2012, most poverty indicators increased during the observed period:
 - The highest relative and absolute increase occurred in the rate of severe material deprivation, which more than doubled, reaching 7.8% in 2012 compared to 3.3% in 2009, though remaining below the EU average of 9.9%.
 - In-work poverty reached 9% in 2012 – a rise of 2.3 p.p. since 2009.
 - After peaking in 2010 (13.2%), the rate of people living in households with very low work intensity fell to 11.5% in 2011, increasing again to 13% in 2012, which is the fifth highest in the EU.
- ➔ In terms of age groups, it has to be noted that in 2012, 18.5% of all children in the UK were at risk of poverty – 1.9 p.p. less than in 2009.

Eurostat (% of population)	2009			2010			2011			2012			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	
The United Kingdom													
POVERTY													
People at risk of poverty or social exclusion	-	-	22.0	-	-	23.2	-	-	22.7	-	-	24.1	24.8
People at risk of poverty after social transfers	16.7	17.8	17.3	16.7	17.8	17.3	14.8	17.6	16.2	16	16.5	16.2	17.0
People at risk of poverty, less than 18 years of age	-	-	20.4	-	-	20.4	-	-	18.0	-	-	18.5	20.8
Severely materially deprived people	-	-	3.3	-	-	4.8	-	-	5.1	-	-	7.8	9.9
In-work at-risk-of-poverty rate	6.4	7.1	6.7	6.8	6.7	6.8	7.7	8.1	7.9	9.1	8.8	9.0	9.2
People living in households with very low work intensity	-	-	12.7	-	-	13.2	-	-	11.5	-	-	13.0	10.3



Additional national data shows the severity of the problems reflected by the above Eurostat data:

Significant changes to the benefits system have taken place since 2010 and these are beginning to be reflected in the Eurostat figures for poverty. Since then, there has been a rapid rise in the use of food banks across the UK. The Trussell Trust, the largest provider of food banks in the UK, states that the number of people using them has tripled since 2012.¹ More than 63,000 Londoners used Trussell Trust food banks in the 8 months between April 2013 and January 2014, a 400% increase on the year 2011/12. One of the reasons for this is the use of benefit sanctions and delays in benefit payments. In April 2013 the Department for Work and Pensions abolished crisis loans to cover short-term emergencies. Instead, short-term advances are available as loans from local authorities but the availability of these is often not communicated to those who need them and makes the system more complicated for claimants.

Oxfam has stated that, despite the UK being the world's sixth largest economy, 1 in 5 (approx. 13 million people) live below the official poverty line. In fact, one in six families in the most distressed parts of the UK are defaulting on essential costs or covering household bills with payday loans.² Regions of traditionally high deprivation, such as north-east England and Northern Ireland, have been joined by smaller areas of distress that are hidden in otherwise prosperous areas such as Guildford, the City of London and Bournemouth West.³ The Chief Executive of Citizens Advice, Gillian Guy, reflecting on the findings said: "while the economy is on the up, some household finances across the country are still floundering. The legacy of the recession has led to many people cutting their spending down to the bare essentials and taking out short-term loans to pay the bills."

Churches in the UK have been at the forefront of speaking out about the rise in poverty. Cardinal Nichols, Patron of Caritas Social Action Network (CSAN), has called for a debate on "where charity ends and state responsibility begins".⁴ Along with over 500 other clergy, including many Anglicans, he has been particularly critical about the dismantling of the safety net provided for the poor by the State. 43 bishops have expressed concern that changes to benefits could drive 200,000 children into poverty.

CSAN member organisations have reported an increase in the number of people coming to their services in extreme need, many of them low paid, often in a number of part-time, inadequate hours, or zero-hour contracts. Latest evidence from CSAN members is that there is a growth in this phenomenon affecting new groups of people. The government's *Child Poverty Strategy* proposed prohibiting exclusivity clauses in Zero-hour contracts, which is expected to be introduced in the *Small Business Employment and Enterprise Bill*.

In 2014, one member of CSAN, the Catholic Children's Society (Westminster) [CCSW], established a Crisis Fund for use by head teachers of schools in the diocese who have a child (or children) living in extreme poverty and attending their school. Amongst those children referred they have found families with only a roof over their head and who have no essentials e.g. no beds, no table and

¹ The Trussells Trust: <http://www.trusselltrust.org/foodbank-numbers-triple>

² The Guardian, 17/07/2014: link to article

³ A map produced by Which, showing levels of distress across regional, constituency and neighbourhood levels can be accessed here

⁴ BBC, 06/04/2014: link to article

chairs, no fridge or freezer, no washing machine and no settee. Such families are those who have been in private, rented, furnished accommodation and whose in-work benefits or capped benefits have been insufficient to meet the rising price of private, furnished rents in London. Such families, re-housed by their local authority, find themselves placed in unfurnished accommodation without any furniture. Some families can spend months sleeping on the floor at a friend or family member's home. One family, re-housed by a local authority, had a mother dying of cancer sharing a bed with her two daughters, their only piece of furniture provided by the local authority. Another family had nothing, not even a kettle as all their money went on paying the rent in unfurnished, privately rented accommodation. To date the CCSW have helped 105 children. They also report that some families are moved out of London to other parts of the country where rents are lower. They then find themselves without the support of family and friends who had previously helped them get by through assisting with childcare, etc. They also have the problem of finding schools, new doctors, hospitals, etc. in an area they do not know. This only adds to their problems.

There is a particular concern about the shortage of affordable accommodation for families. In London, for example, CSAN member organisation Housing Justice, along with St Mungo's Broadway, a homelessness organisation previously just for single people, are setting up a mentoring and befriending service for the growing number of families that have been made homeless and are being moved by their local authority into private, rented accommodation located away from their families and usual support networks.

2.2 Recent policy developments

A lack of availability of affordable rented accommodation and new social housing is still causing a major problem, especially in London and the South-East. Benefit caps increasingly present problems in terms of property being affordable for the poor, including the in-work poor. The evaluation report on the Removal of the Spare Room Subsidy (RSRS) revealed that 522,905 households were affected by the RSRS, which equates to 11.1% of all social tenancies according to the DWP's Housing Benefit data from August 2013.⁵

The Office for National Statistics reported that Britain's richest 1% own the same amount of wealth as the poorest 55% put together. The imbalance is increasingly geographically weighted as household wealth in the south-east was shown to have risen five times as fast as the rest of the country. In contrast, wealth in the north-east fell - the only region where this was the case.⁶

The government has now imposed a limit of £119 billion on annual social security funding. According to research at the London School of Economics, over a third of the 26 benefits within the imposed limit relate directly to disabled people and their carers and so will disproportionately impact upon women.⁷ In addition, the Local Government Association (LGA) estimates that councils in England face a funding gap of £5.8 billion between March 2014 and the end of 2015/16 and this will result in cuts to their total budgets of 12.5%. This will mean a reduction of services to children and families as well as the elderly and disabled in need.

Following a period of consultation the government has produced the *Child Poverty Strategy 2014-17* to meet requirements under section 9 of the Child Poverty Act 2010. The focus of this is "work

⁵ Link to full report

⁶ See The Guardian 15/05/2014 and scroll down for a graphic of UK wealth in 2014.

⁷ London School of Economics: link to report

pays" and education is a way of achieving better paid employment. More, however, needs to be done to improve terms and conditions of employment for those in low pay. CSAN welcomes free school meals for all infant school pupils but this only helps during the 37 weeks of the year in which children are at school. Benefits to those in low paid employment are a subsidy to the salary bill of low paying employers who increase their profit margin through low pay. There should be a fiscal measure for addressing this with low paying employers.

CSAN is particularly concerned that one proposal, being discussed at present by politicians, is to reduce or remove the level of child benefit after a second or third child is born to a family.

An All-Party Parliamentary Inquiry into Hunger and Food Poverty is taking evidence on the extent and causes of hunger in Britain, the scope of provision to alleviate it and a comparison with other Western countries. Evidence submitted has shown that "the rising costs of housing, food and fuel have had an adverse impact on households' ability to buy and cook meals. Since 2003 food, fuel and housing costs have all increased at a greater rate than earnings, with food (46.4%) and fuel costs (154%) increasing by a significantly greater amount than both earnings (27.9%) and overall inflation (37.7%). Oil and food price spikes will have contributed disproportionately to these increases. This is likely to have had a greater negative impact on living standards for the poorest households." It may also help to explain the increased use of food banks.⁸

Innovative services or programmes implemented by Caritas UK

DESCRIPTION OF THE SERVICE OR PROGRAMME

CSAN member, Catholic Children's Society (Westminster) (CCSW) has entered into a partnership with the Diocese of Westminster. The diocese is funding and building a new school with a family centre as an integral part of the new build. The CCSW are putting £500,000 into the project and will staff and fund the family centre. The aim of the project is to provide early years' and after-school provision for children, and support to families in the London Borough of Tower Hamlets. The family centre will provide outreach support to other local primary schools in the borough. The aim is to improve social and educational outcomes for children and assist them through the transition to secondary school whilst also providing training and support to parents.

Social investment package: investing in children⁹

ASSESSMENT OF PROGRESS

➔ With regards to providing for adequate living standards through a combination of benefits

- In June this year, the government announced a new tax-free childcare subsidy worth up to £2,000 a year per child. It will be introduced in the autumn of 2015. All parents with children under the age of 12 will be eligible, if they are in paid work and earn less than £150,000 a year. For every £8 paid by parents towards the cost of childcare, the state will provide a £2 top-up. Changes benefit those in higher pay who may have no or less need of a subsidy to the disadvantage of those who are poor but may be studying or out of work.

⁸ Link to inquiry and to CSAN's contribution

⁹ European Commission, 2013, Recommendation *Investing in Children: Breaking the Cycle of Disadvantage* 2013/112/EU approved under the Framework of the Social Investment Package

- Changes to the benefits system are being revised: they are taking a punitive “stick” approach rather than an encouraging “carrot” approach. In January 2013 changes to the rules on child benefit came into force and reduced the entitlement of about 1.2 million families. Families where one parent is earning more than £50,000 a year will no longer be able to claim the total amount of child benefit. Child benefit is no longer universal and is therefore in danger of stigmatizing children and their parents who are recipients. As stated previously, consideration is now being given to limiting it further to only the first two children in a family.
- The government is making school meals free for all pupils in primary schools, however, this will only address the nutritional needs of poor children for 37 weeks of the year. School transport is being reduced in some rural areas as cuts in public expenditure take place.
- Increasingly, access to benefits and assessments are being computerised. Poor families have difficulties with access to and use of IT and may need to travel long distances and incur transport and usage charges for IT.¹⁰

➔ **Regarding the reduction of inequality at a young age by investing in early childhood education and care**

- Increasingly families on low pay are working on a Saturday or Sunday and outside the usual hours of the school day when finding childcare is difficult. No provision has been made to address this need.
- Some poor families may qualify for the Early Years Education Grant for two years olds to attend a nursery.

➔ **Concerning the improvement of the education system's impact on equal opportunities**

- Education policy initiatives have reduced local authority responsibility and power over schools leading to the atomisation of the state funded education system while at the same time giving greater power to central government. While this policy is intended to broadly address the above measure, arguably in practice it has contributed little to this end.

➔ **As regards the improvement of the responsiveness of health systems to address the needs of disadvantaged children**

- Access to services for children with disabilities or mental health services have been reduced due to cuts in public expenditure. In the light of concerns that have been expressed by the Chief Medical Officer and others about both the extent to which children and adolescents are affected by mental health problems and difficulties with gaining access to appropriate treatment, the Health Committee has decided to undertake an inquiry into children's and adolescent mental health and Children and Adolescent Mental Health Services (CAMHS). Evidence is still being taken.
- CSAN member organisations have expressed concern over difficulties in accessing assessment for children with considerable mental health problems with waits to see CAMHS being as long as 18 months in some areas.

¹⁰ According to the Chartered Institute of Public Finance and Accountancy, between 2010-13 cuts in public services resulted in 421 free-to-use public libraries being closed. These previously gave free computer access to the public. (See: [link](#))

EU initiative for Roma integration¹¹

ASSESSMENT OF PROGRESS

Since the 1960s the British Government has recognised that Traveller and Roma children achieve poor educational outcomes and experience discrimination within the education system. Due to cuts in public expenditure Gypsy, Roma and Traveller education services within local authorities have been reduced or closed.¹² *The Report on the implementation of the EU Framework for National Roma Integration Strategies, 2014* reveals that little is being done to target and address the needs of Roma in the UK. Access to health care is difficult when Gypsy, Roma and Traveller families are moved out of areas on a regular basis and this is particularly a problem for pregnant women, children and the elderly.

The living conditions of Roma in the UK is deteriorating:¹³

- ➔ Roma in the UK include both ethnic minorities and migrant workers whose integration has been negatively impacted upon by public spending cuts since 2010. This includes Local Authority cuts that have reduced specialist services (including through the voluntary sector) and the government cancellation of the Migration Impact Fund. In education almost half of the 127 authorities abolished their traveller education service or drastically reduced its staff levels. Despite the introduction of the pupil premium for disadvantaged pupils, there is no guarantee that schools used the funds to obtain specialist Traveller Education Support. Some Roma migrants are ineligible to claim benefits and despite living below the official EU poverty line, children, if attending school, are ineligible for free school dinners. As a result of reforms to the National Health Service (NHS) Roma communities, who are already deemed 'hard to reach' as they struggle to access health services, have been negatively impacted upon by changes to General Practitioner Commissioning that have resulted in pressure to reduce referrals to hospital and also reductions in community nursing.
- ➔ Welfare reforms (including the introduction of universal credits, the benefit cap and bedroom tax) have had a negative impact upon Traveller communities, who traditionally have larger families, leading to an increase in poverty. In regard to Roma migrants, work restrictions placed on EU nationals from Slovenia, Slovakia, Hungary, Lithuania, Latvia, Poland, Czech Republic, Estonia, Bulgaria and Romania have presented huge challenges to Roma employment prospects and have caused significant economic hardship - with many trapped in casual self-employment or reliant on 'gang masters' for work and housing. Many are earning a fraction of the legal minimum wage, live in overcrowded and substandard accommodation and are *unable to access the basic in-work benefits that many people working in the UK take for granted - a contract of employment, the minimum wage, pension rights, paid holidays, maternity leave, and paid sick leave*. Roma communities also continue to be subject to widespread hostility and discrimination, often due to negative media coverage and public discourse. In their contact with the criminal justice system they are often subjected to unfair levels of discrimination. Cuts in police budgets have reduced the number and scope of race equality and liaison officers and services.

¹¹ Council of the European Union (Employment, Social Policy, Health and Consumer Affairs Council Meeting), 2013, *Council Recommendation on Effective Roma Integration Measures in the Member States*

¹² An article in *The Equal Rights Review*, Vol. Eight (2012) entitled *Educational Equality for Gypsy, Roma and Traveller Children and Young People in the UK* by Brian Foster and Peter Norton highlights the difficulties and concerns raised over cuts in services. (Link to article)

¹³ Assessment from the Catholic Association for Racial Justice (CARJ), a member of CSAN, working to support and uphold the rights of Gypsy, Roma and Traveller groups across England and Wales

Assessment of the United Kingdom's Country Specific Recommendations (CSRs) adopted in 2014:

Caritas welcomes the following CSRs, which, it is hoped, will most probably have a positive impact on the employment situation in the United Kingdom:

- ➔ **CSR 2 on the housing sector and the price of affordable rented accommodation:** a recommendation on increasing the levels of affordable rented accommodation is a very high priority although this recommendation is insufficient to help address the housing needs of those in poverty that need affordable rented accommodation.
- ➔ **CSR 4 on reduction of child poverty:** a recommendation on child poverty is essential; however, this recommendation mirrors the discourse of the British Government in that it links employment to poverty reduction. It does not adequately address the issue of low pay and poor employment terms and conditions at a time of recovery in the UK economy. The government should replace the Minimum Wage with the Living Wage. Affordable and good quality childcare is essential. There should be greater government subsidy of childcare to help "work pay" and reduce child poverty.

There are certain CSRs adopted that may have a negative impact on the situation of poverty and social exclusion in the UK:

CSRs that could have a negative impact	Observations
<ul style="list-style-type: none"> ➔ CSR 4. Continue efforts to reduce child poverty in low-income households, by ensuring that the Universal Credit and other welfare reforms deliver adequate benefits with clear work incentives and support services. ➔ CSR 2. Increase the transparency of the use and impact of macro-prudential regulation in respect of the housing sector by the Bank of England's Financial Policy Committee. Deploy appropriate measures to respond to the rapid increases in property prices in areas that account for a substantial share of economic growth in the United Kingdom, particularly London, for example by adjusting the Help to Buy 2 scheme and mitigate risks related to high mortgage indebtedness. Remove distortions in property taxation by regularly updating the valuation of property and reduce the regressiveness of the band and rates within the council tax system. Continue efforts to increase the supply of housing. 	<ul style="list-style-type: none"> ➔ The use of the words 'work incentives' reinforces government and media discourse that those who are not in work, do not want to work and are enjoying a life on benefits. This recommendation on child poverty needs to re-focus on the problem of low pay and terms and conditions of employment. Consideration needs to be given to the responsibilities of employers to reward their staff and the Common Good of the wider Society which, by its taxes, funds through benefits, including tax benefits, the impact of employers offering low pay and poor terms and conditions of employment. ➔ The problem with this recommendation is that the British Government will respond by saying that it is already complying with the first and last sentences, and that it does not currently need to take further action on property prices and mortgage indebtedness because the housing market is cooling. Therefore, we would move the penultimate sentence to become the first sentence thus adding weight to this particular recommendation. The one thing that is not being done to increase the supply of housing is direct investment by the Government; thus an additional recommendation would be: 'to restore the 60% cut in the budget for social housing made in 2010'.

2.3

Recommendations

Given the above assessments, Caritas recommends the following policy measures be introduced in order to address the challenges related to poverty and social exclusion:

- ➔ To review land and property taxation; for example, there is currently no tax on the value of land and property that has increased in value.
- ➔ To address the severe shortage of affordable rented accommodation, in particular the social housing shortage through the direct commissioning and funding of house building by central and local government and by doing so to increase the supply, for example, by restoring the 60% cut in the budget for social housing made in 2010.
- ➔ To reduce the precarious nature of tenancies for those in private, rented accommodation. To do this by reviewing the standard assured shorthold of 6-12 months on tenancies with a view to increasing the length of assured tenancies.
- ➔ To give Local Authorities the power to levy Council Tax and Business Rates on undeveloped sites, as if they were developed, once a certain time after planning permission has been given, has elapsed. Alternatively, to add a penalty percentage on the value of s106 agreements (Town & Country Planning Act 1990¹⁴) if development is not completed within an agreed time.
- ➔ To take measures to make full-time and part-time childcare affordable throughout the year.
- ➔ To take action to reduce the UK's high incidence of low pay by a targeted amount.

¹⁴ See <http://www.legislation.gov.uk/ukpga/1990/8/section/106>

03

Employment

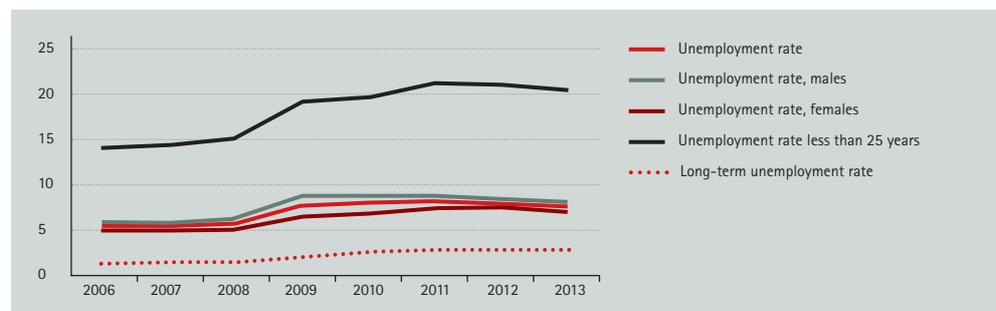
3.1

Recent trends

Development of employment indicators in the United Kingdom (2009-2013) based on Eurostat:

- ➔ The employment rate increased by 1 p.p., from 73.9% in 2009 to 74.9% in 2013. However, it is worth noting that, despite the increase in the rate for men and women, the gender employment gap remained quite stable, at around 11 p.p. in the observed period.
- ➔ Young people remain the age group most affected by unemployment. Youth unemployment experienced its highest increase between 2008 and 2009 when it rose by 4.1 p.p. Since then it has remained considerably higher than the national average, leveling off in recent years where it stood at 20.5% in 2013, below the EU average of 23.4%.
- ➔ The most significant proportional increase can be observed in the long-term unemployment rate, which increased by 0.8 p.p. between 2009 and 2012 when it stood at 2.7%, however, still well below the EU average. More men (3.2%) continue to be unemployed for a longer period than women (2.2%).

Eurostat (% of population)	2009			2010			2011			2012			2013			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	
The United Kingdom																
EMPLOYMENT																
Employment rate	79.6	68.2	73.9	79.3	67.9	73.6	79.4	67.9	73.6	80.0	68.4	74.2	80.5	69.4	74.9	68.3
Unemployment rate	8.6	6.4	7.6	8.6	6.8	7.8	8.7	7.3	8	8.3	7.4	7.9	8	7	7.5	10.8
Unemployment rate, under 25 years of age	-	-	19.1	-	-	19.6	-	-	21.1	-	-	21	-	-	20.5	23.4
Long-term unemployment rate	2.3	1.4	1.9	3.2	1.8	2.5	3.3	2	2.7	3.2	2.2	2.7	3.2	2.2	2.7	5.1



3 issues are worth highlighting:

- According to a recent report by the Institute for Public Policy Research,¹⁵ the welfare-to-work scheme is failing jobseekers, especially those with mental health issues.
- There has been much criticism of the Youth Contract, which a month earlier than planned, in August 2014, stopped taking applications. It was criticised for paying employers who would have employed young people anyway. This should be replaced with the Youth Guarantee.
- Young people, from poorer families, who have the ability and wish to go to university, are put off doing so by course fees and the confusing changes being made to the student loan scheme. This will work against some young people optimising their chances of becoming qualified for higher paid employment.

Testimony

During my year on the Catholic Parliamentary Internship Programme with CSAN my expectations of the scheme have been more than fulfilled; I have been exposed to so many different aspects of work in CSAN, from meeting with MPs and Peers to liaising with the press. This has allowed me to develop many valuable skills, such as learning how to write a press release, Parliamentary briefings and giving addresses, which will be useful and transferable to any workplace. I have also had the invaluable experience of meeting Catholic Charities operating throughout the UK that are tackling a whole range of social justice issues. I feel that through working with CSAN I have the chance to truly make a difference to the lives of people living on the margins of society. The support and encouragement I received both from those in the workplace and those coordinating the scheme has given me the confidence to tackle any challenges thrown at me and from this I feel I have a lot to contribute to any future position. Throughout the year I was continually learning about the Church's role within society, not just in my work at CSAN but also at Heythrop College both in the Contemporary Ethics part-time masters and also the additional Catholic Social Teaching lectures. This has made me appreciate how Catholic Social Teaching can be put into action and how this is beneficial to the whole of society. This year has led me to taking a job in a domestic Catholic charity as I realized how important it was to give a voice to the voiceless in our society and how crucial the role of NGOs are in this.

Phoebe, aged 23

¹⁵ Link to the report: 'The Condition of Britain'

3.2

Recent policy developments

As reported by CSAN last year, there is continued concern about the assessment process around those medically unfit to work and the Employment and Support Allowance (ESA). Last year it was revealed that 37% of decisions concerning disabled people being assessed as fit for work, by the company Atos, were overturned at appeal. While giving evidence to the Work and Pensions Select Committee on the 11th June 2014, the Minister for Disabled People, Mike Penning MP, admitted that over 700,000 disabled people are still waiting for their claims for Employment Support Allowance to be processed (ESA), causing real hardship.¹⁶

Earlier this year Atos and the government agreed to end the contract earlier than planned. In July this year the House of Commons' Public Accounts Committee was highly critical of the programme and called upon the government to fundamentally change the way in which it helps those with disabilities get back into work.¹⁷

The Committee Chairman, Margaret Hodge, described the implementation of PIP as "nothing short of a fiasco". Responding to the report, the national deaf-blind charity Sense said, "it is incredibly damaging that the changeover to PIP is making life harder for disabled people".¹⁸

EU initiative: youth guarantee¹⁹

ASSESSMENT OF PROGRESS

A recent report published by the House of Lords' EU Committee²⁰ found that the Youth Contract launched by the Government in April 2012 to provide work experience, sector-based work academies and job coaching to young unemployed people, had under-performed. This report recommends that the Youth Guarantee should be adopted in the UK as it has been in other EU countries. Additionally, the Social Mobility and Child Poverty Commission's first State of the Nation 2013 report found that "little progress has been made on long-term youth unemployment." It also found that the Youth Contract has not worked effectively enough, and urged the Government to set a goal of eliminating long-term youth unemployment. From August 2014, the Youth Contract will no longer be taking applications, a closure which is a month earlier than planned.

Assessment of the United Kingdom's Country Specific Recommendations (CSRs) adopted in 2014:

Caritas welcomes the following CSRs which will most probably have a positive impact on the employment situation in the UK

➔ CSR 3 on maintaining the commitment to the Youth Contract: as mentioned previously, The Youth Guarantee should be adopted in the UK.

¹⁶ See: <http://www.parliamentlive.tv/Main/Player.aspx?meetingId=15504>

¹⁷ Link to more information

¹⁸ Public Accounts Committee, report on the Personal Independence Payment (PIP).

¹⁹ Council of the European Union, 2013, *Recommendation on establishing a Youth Guarantee* (2013/C 120/01)

²⁰ Link to report Youth unemployment in the EU: a scarred generation?

There are certain CSRs adopted that may have a negative impact on the employment situation in the UK:

CSRs that could have a negative impact	Observations
<p>➔ 3. Maintain commitment to the Youth Contract, especially by improving skills that meet employer needs. Ensure employer engagement by placing emphasis on addressing skills mismatches through more advanced and higher level skills provision and furthering apprenticeship offers. Reduce the number of young people with low basic skills.</p>	<p>➔ Given UK levels of youth unemployment and underemployment a recommendation on this is important. This recommendation does not address the issue of youth unemployment and underemployment where the problem arises of young people being inappropriately qualified. This recommendation privileges the needs of the employers above the best interests of the potential employees.</p> <p>We agree that focus should be placed on creating more apprenticeships and one way of doing this would be to create apprenticeships that pay the Living Wage and result also in qualifications. Likewise, internships, which often give little or no remuneration, should also pay the Living Wage or some other form of remuneration. These measures may help to reduce the 'demonization' of the young as irresponsible in a media or politically led moral underclass discourse.</p>

3.3

Recommendations

Given the above assessments, Caritas recommends the following policy measures be introduced in order to address the challenges related to the employment situation:

- ➔ To address the issue of low-paid employment by the government promoting the living wage across the whole country.
- ➔ To seek ways in which to encourage employers to pay the living wage as opposed to the minimum wage and by so doing help to reduce the need for public expenditure on benefits to those in low paid work.
- ➔ To adopt the Youth Guarantee.

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