



## Macro trends

By the time Labour came to power in 1997, the economy had been experiencing relatively strong economic growth since 1993 (an average of 3 per cent a year).<sup>3</sup> Unemployment had fallen from a relative high of 2.9 million in 1993 to 2 million, while the unemployment rate (the percentage of the population not in work) had also dropped significantly from 10.5 per cent to 7.2 per cent.<sup>4</sup>

In Labour's first term, between 1997 and 2001, the trends continued. Unemployment fell by 600,000, to 1.4 million, and the rate fell from 7.2 per cent to 4.9 per cent.<sup>5</sup>

However, since 2001, progress has more or less halted, as the number unemployed, and, more importantly, the rate, has changed very little. In fact, between November 2004 and January 2005 the rate rose from 4.6 to 4.7 per cent, with the number of people unemployed increasing by 22,000 to 1.41 million.<sup>6</sup>

However, unemployment may fall because people leave the labour market rather than find a job. For this reason, it is important to look at levels of employment and inactivity (people neither available, nor looking, for work).

Employment levels were also rising consistently from the early 1990s up to the 1997 election, by about 1.1 million between 1993 and 1997.<sup>7</sup> Since then, the number of people in employment has risen by 1.9 million to reach 28.56 million in December 2004.<sup>8</sup> As with unemployment however, since the 2001 election, real change has been minimal. Much of the rise, around 840,000, can be explained by population increases, as the employment rate has remained largely flat, fluctuating between 59.6 and 60.2 per cent (for everyone over 16) or 74.4 and 74.9 per cent (for those of working age), and is no better than that experienced at the end of the 1980s.<sup>9</sup>

While more people have gone into work since 1997, many people have also fallen out of the labour market altogether. In December 2004, 7.835 million people of working age in the UK were neither looking, nor available, for work, and were thus deemed to be 'economically inactive'. This was an increase of 285,000 since May 1997 (from 7.550 million).<sup>10</sup> Although the inactivity rate among all working age people has remained relatively stable over this time, at around 21 per cent, this masks a rise in inactivity among working age men.

Historically, inactivity rates have always been higher among women, reflecting women's greater role in child raising. However, over the last twenty years, there has been a convergence in inactivity rates between men and women, with women's inactivity rates falling and men's rising. Since 1984, female inactivity rates have fallen by around 7 per cent, while male inactivity rates have risen by around 5 per cent.<sup>11</sup> Since 1997 alone,

300,000 more men of working age have become economically inactive, a rise in the inactivity rate for men from 15.3 per cent in 1997 to 16.3 in 2004.<sup>12</sup>

The rise in male inactivity rates can be partly explained by more men staying on in further and higher education. But, it is prime-age men (25-54), in the bottom skill quartile, which make up the majority of the increase, and 70 per cent now claim a limiting health problem as their reason for inactivity.<sup>13</sup> This has been the driving factor behind the rise in the overall number of people claiming long-term sickness as their reason for inactivity since May 1997: an extra 32,000, taking the total to over 2.1 million.<sup>14</sup>

This rise has resulted in growing numbers receiving Incapacity Benefit (IB). Claimants shot up over the 1980s and 1990s, and have continued to rise under Labour. By August 2004, there were 2.7 million claimants, nearly three times the level of thirty years ago, and dwarfing the number of unemployed people.<sup>15</sup> Once on the benefit, chances of moving off rapidly decline after just a few months: someone who has been on IB for a year is likely to be on it for 8 years.<sup>16</sup>

But, why are so many more people claiming long-term ill health and IB when most objective measures suggest we are getting healthier? One worry is that people are abusing the system. It used to be the case that most claimants were older, but now, they are mostly younger men, who we would expect to be relatively fit.<sup>17</sup> Moreover, more than 1 million claiming IB cite mental health disorders as the reason for their incapacity - conditions notoriously difficult for doctors to disprove.<sup>18</sup> The current system is also said to give a 'perverse incentive' for those able to work to stay on the benefit, as it rises from £56 a week to £74 after just one year.<sup>19</sup>

In response, the government set up a number of pilot 'Pathways to Work' schemes in 2003, offering the financial incentive of £40 extra a week to IB claimants accepting a job.<sup>20</sup> As yet, little assessment has been made of the effectiveness of the schemes. It is now proposing to scrap IB altogether and replace it with a flat rate 'Rehabilitation and Support Allowance' of £55 a week (apart from the 20 per cent of IB recipients with the worst conditions) and to offer further cash to people trying to enter the job market.<sup>21</sup>

In sum, patterns of economic growth, falling unemployment and rising employment, all of which started in the early 1990s, and were inherited by New Labour in 1997, continued in Labour's first term. In its second term, however, progress has been much harder to come by and of particular concern, inactivity rates among working age men, especially those claiming long term sickness, have continued to rise.

Looking at aggregate changes, however, tells us nothing about how much of an impact New Labour policies have had on the labour market. It does not necessarily follow

that policy reforms under Labour drove employment outcomes. Other countries, most notably Sweden, Ireland, New Zealand and the Netherlands, which have followed different approaches, have also achieved similar results.<sup>22</sup>

The only way to assess the actual impact of Labour's reforms is to look at the amount of improvement as a direct result of the changes made.

### **New Labour's social security agenda**

The one clear principle of social security Labour articulated in the run-up to its election victory in 1997 was the centrality of getting people off welfare benefits and into work as the best route out of 'poverty'. This was to be achieved in two ways: by making work pay - i.e. ensuring that in-work incomes were high enough to make working worthwhile – which the National Minimum Wage, but more specifically, the Working Families Tax Credit, were designed to do. There was also an element of compulsion in the New Deal for Young People, which required benefit claimants aged 18-24 to take a job or to train or undertake voluntary work.

Moreover, specific client groups were to be the focus of New Labour reforms. Young people and lone parents, two groups which had been falling out of the labour market over the last twenty years or more, were to be directly targeted by the new policies.

### **Young People**

High unemployment and inactivity rates among young people were a major concern for New Labour on taking office. The number of unemployed 18-24 year olds had been falling since 1993 (from a peak of around 18 per cent) but was still high at 13.6 per cent (505,000) in the summer of 1997, and twice the rate of unemployment for all working-age people.<sup>23</sup> It continued to fall after Labour came to power, but since autumn 2000 has remained static at around 10 per cent (and remains twice the rate of unemployment for all working-age people in 2004).<sup>24</sup>

Inactivity rates among young people have increased under Labour. In May 1997, 23.2 per cent were inactive, but by December 2004 this figure was 25.5 per cent.<sup>25</sup> Much of this increase can be explained by the increasing number of students, but there were 1,126,000 young people under 25 at the end of last year who were neither in work, nor in full-time education or training: so called 'NEETS' for short.<sup>26</sup> This was an increase of 25,000 since Labour came to power in May 1997.<sup>27</sup> How successful were New Labour's policies on youth employment?

## New Deal for Young People (NDYP)

One of the flagship initiatives of New Labour when it came to power in 1997 was a programme of assistance for the long-term unemployed, the New Deal. There are four distinct programmes: the New Deal for Young Persons (18-24) (NDYP) and the New Deal 25-Plus (25-49), which are both compulsory for claimants of Jobseekers Allowance (after 6 months for the Young Persons scheme and 18 months for the 25-Plus scheme); the New Deal 50-Plus which is a voluntary scheme, and the New Deal for Lone Parents (NDLP), also a voluntary scheme.

NDYP is for 18-24 year-olds who have been claiming Jobseeker's Allowance (JSA) for six months or more (including those getting NI credits only). It provides opportunities to work, get new skills and/or get work experience in the voluntary and environmental sectors of the economy.

NDYP starts with a period known as the Gateway. On the Gateway participants receive up to four months of intensive, personalised help and support, initially designed to help find an unsubsidised job. If the participant does not get a job straight away, they will be directed towards one of four New Deal Options. The Options available are subsidised work, full-time education and training, work in the voluntary sector or work with the Environment Task Force. The Options typically last for six months, after which participants enter a period known as Follow through, which provides similar support to that available under the Gateway. NDYP is a mandatory programme, there is no option to not participate and continue to claim JSA.

Since their launch in 1998 the programmes have cost around £4.5 billion in total.<sup>28</sup> The government has claimed them to be a huge success, especially the NDYP.<sup>29</sup> According to official figures, 1.254 million 18-24 year olds had started the NDYP programme by December 2004 and 44 per cent (550,840) had got jobs.<sup>30</sup> However, the percentage of people actually keeping these jobs is much lower. Only 35 per cent (437,790) of those on the NDYP programme stayed in their jobs for more than 13 weeks before going back on JSA.<sup>31</sup> (Similar results are found for the New Deal 25-Plus: 745,510 had started the programme by September 2004 and 27 per cent (204,470) had taken work. Only 21 per cent (159,980) found 'sustainable' employment.)<sup>32</sup>

These figures relate to the total number of people getting jobs through the programme, but in all likelihood, many of these people would have found jobs anyway. The real question is how many extra people have found jobs because of the New Deal?

Focussing on the NDYP in particular, as the largest of the New Deal programmes, Richard Blundell of the Institute for Fiscal Studies compared the 'improvement in labour

market prospects of people going through the New Deal (the 'treatment group') with another group who are as similar as possible but who did not go through the New Deal (the 'comparison group'). They found that the 'aggregate impact of the NDYP is to raise employment by about 17,000 a year'.<sup>33</sup> This is a much smaller amount than the Government's claimed figure of over 500,000, which refers to all participants who found jobs.<sup>34</sup> Blundell et al comment that: 'Looking at the youth labour market as a whole...there is little obvious sign of a large impact, even when focussing on the groups of individuals (young, less skilled men) who are most likely to benefit.'<sup>35</sup>

### Lone Parents

Lone parents became an increasing concern during the last twenty years as their numbers swelled and their participation in the workforce fell, leading to a growing number of children living in workless households and relative hardship.

The number of lone parent families increased from 0.5 million at the start of the 1970s to 1.5 million by 1997, representing 25 per cent of all families with children.<sup>36</sup> In the same period, employment rates among lone parents fell to a lower level than in the 1970s, at around 45 per cent.<sup>37</sup> This fall in the employment rate of lone parents contrasted with a large rise in the employment rate of married mothers over the same period, reaching over 65 per cent by 1997.<sup>38</sup> Partly as a consequence, the number of workless households rose substantially to nearly 3.2 million by 1997, accounting for 18 per cent of all working age households. As, of these, around one quarter (764,000), were lone parent households, representing 1.4 million children.<sup>39</sup>

The government set itself a target of getting 70 per cent of lone parents into work by 2010.<sup>40</sup> Although by 2005 still only 55 per cent were in work.<sup>41</sup> Moreover, the rate has changed little since 2002 when it was 53.2 per cent, meaning on present trends the government looks set to fall far short of its target.<sup>42</sup>

Again, to what extent were these changes a direct outcome of policies introduced by New Labour?

### New Deal for Lone Parents (NDLP)

Introduced in April 1998, the NDLP is a voluntary programme available to all unemployed lone parents and those working for less than 16 hours a week (after initially being available only to lone parents claiming income support and with children of school age).<sup>43</sup> It offers support to lone parents preparing for work, helps them search for jobs or training, and to apply for tax-credits.

Figures for the New Deal for Lone Parents show that over 769,000 had taken part in the programme by December 2004 and some 365,000 (47 per cent) had got a job as a result. However, unlike with the NDYP, no figures are given for those in 'sustained' employment, and if, as is likely, they follow the same pattern, many fewer will have found long-term work.

### Working Families Tax Credit (WFTC)

Designed as a financial incentive for parents to find and remain in employment for over 16 hours a week, the WFTC was introduced in October 1999 as a replacement for Family Credit (the previous benefit for working families), and was particularly aimed at lone parents. It incorporated not only a basic tax credit (a maximum of £62.50 a week in 2002/03) for those parents working more than 16 hours a week, but also additional per-child elements (a maximum of £26.45 (for under 16s) or £27.20 (for 16-18s) for each child) and help with childcare costs (a maximum of £135 a week for the first child in 2002/03).<sup>44</sup>

On this basis, the WFTC raised the average benefit payable to working lone parents from £58 a week in 1997 to £92 a week by 2002,<sup>45</sup> and reduced the rate at which the tax credit was withdrawn, meaning it was available to people much higher up the income range.<sup>46</sup>

By November 2002, 737,000 lone parents were in receipt of WFTC. This was more than double the number receiving Family Credit (FC) (341,400) when Labour came to power in May 1997 and ten times the number receiving FC in 1988.<sup>47</sup>

The overall impact of the NDLP and WFTC reforms between 1998 and 2002 has been assessed by Gregg and Harkness (2003). Using a number of comparison groups they estimate that employment rates among lone parents are roughly 5 per cent, or 80,000, higher than they would have been in the absence of New Labour policies.<sup>48</sup> Over this period, actual employment rates rose by 6.6 per cent. Thus, the pure effect of New Labour policies for lone parents is positive, but does not account for the total gains in employment of lone parents since 1997. Moreover, the remaining non-working lone parents 'are increasingly less skilled and concentrated in rented housing, a group for whom work incentives remain weak. This suggests it will be hard to achieve further gains of the same magnitude'.<sup>49</sup>

### The New Tax Credits

Since April 2003, the WFTC has been replaced by two new credits, the working tax credit (WTC) and the child tax credit (CTC). The CTC is an attempt to simplify support for

children by incorporating all previous tax and benefits into one credit (although child benefit remains untouched). As well as incorporating the old children's tax credit (as a new family element), it replaces the per-child elements of the WFTC. The WTC is much the same as the WFTC. It includes similar basic tax credits for those working more than 16 hours a week, but includes an extra amount for lone parents (as the basic element is now available to people without children), and the same childcare credit.

Under WTC in 2004/05, lone parents can receive up to £30 a week from the basic element, as well as £30 a week from the additional lone parent element. Under CTC the maximum they can expect to get is £10 a week from the basic family element, and £31 a week from the child element. All in all, a lone parent can get a maximum of around £100 a week from both credits, not including the entitlement to childcare credit.<sup>50</sup> By December 2004, around one million lone parents were in receipt of one or both of these credits.<sup>51</sup>

No ex-post evaluations of the specific impact of the new tax credits on lone parent employment rates are yet available. However, Blundell et al (2004) have assessed the likely impact of tax and benefit reforms (not including therefore, the impact of the New Deal) between April 2000 and April 2003 on labour supply, modelling for the expected impact of the new tax credits.

They predict that tax and benefit reforms between these years have increased the labour supply of lone parents by 3.38 percent, corresponding to 50,000 extra lone parents in work. However, this increase in work effort is partially offset by the reductions in the labour supply of those already working: they estimate that the reforms reduced the average hours worked by already working lone mothers by 0.23 hours. Interestingly, the net impact of the introduction of the new tax credits on the labour supply is not expected to be large, as previous approximations of the effects of earlier tax and benefit reforms between April 1999 and April 2000, give almost identical estimates of the increases in the labour supply of lone parents.<sup>52</sup>

## Problems With New Labour's Social Security Agenda

### Increasing the rates of out-of-work benefits

As New Labour's first term evolved, so too did its social security agenda. The 'make work pay' mantra was partly undermined by commitments to tackle both child and pensioner poverty.<sup>53</sup> As this happened, the relative importance of the encouragement of paid work waned – practically, if not rhetorically.<sup>54</sup> The effect was that out-of-work benefits like

Income Support and Jobseekers Allowance were increased on a similar scale to in-work-benefits/credits, and this acted as a de facto disincentive, all else being equal, to paid work.

The average weekly payment of income support for all claimants increased from £58 in May 1997 to £91 in May 2004. For lone parents the rise was also dramatic: the average lone parent received £79 in May 1997 from income support, but by May 2004 the figure was £114.<sup>55</sup> Jobseekers allowance, another out-of-work benefit, has also been updated significantly. A lone parent of over 18, with a child under 11, received £81 in April 1997. By April 2004 the payment was £113.<sup>56</sup> Paul Gregg and Susan Harkness (2003) summarise the government's position when they write: '...unlike in the US where in-work benefits were introduced primarily as a strategy for reducing the welfare caseload, in the UK the dominant aim has been to raise incomes for those in and out of employment'.<sup>57</sup>

### The unemployment trap: changes in incentives to work

Notwithstanding the disincentive affects of these out-of-work benefit increases, the overall impact of the government's tax and benefit reforms have been to increase work incentives for its target group of lone parents. However, this has been at the expense of reducing incentives to work for over half of individuals in couples with children (whether their partner works or not).<sup>58</sup>

Incentives to work are measured by the 'replacement ratio'. This ratio is the net income from Income Support or Jobseekers Allowance (Income Based) as a percentage of net income from work. If it were possible to receive as much from benefits as from work (a replacement ratio of 100%) the motivation to work would be much reduced.

Replacement ratios fell for 57 per cent of working lone parents between April 1997 and April 2004 and increased for 21 per cent.<sup>59</sup> The changes were quite small. The average replacement ratio fell by under 3 percentage points and the median replacement ratio fell by 6 points.

However, for individuals in couples where their partner does not work, the financial reward to work has decreased under Labour, as the median replacement ratio has increased by around 3 per cent. For this group over half have seen rises in the ratio. The impact of changes on the incentive to work for individuals in couples where their partner does work, have been even worse. The median replacement ratio has increased by over 4 percentage points for this group, while again, over half have experienced a rise.<sup>60</sup>

### The poverty trap: changes in incentives to progress

A second concern in examining the side-effects of welfare policies has been the impact on marginal incentives to increase earnings once in work. If a high proportion of each extra pound of earnings is lost due to direct taxation and withdrawal of benefits, then individuals are less likely to work overtime, or take a second job, or even to seek to improve their skills in the hope of gaining a pay rise or promotion.

Brewer and Shephard found that more people now face reduced incentives to progress in the labour market as a result of the Government's tax and benefit changes. This is because of changes to effective marginal tax rates (EMTRs) since 1997: the fraction of each extra pound earned that is lost to higher taxes or the withdrawal of benefits/credits.

The government has increased incentives to progress for the poorest by reducing the level of their EMTRs, but it has done this by increasing EMTRs for those slightly higher up the income scale, thereby reducing incentives to progress for these households.

Under the 1997/98 system, EMTRs were near to 100 per cent until earnings reached about £275 a week. In 2003/04 only those earning up to about £200 faced such a punitive withdrawal rate.<sup>61</sup> But, this reduction was achieved at the expense of many more families further up the income scale (those earning from about £200-£420 a week) who now faced effective marginal tax rates of up to 70 per cent.<sup>62</sup>

The Treasury has calculated that under the 1997/98 system, 740,000 working families faced an effective marginal tax rate of over 70 per cent, but that under the 2005/06 system, only 235,000 will do so.<sup>63</sup> However, 1.73 million now face rates of over 60 per cent (with most actually facing rates of 70 per cent exactly), compared with 760,000 in 1997/98.<sup>64</sup> As Hills (2004) comments: 'Acute disincentives affecting a smaller number have been replaced with less acute ones facing many more'.<sup>65</sup>

### Conclusion

Aggregate trends of unemployment and employment have been favourable since 1997. However, these positive trends started in the early 1990s before New Labour came to office. In its first term, unemployment and employment continued to head in the right direction, but in its second, they have improved little. Moreover, there has been a worrying rise in the rate of inactivity among prime-age men since 1997. Many of these men are claiming long-term sickness and placing increasing strain on the benefit system, while the legitimacy of their claims is being questioned. There is a fear, for instance, that the

'perverse incentives' of Incapacity Benefit have made it financially beneficial to stay on the benefit rather than try and return to work.

The real question is how much of an impact New Labour's policy reforms had on the labour market? Labour came to office committed to tackling poverty by getting people back into work. It aimed to do this mainly by increasing the financial incentives to work through tax credits, but also by providing support services via its New Deal Programmes (with a modicum of compulsion applied to the under-25s). It particularly wanted to tackle the problem groups of young people (18-24) and lone parents who had become increasingly detached from the labour market. Both groups have made employment gains under Labour, but the extent to which these improvements are due to government policies is less than is often claimed. Moreover, failures have occurred. Since 1997, some extra 25,000 young people are now neither in work, nor in full time education or training (amounting to 1.1 million).

As New Labour's social security agenda evolved, the emphasis on getting people into work was partly eclipsed by its commitment to reduce child and pensioner poverty. For this reason, it increased out-of-work benefits at the same rate as in-work benefits/credits, which, all else being equal, reduced incentives to work.

Nonetheless, overall, it's tax and benefit policies did have the effect of modestly increasing incentives to work for its target group of lone parents and improving incentives for the poorest to progress in the labour market. However, this was achieved at the expense of reducing incentives to work for individuals in couples and by lowering the incentives to progress in the labour market for the majority.

## Appendix

All figures provided by the Office for National Statistics

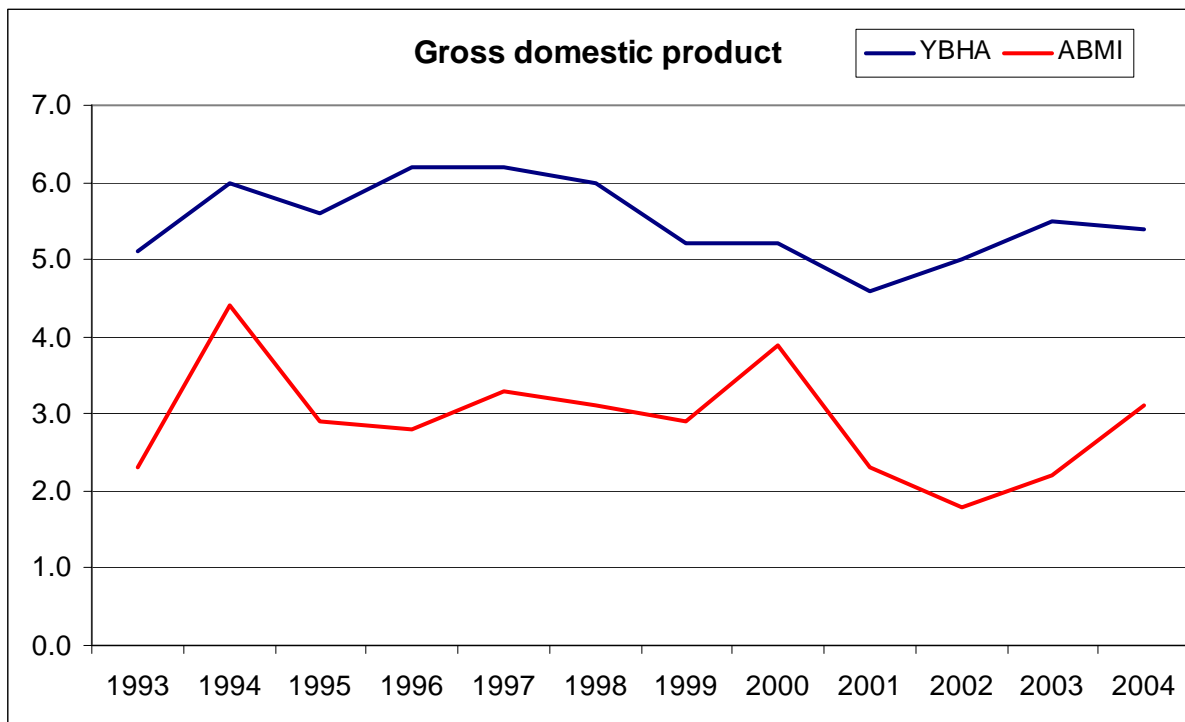
	GDP CP		GDP CVM	
	YBHA	Growth rate	ABMI	Growth rate
1993	641691	5.1	773805	2.3
1994	680441	6.0	808054	4.4
1995	718383	5.6	831104	2.9
1996	762610	6.2	854517	2.8
1997	810138	6.2	882522	3.3
1998	858616	6.0	909819	3.1
1999	903167	5.2	935818	2.9
2000	950561	5.2	971937	3.9
2001	994309	4.6	994309	2.3
2002	1044145	5.0	1011892	1.8
2003	1101144	5.5	1034097	2.2
2004	1160339	5.4	1066542	3.1

YBHA:- Gross Domestic Product at market prices: Current price: Seasonally adjusted

YBHA - annual growth rate

ABMI:- Gross Domestic Product: chained volume measures: Seasonally adjusted

ABMI - annual growth rate



## Notes

<sup>1</sup> 1990 figure is for March-May. All others Dec-Feb.

<sup>2</sup> 1990 figure is for March-May. All others Dec-Feb.

<sup>3</sup> See Appendix below; average is taken from the median growth rate for the ABMI measure between 1993 and 1997.

<sup>4</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable09.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable09.xls); view historical data set; both rate figures for 1993 and 1997 are for March-May. Unemployment levels and rates are for those aged 16 and over.

<sup>5</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable09.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable09.xls); view historical data set; figures for March-May.

<sup>6</sup> <http://www.statistics.gov.uk/pdfdir/lmsuk0305.pdf>

<sup>7</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable02.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable02.xls); view historical data set; employment levels are for those aged 16 and over. Rates as specified.

<sup>8</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable02.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable02.xls); view historical data set; 1997 figure from Oct-Dec.

<sup>9</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable02.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable02.xls); and Dickens, R., Gregg, P. and Wadsworth, J. (eds) 'Introduction' in, *The Labour Market Under New Labour: The State Of Working Britain*, Hampshire: Palgrave, 2003, pp. 1-13.

<sup>10</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable12\\_2.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable12_2.xls); figures from Nov-Jan 2005 and April-June 1997

<sup>11</sup> McKnight, A., 'Employment: tackling poverty through 'work for those who can'', in Hills, J. and Stewart, K., (ed), *A More Equal Society?* Bristol: Policy Press, 2005, p. 30.

<sup>12</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable12\\_2.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable12_2.xls)

<sup>13</sup> Faggio, G. and Nickell, S., 'The rise in inactivity among adult men' in Dickens, R., Gregg, P. and Wadsworth, J. (ed), 2003, pp. 40-52.

<sup>14</sup> <http://www.statistics.gov.uk/statbase/tsdtables1.asp?vlnk=lms>; Select FR13, then select BEBN: LFS: Econ Inactive: Long Term Sick: UK: all: 000s: SA and follow the links.

<sup>15</sup> [http://www.dwp.gov.uk/asd/asd1/ib\\_sda/ib\\_sda\\_qtly\\_aug04.xls](http://www.dwp.gov.uk/asd/asd1/ib_sda/ib_sda_qtly_aug04.xls)

<sup>16</sup> <http://www.dwp.gov.uk/consultations/consult/2002/pathways/pathways-summary.pdf>

<sup>17</sup> [http://www.dwp.gov.uk/asd/asd1/ib\\_sda/ib\\_sda\\_qtly\\_aug04.xls](http://www.dwp.gov.uk/asd/asd1/ib_sda/ib_sda_qtly_aug04.xls)

<sup>18</sup> [http://www.dwp.gov.uk/asd/asd1/workandpens/2004/Individual\\_Benefit\\_Statistics.pdf](http://www.dwp.gov.uk/asd/asd1/workandpens/2004/Individual_Benefit_Statistics.pdf)

<sup>19</sup> [http://www.dwp.gov.uk/asd/asd1/workandpens/2004/Individual\\_Benefit\\_Statistics.pdf](http://www.dwp.gov.uk/asd/asd1/workandpens/2004/Individual_Benefit_Statistics.pdf)

<sup>20</sup> <http://www.dwp.gov.uk/consultations/consult/2002/pathways/pathways-summary.pdf>

<sup>21</sup> <http://www.dwp.gov.uk/mediacentre/pressreleases/2005/feb/ben020205-focus.asp>; and [http://www.hm-treasury.gov.uk/media/AA7/35/bud05\\_chap04\\_188.pdf](http://www.hm-treasury.gov.uk/media/AA7/35/bud05_chap04_188.pdf); Paragraph 4.22.

<sup>22</sup> <http://www.oecd.org/dataoecd/42/55/32494755.pdf>

<sup>23</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable09.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable09.xls); amount and rate for May-July; and McKnight, A., 'Employment: tackling poverty through 'work for those who can'', 2005, p. 33.

<sup>24</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable09.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable09.xls)

<sup>25</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable12\\_2.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable12_2.xls)

<sup>26</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMT\\_March05.pdf](http://www.statistics.gov.uk/downloads/theme_labour/LMT_March05.pdf); Table D.4.

<sup>27</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMS\\_FR\\_HS/WebTable14sa.xls](http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable14sa.xls)

<sup>28</sup> <http://www.dwp.gov.uk/publications/dwp/2004/dr04/expenditure/table7.asp>

<sup>29</sup> [http://www.hm-treasury.gov.uk/media/AA7/35/bud05\\_chap04\\_188.pdf](http://www.hm-treasury.gov.uk/media/AA7/35/bud05_chap04_188.pdf)

<sup>30</sup> [http://www.dwp.gov.uk/asd/asd1/new\\_deal/ndyp\\_dec04/ndyp\\_qtrly\\_table1\\_dec04.pdf](http://www.dwp.gov.uk/asd/asd1/new_deal/ndyp_dec04/ndyp_qtrly_table1_dec04.pdf)

[http://www.dwp.gov.uk/asd/asd1/new\\_deal/ndyp\\_dec04/ndyp\\_qtrly\\_table6\\_dec04.pdf](http://www.dwp.gov.uk/asd/asd1/new_deal/ndyp_dec04/ndyp_qtrly_table6_dec04.pdf)

<sup>31</sup> [http://www.dwp.gov.uk/asd/asd1/new\\_deal/ndyp\\_dec04/ndyp\\_qtrly\\_table6\\_dec04.pdf](http://www.dwp.gov.uk/asd/asd1/new_deal/ndyp_dec04/ndyp_qtrly_table6_dec04.pdf)

<sup>32</sup> [http://www.dwp.gov.uk/asd/asd1/new\\_deal/ndyp\\_dec04/ndyp\\_qtrly\\_table6\\_dec04.pdf](http://www.dwp.gov.uk/asd/asd1/new_deal/ndyp_dec04/ndyp_qtrly_table6_dec04.pdf)

<sup>33</sup> Blundell, R., Reed, H., Van Reenen, J. and Shephard, A., 'The impact of the New Deal for Young People on the labour market: a four-year assessment', in Dickens, R., Gregg, P. and Wadsworth, J., (eds), 2003, p. 17.

<sup>34</sup> Blundell, R., et al, 'The impact of the New Deal for Young People on the labour market: a four-year assessment', 2003, p. 18.

<sup>35</sup> Blundell, R., et al, 'The impact of the New Deal for Young People on the labour market: a four-year assessment', 2003, p. 18.

<sup>36</sup> McKnight, A., 'Employment: tackling poverty through 'work for those who can'', 2005, p. 36.

<sup>37</sup> Gregg, P. and Harkness, S., 'Welfare reform and the employment of lone parents' in Dickens, R., Gregg, P. and Wadsworth, J., (ed), 2003, pp. 98-115; and [http://www.hm-treasury.gov.uk/media/AA7/35/bud05\\_chap04\\_188.pdf](http://www.hm-treasury.gov.uk/media/AA7/35/bud05_chap04_188.pdf), Chart 4.4.

<sup>38</sup> Gregg, P. and Harkness, S., 'Welfare reform and the employment of lone parents', 2003, p. 100, figure 7.3.

<sup>39</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/Worklessness/Table\\_1\(ii\).xls](http://www.statistics.gov.uk/downloads/theme_labour/Worklessness/Table_1(ii).xls)

[http://www.statistics.gov.uk/downloads/theme\\_labour/Worklessness/Table\\_3\(ii\).xls](http://www.statistics.gov.uk/downloads/theme_labour/Worklessness/Table_3(ii).xls)

- <sup>40</sup> [http://www.hm-treasury.gov.uk/media/AA7/35/bud05\\_chap04\\_188.pdf](http://www.hm-treasury.gov.uk/media/AA7/35/bud05_chap04_188.pdf), paragraph 4.26.
- <sup>41</sup> [http://www.hm-treasury.gov.uk/media/AA7/35/bud05\\_chap04\\_188.pdf](http://www.hm-treasury.gov.uk/media/AA7/35/bud05_chap04_188.pdf), paragraph 4.27.
- <sup>42</sup> McKnight, A., 'Employment: tackling poverty through 'work for those who can'', 2005, p. 39.
- <sup>43</sup> Gregg, P. and Harkness, S., 'Welfare reform and the employment of lone parents', 2003, p. 103.
- <sup>44</sup> [http://www.inlandrevenue.gov.uk/wftctables/wftc\\_feb03.pdf](http://www.inlandrevenue.gov.uk/wftctables/wftc_feb03.pdf)
- <sup>45</sup> [http://www.inlandrevenue.gov.uk/wftctables/wftc\\_feb03.pdf](http://www.inlandrevenue.gov.uk/wftctables/wftc_feb03.pdf)
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- <sup>47</sup> [http://www.inlandrevenue.gov.uk/wftctables/wftc\\_feb03.pdf](http://www.inlandrevenue.gov.uk/wftctables/wftc_feb03.pdf)
- <sup>48</sup> Gregg, P. and Harkness, S., 'Welfare reform and the employment of lone parents', 2003, p. 114.
- <sup>49</sup> Gregg, P. and Harkness, S., 'Welfare reform and the employment of lone parents', 2003, p. 114.
- <sup>50</sup> [http://www.inlandrevenue.gov.uk/stats/child\\_benefit/childworking-taxcredits-december04-a.pdf](http://www.inlandrevenue.gov.uk/stats/child_benefit/childworking-taxcredits-december04-a.pdf); Appendix B.
- <sup>51</sup> [http://www.inlandrevenue.gov.uk/stats/child\\_benefit/childworking-taxcredits-december04-a.pdf](http://www.inlandrevenue.gov.uk/stats/child_benefit/childworking-taxcredits-december04-a.pdf); Table 2.2.
- <sup>52</sup> <http://www.ifs.org.uk/bns/bn52.pdf>; p. 5.
- <sup>53</sup> <http://www.dwp.gov.uk/publications/dwp/2004/autumnreport/children/home.asp>; and <http://www.dwp.gov.uk/publications/dwp/2004/autumnreport/pensioners/home.asp>
- <sup>54</sup> <http://www.ifs.org.uk/conferences/socsec/clark.pdf>
- <sup>55</sup> [http://www.dwp.gov.uk/asd/asd1/workandpens/2004/Individual\\_Benefit\\_Statistics.pdf](http://www.dwp.gov.uk/asd/asd1/workandpens/2004/Individual_Benefit_Statistics.pdf); Section on Individual Benefits: Income Support.
- <sup>56</sup> [http://www.dwp.gov.uk/asd/asd1/workandpens/2004/Individual\\_Benefit\\_Statistics.pdf](http://www.dwp.gov.uk/asd/asd1/workandpens/2004/Individual_Benefit_Statistics.pdf); Section on Individual Benefits: JSA.
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- <sup>64</sup> [http://www.hm-treasury.gov.uk/media/AA7/35/bud05\\_chap04\\_188.pdf](http://www.hm-treasury.gov.uk/media/AA7/35/bud05_chap04_188.pdf), p. 98; and Hills, J., 'The last quarter century: From New Right to New Labour', 2004, p. 116.
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