

# Chapter One

## ►► HOUSEHOLDS, WORK AND FLEXIBILITY Country Contextual Reports

### UNITED KINGDOM

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## INTRODUCTION

By the 1990s the UK had become distinctive in Europe in a number of key respects. This includes, for example, the extent of deregulation of the labour market, the extent of low paid employment, the extent of poor basic skills, the high proportion of less skilled men out of work, and the extent of trade union decline and labour exclusion from the policy making process. In addition there was a paucity of social policies for women especially those which enabled the reconciliation of work and family, a high proportion of the population dependent on means-tested benefits and a polarisation between work rich and work poor households.

There have been though some positive developments which include women's increasing participation in paid work, a decrease in the gender pay gap for full-time workers, a higher proportion of people in further and higher education, and an increasing number of pupils gaining qualifications, especially girls. The New Labour government, in power since 1997, has also begun to address many of Britain's glaring social problems within, as discussed below, a 'third way' approach.

### **Conservative governments 1979-1997**

Many writers see the period 1979 to 1997 as one in which there was a profound social, political, and economic break with the discourses and practices of the post-war settlement. For some, this is a period in which the structures of the state were fundamentally transformed and, with Thatcherism as

a hegemonic project, a vision of a new political and social order pursued (for example, Gamble 1994, Hay 1996). The impact of neo-liberal ideologies influenced the ending of the commitment to full employment and Keynesian demand management, and an erosion of the role of intermediary institutions in policy making, for example, the professions, trade unions, local government, the NHS, and trade associations. Of particular importance was the decline of trade unions in policy making, a gradual abolition of all tripartite mechanisms for addressing economic questions, and a dismantling of the institutions of collective bargaining above the level of the company.

In addition, strategies included 'authoritarian populism', initial attempts at monetarism, a 'two nation' project, Britain as a principle site for international (mainly foreign) financial institutions, flexible labour markets, social security reforms towards discretionary, means-tested and minimalist benefits and a reorganization of the state system. However, these strategies evolved on a trial and error basis with varying degrees of success. Policies were complex and often contradictory, for example, sections of the public sector were deregulated or privatised only to be replaced by new regulatory bodies. Policies also had unintended consequences, for example, the increase in unemployment led to large increases in social security payments. Furthermore, as Gamble (1994) has argued in his study of the Thatcher administrations, strong state centralism, rather than

minimum state intervention, was required in order to implement this neo-liberal project.

In conjunction with these policy shifts, there have been major structural changes in the economy and in the composition of employment. Britain has shown the sharpest decline in manufacturing jobs of the advanced nations, declining by 40 per cent between 1978 and 1998. Manufacturing job loss was particularly steep during the first part of the 1980s, with a loss of two million jobs. The impact of this process of de-industrialisation, together with de-urbanisation, is discussed in Part 1 of this report. Trade union membership has also shown the longest continuous decline on record, falling from a density of 53.4 per cent in 1979 to 28 per cent in the late 1990s. Furthermore, the pace of the increase in wage and income inequality was unique in Europe. By 1997 the number of children in poverty had tripled and one quarter of the population (14 million) were living below half the average income. One in three children were living in poverty, the highest in any European country (Piachaud and Sutherland 2001).

### **New Labour 1997-2001**

New Labour came to power in 1997 after a period in which the Party had failed to win a general election for nearly twenty years. The Party promised to modernise and reform Britain and presented itself as the new 'third way' for British politics. This third way is one which pursues a middle path between the statism of old Labour and the individualistic, market led policies of Thatcherism. However, new Labour policies have continuities with the earlier conservative administrations in that they embrace the neo-liberal notion that individuals are competitive and should be proud of their economic success. Employment policies have, therefore, focused on individual rights rather than collective rights and have been concerned to 'ensure that the provision of minimum employment rights do not undermine the achievement of labour market flexibility and economic competitiveness' (Coates 2000: 130).

However, in the interests of fairness, the state must enable a level playing field between compet-

ing individuals through pioneering welfare state reforms (Blair 1998: 4). Here, the third way stresses equal opportunities rather than equality of outcomes, obligations and duties rather than rights, and social needs provided by communities and voluntary agencies rather than top-down provision from the state. Redistribution policies through taxation and public expenditure are rejected, as are public sector services as the most efficient way to meet social needs. Rather the active citizen is stressed, whose energies and resources are engaged to promote their own welfare and employability (Taylor-Gooby 2001). The essence of the new Labour approach is captured in the phrase 'Work for those who can, security for those who cannot'. The flagship policies are the government's welfare to work (New Deal) programmes, characterised by their greater stress on obligations to work and individual self-empowerment as solutions to the malaise of unemployment.

However, there have been discontinuities as well as continuities between new Labour and the Conservative governments. In 1997 the new Labour government signed the Social Chapter of the Amsterdam treaty (see Part Two below), set up the Low Pay Commission (the first tripartite body since the mid-1970s, with representatives of trade unions, employers and the state), established the Social Exclusion Unit, published the Fairness at Work White Paper, and for the first time in a decade the Trade Union Congress (TUC) met with the prime minister. Subsequent policies have included the introduction of a national minimum wage, New Deal policies for the unemployed and policies to increase the take-home-value of low paid work. There has also been a commitment to reduce child poverty and the instigation of urban renewal programmes. The need for childcare to be extended and the needs of working parents to have family-friendly employment measures have also been recognised. Nevertheless, as discussed in Part Two of this report, many policies have been undertaken in a minimalist way or only voluntary measures have been proposed.

Finally, although redistribution is not a word that is used by the government, commentators agree that it is occurring by stealth. The Chancellor Gordon Brown, through a range of measures, has made a modest redistribution of resources to some of the very poorest groups (Moran and Alexander 2000). These measures are discussed in Part Three of this report. They can be summarised as:

- Policies to alter income levels through the tax and benefit system

- Policies to promote paid work
- Measures to tackle long-term disadvantage (Piachaud and Sutherland 2001).

Low income families with children, whether in or out of work, and poorer pensioners have gained. Overall, though, the approach has been to concentrate resources on the poor by means of greater selectivity and means-testing. There has, therefore, been a sharp rise in means-testing for benefit recipients.

## 1. BACKGROUND TRENDS

### 1.1. Employment and Unemployment Trends

One of the distinctive features of employment trends in the UK is the abruptness with which the country has moved between periods of very sharp recession and periods of particularly rapid employment growth (Gallie 2000). Thus, unemployment peaked at 3.1 million in 1986 and 2.9 million in 1993, in both cases followed by a period of rapid employment growth. However, as discussed below, the recessions were characterised by a process of de-industrialisation which has been more extreme in the UK than elsewhere in the advanced countries. As Rowthorn (2000) has commented the British case is one of negative de-industrialisation as many of those displaced by manufacturing have not been able to find employment in the rapidly growing service sector. The inactivity rate for men has increased, for example, from 2.6 per cent in 1975 to 13.2 per cent in 1998 (Financial Times 4/9/01).

Since the end of the recession in the early 1990s, employment growth has been shared fairly equally between men and women (see Table 1) and in May 2001 the unemployment rate had reached its lowest level at 4.9 per cent since 1975. However, recent job losses in aviation, banking, media and telecommunications have added to heavy job losses in manufacturing and threaten to end eight years of almost continuous job growth (Financial Times 15/10/01).

The measure of unemployment used in the UK has though been controversial. From 1982 the measure used by the conservative governments was the claimant count, that is the number of people claiming unemployment benefit. However, the rules governing eligibility to claim benefit have been changed more than 30 times in the period 1979 to 1996 leading to the suspicion that governments have been deliberately manipulating unemployment statistics (Gallie 2000). The claimant count too excludes many unemployed women who are not eligible to claim benefits. The Labour Force Survey uses the ILO<sup>1</sup> measure and provides a substantially higher estimate of the number of unemployed women. Nevertheless the consistent pattern which emerges is that men are more likely to have higher unemployment rates than women (see also section 3 below). Unemployment patterns in the UK therefore, differ sharply from most other European countries (see Table 2). (For the employment and unemployment rates of ethnic minority groups, see section 7 below.)

Youth unemployment became a significant problem around the mid-1970s and tends to be more marked for young men than for young women (see Table 3). There is evidence to suggest that, educationally, young men are underachieving relative to young women and this is adversely affecting their life chances (Stafford *et al.* 1999). For low skilled young men, this situation is wors-

ened by the decline in apprenticeships, the reduction in low skilled job opportunities and reluctance amongst these young men to take up available jobs in the ever-expanding service sector, as these are typically seen as 'female' jobs.

Despite claims that labour market deregulation would enhance employment growth, long-term unemployment persisted throughout the 1980s and early 1990s. As Blanchflower and Freeman (1994) show the UK did not do better than other countries in the proportion of the unemployed who were out of work for long periods.

### 1.2. Disablement/sickness

By the end of the 1990s the UK economy had reached a situation where recorded unemployment was the lowest since the mid-1970s but which co-existed with the highest levels of recorded sickness (Beatty *et al.* 2000). The trends are startling:

- Between 1981 and 1998 the number of claimants of working age incapacitated by long-term sickness or invalidity increased from 0.6 million to 1.9 million and was especially marked among men.

### 1.3. Regional Inequalities: de-industrialisation and de-urbanisation

In the past two decades there have been major structural shifts in the British economy, specifically de-industrialisation and de-urbanisation. These have had severe regional consequences although these are not reflected in the official unemployment statistics, nor are commented upon in the official discussions of labour market trends.

Manufacturing constituted the largest sector in 1978 with 30 per cent of all jobs. Since then manufacturing has fallen by around 40 per cent to only 14 per cent in 2001.<sup>3</sup> The loss of manufacturing employment has been associated with a process of de-urbanisation. This has been on-going since the 1960s and has involved a shift of the locus of economic activity from the larger conurbations to small towns and rural areas.

In addition the transition from unemployment to employment worsened for men. Table 4 shows that in 1995 the long-term unemployment rate of men in the UK was still higher than the EU average, although this has since fallen and in 2000 stood at 2 per cent of the labour force compared to 3 per cent in the EU.<sup>2</sup> Nevertheless, there are still 266 constituencies in Britain which have a lower employment rate than when new Labour was elected in 1997 (Field 2001). Furthermore, as discussed below, there is a large hidden unemployment amongst men in the UK.

- At the end of the 1990s the total number of sickness benefit claimants of working age was around 2.5 million.
- In some districts the share of men claiming benefit exceeds 20 per cent (Beatty *et al.* 2000).

As these authors note, it is not a case of increased ill health in the population but rather a form of hidden unemployment which is associated with the de-industrialisation process. As discussed below, this hidden unemployment is also highly concentrated geographically.

For example, in six large conurbations (greater London, West Midlands, Manchester, Newcastle, Merseyside and Glasgow) there was a loss of over 2 million jobs in the period 1975 to 1998 (Martin and Tyler 2000). Martin and Tyler (2000) also show that the UK is unique in Europe in the strong association between employment decline and de-urbanisation. It is cheaper to locate in new green field sites and the rise of car use and new technologies has reduced the advantages of location in cities. The increase in service sector employment has also been almost entirely in towns and rural areas.

As a result, in many inner city areas of the large conurbations there is now acute deprivation

with large clusters of poverty and unemployment affecting hundreds of thousands of households. There is also the problem of abandoned properties as chronic job loss and the cumulative impact of urban deprivation have led to unwanted empty properties. Sometimes whole streets are abandoned. Schools have been seriously affected, there are disrupted communities with weak social controls and crime and disturbance are major problems (Power and Mumford 1999).<sup>4</sup>

As discussed in the Literature Review, it is male manual full-time workers who have been hardest hit by job loss. In most northern regions around 40 per cent of prime age men in the lowest

educational quartile are not in formal employment (Rowthorn 2000). However, women's position in the old industrial areas has also not improved significantly. As Rowthorn argues '(women's) relative position compared with that of men may have got better, but this is only because men have done so badly' (2000: 13). For women in the lowest educational quartile 20-40 per cent are not in formal employment in the depressed areas. These trends are reflected in the distribution of workless households which ranges from 23 per cent in the North East to 10.5 per cent in the South East (ONS 2001) (see also the UK Literature Review).

#### 1.4. Self employment

In comparison with other EU countries self-employment in the UK has been characterised by high levels of growth in the past two decades. The proportion rose from 7.4 per cent of the workforce in 1979 to a peak of 13.5 per cent in 1990. Although there has been a slight decline in the 1990s to less than 12 per cent, in Spring 2001 there were still some 3.17 million self-employed persons (see the Literature Review for reasons for this increase). The term self-employment, however, covers a wide and diverse range of working conditions. Thus, the self-employed range from labour-only subcontractors, casual agency staff, homeworkers, free-lancers, independent professionals to small business owners. There are, therefore, large differences in the work situation and degrees of autonomy and independence associated with these different forms of self-employment.

Men make up a higher proportion of the self-employed than do women (73 per cent and 27 per cent respectively), although around one in four of both are likely to have employees. Self-employment is also important for some ethnic minority groups. For example, rates of self-employment among Pakistanis and Indians are 18 and 15 per cent respectively, with Indians having the highest proportion of employees at 44 per cent (Labour Market Trends August 2000).

*The Labour Force Survey* (Spring 2000) suggests that the desire for independence is the most common reason for becoming self-employed for both men and women. The survey shows that men are more likely than women to say that they had chosen self-employment for financial rewards. Self-employed women, on the other hand, are far more likely than men to chose this occupation because of family commitments. In this context, it is interesting that half of self-employed women work part-time compared to only 12 per cent of men.

Self-employment is a form of flexible work which may result in more life-style options, autonomy and better opportunities to integrate home and work. For example, studies report significantly higher levels of job satisfaction among the self-employed than among employees in the UK (Blanchflower 2000, Bryson and White 1996). However, self-employment may also be characterised by low and fluctuating income and long working hours. For instance, self-employed persons are three times more likely to fall into the bottom 10 per cent of the income distribution than employees (Brooksbank 2000). Further, in the 1990s over 60 per cent of the self-employed worked more than 40 hours per week (ibid). Self-employment may, therefore, impact negatively on family life.

### 1.5. Trends in part-time employment

The nature and extent of part-time work in the UK was discussed in the UK Literature Review. Here the discussion focuses on trends in part-time work. Part-time employment is not new in the UK, it has been increasing since the 1940s and 1950s. Initially part-time jobs were designed to meet temporary labour shortages during wartime and post-war years, but without disrupting the gender division of labour at work and home (Briar 1992). Part-time employment accelerated during the 1970s, although the major change occurred during the period 1983-1992 when women took 80 per cent of the 2.3 million new jobs, around two thirds of which were part-time (Ru-

bery and Smith, 1995). Much of this rise is accounted for by women with dependent children under 5 (a trend which has intensified since the extension of maternity leave in 1993).

Whilst the UK has the second highest share of part-time workers in total employment and female employment in the EU this share has been fairly stable since 1991 with the lowest rate of growth – only 1.1 per cent (DTI 2000) (see also Table 5). However, men's part-time employment continues to grow, albeit from a low level, increasing from 6 per cent in 1991 to 9 per cent in 2000.

### 1.6. Education and Training

The proportion of the workforce with no qualifications has fallen dramatically.

In 1979 nearly half the workforce had no qualifications compared to 12 per cent by 1999 (Table 6). This is due to the growth in educational attainment by young people, so the likelihood of holding a qualification falls with age. Those aged 50-59 are almost four times as likely to possess no qualification as those aged 20-29. Table 7 shows the highest qualification held by people of working age by gender. Women are far more likely to hold no or low qualifications (ISCED level 0/1 and level 2) than men (42 per cent of women compared with 31 per cent of men) (LFS Spring 2000). Nevertheless, the proportion of women with no qualifications has fallen sharply from 46 per cent in 1984 to 19 per cent in 2000. (The Women's Unit 2000). With respect to school examinations, girls are now outperforming boys, for example, in 1998/9 53 per cent of girls aged 16 achieved ISCED level 3 examinations compared with 43 per cent of boys.

With respect to ethnicity, children from some ethnic minority groups achieve less well than

other groups. In particular pupils from Bangladeshi, the Caribbean and Pakistani achieve less well than other pupils at all stages of education.<sup>5</sup>

At the other end of the spectrum there has been a sharp increase in the number of those gaining higher education. Since 1994 one in three young people entered higher education compared with one in six in 1989. However, it has been those from professional backgrounds who have mainly benefited (see Table 8). While the proportion of children of the unskilled or partly skilled group more than doubled their participation rate in the 1990s this was still a fraction of the rate of those with professional parents. Seventy-two per cent of children with professional backgrounds attended university in 1999 compared with 13 per cent of children from the unskilled social group (see Table 8). The important influence of parental social class background on secondary school educational achievement (ISCED level 3) is also shown in Table 9.

The UK compares less well with other European countries with respect to educational qualifications. For example, the UK has a third fewer



people qualified to ISCED level 3 than either France or Germany and only a half of those qualified to ISCED level 4 than in Germany.

### Poor basic Skills

A significant proportion of adults in the UK have poor basic skills. The Basic Skills Agency in its cohort study of 37 year olds found that one in 5 were functionally illiterate, that is, have a lower literacy level than is expected of an 11-year child. Six per cent had very low literacy and 13 per cent low literacy (Bynner and Parsons 1997). More women than men had low levels of literacy 23 per cent compared with 16 per cent of men. While the OECD considers level 3 literacy to be the minimum required to cope with modern life and work, 56 per cent of working age women and 45 per cent of men fell below this level in the International Literacy Survey (IALS) (ONS 1996). This reached 70 per cent for women aged 50-65 and 60 per cent of men of the same age.

With respect to numeracy nearly one half of all adults have a numeracy level less than an 11 year child. The Basic Skills Agency found that 55 per cent of women and 42 per cent of men had very low or low levels of numeracy. The report found that there was a compounding of difficulties for those with poor basic skills as they moved through adult life. A lack of basic skills during adulthood lead to a vicious circle of disadvantage and marginalisation associated with poor job opportunities, lack of further education and train-

ing and a tendency towards a stressful personal and family life (Bynner and Parsons 1997).

### Training

The great majority of workplaces in Britain offer some form of training to some of their workforce. However, in general higher levels of training are received by more highly qualified people. For example, those with A level qualifications or above spend about ten times as much time on off-the-job training courses as those with no qualifications (Green 1999). The unequal distribution of opportunities for training, therefore, leads to an increasing polarisation between those with and those without intermediate to higher-level qualifications. Part-time workers in particular are less likely to receive training than full-timers. The IALS suggests that full-time workers are twice as likely to receive training than part-timers (DfEE 2000a). Temporary workers however, may receive a greater incidence of induction training. Female part-time workers are singled out by the DfEE report as having skills which are on average much lower than the rest of the workforce and continue to lag behind. Felstead *et al.* also found that 'while work skills overall have increased in recent years their growth among women who remain in part-time jobs is failing to keep pace with other groups in the labour market. As a result, the skills gulf between part-time and full-time work is widening' (2000: 720).

## 1.7. Ethnic minority groups

The population by ethnic group is shown in Table 10, although as discussed below there is a very unequal regional distribution. All ethnic minority groups have a higher unemployment rate than white people, in some cases more than three times higher (see Table 11). The Pakistani/Bangladeshi group had the highest unemployment rate (17 per cent for both men and women). Black men though had the highest rate of unemployment for men. All ethnic minority groups had lower activity

rates for women. The most noticeable is that of Pakistani/Bangladeshi women, where their rate was under half that of Pakistani/Bangladeshi men and almost a third of that of white women.

There are considerable racial disadvantages for some ethnic groups. A recent Cabinet Office report states that inequalities between certain ethnic minorities and whites have been increasing in recent years and look likely to widen in the future (The Guardian 7/8/01). While Indian and Chi-

nese ethnic minorities are catching up with the white majority in earnings, education and levels of employment, the Pakistani/Bangladeshi groups appear to be falling further behind. More than half of Pakistani and Bangladeshi households live in the most deprived 10 per cent of wards in England compared with only 14 per cent of white households. Around a third of Pakistani and Bangladeshi households live in unfit properties in the private sector compared to 6 per cent white and Indian households. Many Pakistani and

Bangladeshis live in the old textile mill towns in the north of England where the industry collapsed from the 1960s onwards. With the collapse of work there have been soaring unemployment rates for young Asians (up to 50 per cent in some areas) and an increasing segregation and isolation of white and Asian communities (Kundnani 2001). This is also reflected in educational segregation. In some of the northern cities school catchment areas contained near 100 per cent populations of just one ethnic group (Kundnani 2001).

### 1.8. Changes in household and family composition

In the past three decades there have been profound changes in the nature of the household with an increasing diversity of household and family types (see Table 12). As elsewhere in Europe there has been an increase in one-person households which now constitute 29 per cent of all households compared with 18 per cent in 1971. This is a slightly lower proportion than in Denmark, Germany, Finland and Sweden where one-person household now account for more than a third of the total (Eurostat 1998). About half of one-person households contain a person under the age of 65 compared with one third in 1971.

One family households made up 67 per cent of all households in 2000 (compared with 77 per cent in 1971). Of these:

- 43 per cent are couple only families (up from 35 per cent in 1971)
- 35 per cent are couples with dependent children (down from 45 per cent in 1971)
- 13 per cent are headed by a lone parent (up from 9 per cent in 1971) (ONS 2001).

However, lone families make up 21 per cent of all families with dependent children. 19 per cent are headed by lone mothers and 2 per cent by

lone fathers, compared with 6 per cent and 1 per cent respectively in 1972 (see Table 13). In 1996 over one million lone mothers were looking after nearly 3 million children.

Trends associated with the second demographic transition are as follows

- Co-habitation has increased so that it is now the norm for the initiation of relationships but long-standing only for a minority of couples (Dex et al 1999)
- Over a third of births take place outside marriage (see Table 14). For teenage mothers 89 per cent of births take place outside marriage.
- The age of marriage has increased from 22.8 years in 1976 to 27.2 years in 1996
- An increase in the age of mothers at first birth rising from 26.2 years in 1970 to 29 years in 1999 (see Table 14)
- The fertility rate has fallen (Table 14), although fertility rates have increased for women in their 30s and 40s as women are having children at a later age
- The proportion of women remaining childless has increased (Table 15) (ONS 2001).

## 2. LABOUR MARKET POLICIES

### 2.1. Policies for a flexible labour market

In the 1970s there was a marked increase in the extent of employment protection and the restriction of managerial prerogative in handling the employment relationship. This occurred particularly in the areas of recruitment (through discrimination law) and dismissal (Dickens and Hall 1995: 266). However, it was still much easier for an employer to obtain redundancies than in most European countries. In addition, there was no general statutory regulation of substantive terms and conditions such as minimum wages, holidays or hours of work.

From 1979 the Conservative governments pursued an ambitious neo-liberal strategy of labour market deregulation, so that it is widely agreed that employment protection diminished faster in the UK than other EC countries during the 1980s and 1990s. Dickens and Hall (1995) list 15 key Acts between 1979 and 1993 in many of which 'the scope of employment protection rights was narrowed, access to rights was made more difficult and some protections were abolished' (Dickens and Hall 1995: 272). Other policies have been directed to making 'discipline to work' more effective through changes to social security and especially unemployment benefits. Notable changes also included the removal of minimum wage levels by the abolition of the Fair Wages Clause in the 1980s and the Wages Councils in 1993 (see below).

For many writers, however, it was the weakening of the collective institutions of labour which was the most significant change under the Conservative governments (see also section 2 below). The programme of legislation to restrict and regulate trade union activity has been described as 'probably the most single-minded and sustained attack on the position of a major and previously legitimate social force to have been undertaken

anywhere under modern democratic conditions' (Crouch 1996: 120).

The Conservative government also refused to sign the Social Chapter of the Maastricht Treaty in 1993 and opposed a range of draft Directives which would have enhanced the employment rights of workers. Nevertheless, the government had to increase employment rights in some areas to meet European Directive obligations (for example The Sex Discrimination Act 1986, Employment Act 1989 and the Trade Union Act and Employment Rights Act 1993). In February 1995 regulations were brought in to give part-time workers the same protection as those working full-time after a House of Lords ruling with respect to European Union equal pay and equal treatment law. Employment protection was extended to all employees with two or more years of job tenure, so that the number of hours worked per week was no longer the qualifying condition. However, in 1996, 28 per cent of male workforce and 32 per cent of the female workforce were still not covered by employment protection because they had not worked for their employers for more than two years (Dex *et al.* 1999).

The new Labour approach has been to argue that the UK should develop a well-educated and flexible labour force, protected by the Social Chapter and minimum wage legislation, to ensure 'genuine equality of opportunity for all' (Gordon Brown 1997: 4). This model of flexibility represents a move away from *employer* flexibility to hire and fire with relative ease as advocated by the conservative governments. In contrast, new Labour places the emphasis on long term *employee* flexibility, 'where workers can gain the requisite education and training required, to enable them adapt to the ever changing demands of an uncertain labour market' (McCarthy 1997: 5).

## 2.2. Trade union membership and collective bargaining

In 1979 the unions affiliated to the TUC had over 12 million members (53 per cent of the workers) and nearly three quarters of the workforce were covered by collective bargaining (Machin 2000). By the late 1990s, union membership had fallen to 7 million (28 per cent of workers). Today round half of union members are public sector workers although they constitute only 18 per cent of the workforce. Only one quarter of employees are both union members and covered by collective bargaining (Metcalf *et al.* 2000). There has also been the near abandonment of industry-wide agreements in the private sector.

Reviewing the evidence for explanations of this decline Waddington and Whitson (1995) found that fluctuations in the business cycle and the effect of changes in the composition of employment to be the most effective explanations, especially at the beginning of the 1980s. The rise in real earnings at the beginning of the 1980s, es-

pecially for white-collar workers, inhibited recruitment and high levels of unemployment restricted opportunities for workers to unionise. The high loss of manufacturing also meant that employment contracted where unionism was most concentrated. In the late 1980s the authors consider, though, that legislation passed during the decade, as well as employers' practices, became more important, as unions failed to secure recognition and membership in the expanding private sectors. Machin (2000) has argued that an important reason for the steep decline in union membership is the inability of trade unions to organize in new workplaces set up since 1980. Edwards *et al.* (1998) conclude, however, that a dominant influence has been the extension of market based regulation, most obviously in the privatisation of public sector bodies, but also in employers' growing use of flexible forms of employment.

## 2.3. Employers' Associations

The assessment of Edwards *et al.* (1998) is that employers have been the driving force for change in UK industrial relations and have shifted the focus of collective bargaining from the sector level to the individual level and in many cases have abandoned collective bargaining all together. In this context, these authors note, models of social dialogue have little place. The Confederation of

British Industry's views on legislation under New Labour is that 'employers are successfully using the UK's flexible labour market to generate jobs, but they are in danger of being hampered by new regulatory burdens... that damage competitiveness' (EIRO May 1999).

## 2.4. New Labour Initiatives

### Social Partnership

Although there have been gains in individual, collective and family friendly employment rights (notably under the Employment Relations Act<sup>6</sup>), commentators have noted that new Labour reform of employment laws embodies a particular view of the appropriate role of labour in the employment relations (for example, Smith and Morton 2001). The DTI stated, for example, 'in offering

new rights we will demand that employees in return accept their responsibilities to cooperate with employers' (DTI 1998: 14). The social partnership thus envisaged places the trade unions as subordinate partners. New Labour has maintained much of the conservative policy agenda in that; 'the existing balance of bargaining power which favoured the employer is seen as appropriate' (Undy 1999: 330). Changes made between the White Paper Fairness at Work and the Employ-

ment Relations Act 1999 all reflect employers' preferences (Smith and Morton 2001). Much Conservative government legislation which abolished or restricted trade union organization and industrial action remains in place.<sup>7</sup> In November 2001 the Prime Minister emphasised that there would be no dilution of the UK's flexible labour market, 'there will be no new ramp of employment legislation taking us back to the 1970s. The basic settlement of the last parliament will remain' (EIRO Dec. 2001).

### **Policies for the unemployed: The New Deals**

New Labour responded to the high proportion of work-poor and low-income households with a comprehensive 'welfare to work' strategy, with its strong emphasis on active labour market participation. The 'flagship' policy is the New Deal for Young People. Further New Deal programmes include those for the long-term unemployed, lone parents, the disabled and partners of unemployed people. In addition to the New Deal, work activation policies involve the National Childcare Strategy and a series of new tax credits for working families, childcare and the working disabled, amongst others (see Part 3 below). In an endeavour to distance itself from the redistributive policies associated with former Labour governments, the present Labour government emphasises that funding for New Deal activation strategies comes from the proceeds of a one-off 'windfall tax' on the excess profits of the privatised utilities.

The focus of the New Deal for Young People is on prevention of long-term unemployment amongst young people by raising their level of employability. Table 17 outlines the main features of the New Deal and the four options offered to young unemployed people. Significantly, there is no fifth option of continuing indefinitely on full benefit as benefit sanctions are imposed on those refusing to comply with the New Deal programme.

Some writers consider that new Labour's welfare to work policies compliment the commitment to a low paid and flexible labour force strategy (for example, Peck and Theodore 2000).

'(They) can be seen as part of a wider attempt to realign welfare provisions, incentive structures and work expectations in light of the realities of flexible employment, their aim is to (re)socialise welfare recipients for contingent work' (ibid. 2000: 124). Others, however, consider that there is no doubt that the New Deal for Young people has met with considerable success. By 2001 the programme had increased youth employment by between 15,000 and 18,000 a year (Timmins 2001).<sup>8</sup> Furthermore, policy analysts have noted that the programme's use of a dedicated personal adviser assigned to each participant is one of the most positive developments. This means that 'most participants felt that they were being dealt with individually' (Millar, 2000: 23). The percentage of New Dealers exercising 'the one year education and training option' has also steadily increased (by May 2000 this was 47 per cent of those who took an option (DfEE 2000). However, the vast majority of those participating in the New Deal for Unemployed Young People are male, 72 per cent of participants were male up to July 2000 (84 per cent of participants in the New Deal for the Long Term Unemployed were also male) (Rake 2001). Women are less likely to be benefit claimants, especially if living with a partner, and are thereby excluded from the New Deals for unemployed benefit claimants (Rake 2000).

### **The National Minimum Wage**

Legislation in the 1980s included the abolition of the minimum wage set by the Wage Councils<sup>9</sup> for young people, abolition of the Fair Wages resolution and the introduction of compulsory contracting out in the public sector. With the abolition of the Wages Councils in 1993 there was no system of minimum wage protection at national or industry level. This, together with the decline in trade union membership and the collapse of collective bargaining coverage meant that the growth of low wage employment in the UK was unparalleled in Europe (Grimshaw and Rubery 2001: 22).

The Low Pay Commission was set up by New Labour in July 1997<sup>10</sup>. The government accepted the recommendations of the commission of

an adult rate of £3.60 (5.8 euros) an hour and this came into force on 1 April 1999. By March 2001 the Low Pay Commission estimated that 1.3 million people were entitled to higher wages as a result of the introduction of the National Minimum Wage. Around 70 per cent of beneficiaries were women and around two-thirds of jobs affected were part-time (Low Pay Commission 2001).

### Gender pay gap

In the UK female part-timers earn just slightly more than half the hourly pay of male full-timers (52 per cent). Whilst there has been an improvement in the gender pay gap for female full-time workers in the 1990s, the gender pay gap has been declining for female part-time workers (Desai et al. 1999, Rubery et al. 1997). The UK ranks bottom in the European Union for the pay differential between female part-timers and male and female full-time workers. Although the European Commission (2000) in its recommendations on the

UK's National Action Plan stated that there should be appropriate policies to address the issue of the gender pay gap, the only initiative has been a voluntary code (the Equal Pay Taskforce) instigated by the Equal Opportunity Commission (see also below on the National Action Plan 2001).

The gender pay gap is associated with sex segregation by occupation, industry and workplace (Grimshaw and Rubery 2001). For example, in 1998 more than 60 per cent of women's employment was concentrated in ten out of 77 occupations compared to 14 per cent of male employment in these ten occupations (see also the HWF survey report for the UK). As Grimshaw and Rubery (2001) note, whilst similar patterns of women's employment concentration are observed in other countries, what is peculiar in the UK is that women's concentration is associated with an unusually high 'wage penalty' (see also below on the National Action Plan).

## 2.5. The impact of Europe on UK labour market legislation

Commentators agree that compliance with European directives have been undertaken in a minimalist way, and appear to fall short of the full EU requirements (for example, McKay 2001, Smith and Morton 2001). This is despite the signing of the Social Chapter in 1997 which was then incorporated into the Amsterdam Treaty.<sup>11</sup>

### Working Time Regulations

Nearly two years after the deadline, the Working Time Regulation was implemented in 1998 to comply with the 1993 EU Directive (93/104/EC) on the organization of working time. For the first time the UK has a statutory framework covering maximum weekly working hours, minimum daily rest periods, rest breaks, weekly rest periods, paid annual leave and night and shift work. It was thought at the time that the legislation might well prove a catalyst for a broader re-evaluation of working time patterns (EIRO October 1998). However, the regulations allowed for an opt-out so that individual employees can voluntarily

agree with their employer in writing that the 48-hour limit on average weekly working should not apply in their case. The UK was the only member state to take the opt-out clause allowed by the EU Directive.

Research published in 2001 found that the Regulations have had a limited effect as they were effectively side stepped through the use of employee opt-outs (EIRO May 2001). In Spring 2000, 27 per cent of male workers were working more than 50 hours per week (ONS 2000). Other research has also found that low paid workers were unwilling to risk their jobs by challenging management's insistence on their signing an opt-out. Long hours were also seen as necessary to increase low basic rates of pay. On the other hand, some groups of workers benefited from the right to four weeks paid holiday including casual and 'bank' workers in the NHS (EIRO May 2001). Overall, the assessment is that the Working Time Regulations have failed to break the long hours

culture reported in the Literature Review. It can be argued that the ineffectiveness of the regulations conflicts with government policy to promote family friendly or work-life balance.

However, the UK's 2001 National Action Plan (see below) appears to celebrate what it calls a 'diverse range of working patterns'. The Plan points out that 33 per cent of all in employment usually work in the evening (compared to 17 per cent EU average), 13 per cent usually work at night (7 per cent in the EU), and only 11 per cent work 40 hours per week compared to 27 per cent in the EU. Furthermore, 19 per cent of employees work in workplaces operating 24 hours a day, seven days a week.

### **Part-time workers**

In July 2000 the government introduced the Part-time Workers Regulations to comply with the EU Directive on part-time workers. The regulation is supposed to introduce a principle of no less favourable treatment between full-time and part-time workers. However, only 450,000 workers will have benefited leaving 90 per cent of part-timers in no better position. This is because the regulations restrict the right of comparable pay and terms to a narrow band of full and part-time workers working under the same type of contract and at the same location. Again there is a tension between this legislation and new Labour's life-work balance policy (see Part 3 below).

### **Fixed-term contract workers**

In March 2001 the DTI released draft proposals to comply with the EU directive on fixed-term contracts. The proposals are similar to those proposed for part-time workers in that they will only cover those who can make a comparison with the terms and conditions of permanent employees doing similar work for the same employer at the same workplace or at another workplace of the same employer. The DTI estimates this will cover between 550,000 and 670,000 out of between 1.1 million and 1.3 million fixed-term workers (DTI 2001). As in the initial proposals for part-time workers regulations, only employees will be cov-

ered not workers, who are more numerous. Pay and pensions rights of fixed-term workers are specifically excluded from the proposals. The TUC is also concerned that temporary agency workers are excluded from the proposals. Although the EU Directive should have been implemented by 10 July 2001 the government is making use of a clause which states that member states that have 'special difficulties' have an extra year to implement. These 'special difficulties' relate to the lack of any regulation of fixed-term contract work in the UK.

### **Parental leave**

The Maternity and Parental Leave Regulations were introduced in December 1999 to implement the EU Directive (96/34/EC) on parental leave.<sup>12</sup> The regulations were heavily criticized by the TUC as only parents whose children born after 15 December 1999 were entitled to the parental leave. In April 2001, The European Court of Justice was due to hear the case brought by the TUC, as the European Commission found that the UK was in breach of the EU directive. The government then announced its intention to extend the leave to all working parents with children under 5. This will apply to around 2.7 million parents and will take effect later in 2001. The leave available is the minimum requirement of the Directive, that is, thirteen weeks unpaid leave which can only be taken in inflexible periods of a week at a time (EIRO May 2001). However, a new Employment Bill (2001) is proposing the right to two weeks paid paternity leave for working fathers at £100 (161 euros) per week. The Bill also proposes to extend paid maternity leave to twenty-six weeks, up from 18 weeks.

### **Gender mainstreaming**

Under the EU employment guidelines, 1998-2001, all member states are required to implement a policy of gender mainstreaming. Under New Labour there has been a new policy stance towards women, for example, a Women's Unit has been established in the Cabinet Office and a Gender Research Forum set up to improve collaboration

between policy makers, NGOs and researchers. The Women's Budget Group (an independent pressure group) reports that they are now actively consulted on policy issues, whereas before 1997 governments took little or no notice of them. There has also been a series of innovative policies, as discussed in Part 3 below. However, as Rubery *et al.* (2000) point out these policies are the result of a commitment to move both men and women off welfare and into work and to reduce child poverty. The policies, therefore, target women as single parents or those in low-income households. The assessment of Rubery *et al.* (2000) is that although the policy stance of new Labour represents a major change from the previous government, the approach still falls short of promoting gender equality.

#### **The UK National Action Plan 2001 and the assessment of the European Commission**

##### *Employment performance*

The UK experienced a further year of employment growth in 2000, and at 77.8 per cent and 64.6 per cent respectively, the employment rates for men and women are well above the EU average and the Lisbon targets. The unemployment rate continued to fall to 5.5 per cent, below the EU average, but above the average of the best performers (LU, NL and IE at 2.9 per cent).

The European Commission's report (2001a) finds, however, that *important structural problems persist*:

- Inactivity, long-term unemployment and low employment rates are concentrated in households with no one in work, certain regions and particular disadvantaged groups (lone parents, certain ethnic minorities, male older workers, the disabled and the low skilled).
- The gender pay gap remains the highest in Europe and the imbalance in representation between men and women (both occupational and sectoral) remains high compared to the EU averages.

- The low level of basic skills among the workforce is contributing to an emerging skills gap.
- The social partners are insufficiently involved at national level in policy formulation.

##### *Policy responses:*

- The UK's employment strategy places emphasis on trying to make increased employment more inclusive.
- Local employment initiatives are important for the government and the devolved administrations (Scotland, Wales, Northern Ireland) in addressing geographical variations in job creation.
- The adaptability pillar illustrates current flexible working practices (see the Working Time Regulations above) but measures to increase the security of workers would provide more balance to the strategy.
- At the local level the social partners have been given a more flexible role in the delivery of policies for life long learning and social inclusion.
- At the national level, however, there is no general approach for the UK's two major national social partners (TUC and CBI) as their involvement is restricted to a number of specific issues.
- The National Childcare Strategy continues to improve the provision and affordability of childcare places.
- The UK has declarations of intent with respect to the gender pay gap but less specific policy and no target for its reduction.
- The UK accepts the need for a more balanced gender representation in all sectors but could increase policy intervention to realise this.
- There is priority given to improving the low level of basic skills by encouraging access to and participation in learning. The new Adult Basic Skills Strategy involves the overhaul of the learning infrastructure and considerable



new resources targeted to those in greatest need.

*The European Commission's recommendations are:*

- Further foster social partnership at the national level to improve policy implementation and development
- Strengthen efforts to reduce the gender pay gap and improve the balance in representation between men and women across occupations and sectors
- Reinforce active labour market policies for the adult unemployed. Particular attention should be paid to groups facing problems in the labour market.
- Encourage and develop work based training to address increasing workforce skill gaps and low levels of basic skills.

### 3. SOCIAL POLICIES RELATED TO WORK AND FAMILIES

#### 3.1. Childcare and education

Social policies during the early 1990s considered childcare as a private responsibility and aimed to stimulate the provision of services solely by market mechanisms. Consequently there were less than 700,000 registered childcare places for almost six million children under eight – one place for every nine children (FPSC July 1998). Although fewer women with young children are employed, half of those with a child under four are in paid work. Two-thirds of employed mothers work part-time. Mothers' paid work is financially important as one-fifth of children live in households headed by a lone parent; many households cannot manage on one income alone; and women face poverty in old age if they have not worked and contributed to a pension (Ibid.)

Since the Labour government was elected in 1997, 'education, education and education' together with 'work for those who can, security for those who cannot' have represented two of the new directions for social policy. The imperative to promote more equal opportunities within education led to a focus on the importance of early years learning, while the availability of accessible childcare was seen as essential to enable parents to work and thus move off benefit (Johnston and Rahilly 2001).

In 1998, the Labour government proposed that £300 million should be spent to set up new out-of-school places and free nursery education should be available for every four-year-old child

whose parents wanted it by April 1999. The number of nursery places for three-year-olds was to be doubled by March 2001 and by 66 per cent by March 2002 and a promise was made for nursery provision for all three year olds by 2004. In a press announcement (9th. October 2000) Margaret Hodge, the then Minister for Employment and Equal Opportunities, unveiled plans for funding for 900 new nurseries in 'deprived' areas. Interestingly, these new nurseries were not unveiled by a Minister for Education, but rather as a part of the government's proposals to expand childcare. A pilot programme set up 29 Early Excellent Centres that aimed to integrate education and childcare (Johnston and Rahilly 2001).

The government, recognising that the cost of childcare can represent a real barrier to work, announced two major changes in its contribution to childcare costs. One was an increase in child benefit of £2.50 per week per family, partly funded by cuts in the Married Couple's Tax Allowance. This was particularly significant because it signalled a partial shift from paying child benefit per child to paying it per carer (FPSC July 1998).

Another was an expansion of the childcare element in means-tested Family Credit (FC), which had incorporated a disregard of income to take into account essential childcare cost. FC was replaced from October 1999 by the Working Families Tax Credit (WFTC), which incorporated more generous assistance towards the costs of childcare

by means of the inclusion of a childcare tax credit (see Box 3.1). WFTC meant that every working family with a full-time worker would be guaranteed an income of at least £180 a week, and no working family would pay any income tax at all on earnings below £220 a week. The government estimated that around 400,000 more families with children would immediately benefit (FPSC August 1998).

However, the important aspect of WFTC is that payment of the award is now made through the UK's tax system (Inland Revenue), rather than the social security system (Benefits Agency). The former Family Credit was previously paid directly to women in couples on the same basis as Child Benefit, that is, that the money was more likely to be spent on children's needs. WFTC, however, is now paid directly to beneficiaries by the Inland Revenue or by employers through the pay packet (see Box 3.1). McLaughlin et al. (2001) show this has had the effect of transferring resources from women and children (with low personal incomes) to men (with higher personal incomes) in poor families. A further problem is that, as discussed in the Literature Review for the UK, most parents rely on informal child carers, often family members or others who may not be registered as child-

care workers. The WFTC will be of no use in these circumstances.

In May 1998 the Department for Education and Employment (DfEE) issued a Green Paper 'Meeting the Childcare Challenge', which further set out a national strategy to increase the supply of affordable good quality childcare as a vital component in government's support for families. Its significance lies not just in enabling mothers to take up opportunities for work, education or training, but also in providing a secure and happy environment for children in which they can be helped to prepare for their education. The key underlying principles were, firstly, that parents should have genuine choice as to whether they work and access their own childcare, and secondly, that childcare should be of good quality so that it stimulates and motivates children. The government announced its intention to set up childcare partnerships within each local authority, to build upon the work undertaken by the existing Early Years Development Partnerships to integrate childcare with early years education (Johnston and Rahilly 2001). More recently, the DfEE announced that between April 1997 and March 2001, almost 700,000 new childcare places had been created (DfEE 2001). However, as discussed earlier this is still far from a universal provision.

### 3.2. Social security policy

The green paper on Social Security, entitled 'New ambitions for our country: a new contract for welfare' was published in March 1998. The Labour government believed that the existing social security system had three fundamental problems: increased inequality and social exclusion despite more spending, people trapped on benefit rather than being helped off benefit and benefit fraud (FPSC August 1998). It was concerned to reform the social security system in such a way that it would encourage people of working age to receive their income from wages rather than benefits. In the Green Paper it attributed the growing numbers of children living in poverty to the

growth of 'workless' households, and highlighted the growing numbers of lone parents who were out of work (Johnston and Rahilly 2001). The government thus aimed at 'a third way', based on 'empowerment not dependency'. Central to this is work, as this 'is the best route out of poverty for those who can work' (FPSC August 1998). Therefore policies had to help unemployed people find work, to remove barriers to work, and to make work pay.

As discussed in Part 2 of this report the New Deal programmes included lone parents. However, social security law had not previously treated lone parents as 'unemployed', because their main role

had been perceived to be one of carer. 'Lone parenthood was a marker that indicated legitimate withdrawal from the labour market' (Millar 2000: 333). For the first time in the post-war period, new Labour proposed that lone parents be actively encouraged to seek employment. Further, there is now a requirement that they attend a work focused interview to discuss their employment intentions. Jane Millar's (2000, 2001) assessment of the New Deal programme for lone mothers is generally positive, in that the policy has been helpful. By the end of August 2000 about 178,000 lone parents had attended an initial interview and about one third had found jobs. In her view the programme has increased trust in government, has increased the incomes of lone mothers and has put lone mothers into the mainstream of employment policy as well as recognising the need for a range of different types of support for lone parents. However, issues of insufficient education or training (leading to a low pay trap), sustainable jobs and the value of caring still remain.

Recently a partnership between government and business to provide more employment opportunities for lone parents has been launched

(Guardian 9/10/2000). The package will be based on additional money for lone parents through more generous WFTC, additional childcare places and more flexibility in jobs. The aim is to increase the percentage of lone parents in employment up to the levels found in the USA. Whilst it was claimed that the numbers in employment in the UK had risen from 40 per cent to 50 per cent, they were still well behind figures for France (80 per cent) and the USA (70 per cent) (Johnston and Rahilly 2001).

However there are obstacles facing those not in work, according to the Department of Social Security (DSS) (1997). For example, 29 per cent of the unemployed in 1996 had no qualifications compared to 14 per cent of those in employment; 49 per cent of non-working lone parents in 1994 had no qualifications. Lone mothers also need to balance the responsibilities of childcare with those required for work. Therefore the government aims to tackle barriers to work through the New Deals, childcare and family-friendly employment, education and health and benefit changes (FPSC August 1998).

### 3.3. Family policy

In November 1998 the government's Ministerial Group on the Family published its consultation document 'Supporting Families' (The Home Office, 1999). The concern of government was to ensure that the next generation got the best possible start in life. The improvement of family prosperity was considered to be one of the key areas in which government could make a difference. This meant tackling child poverty by amending the tax and benefit systems to take into account the cost of bringing up children, and developing policies which reduced the number of children (estimated to be 3 million) growing up in households without an income from wages (Johnston and Rahilly 2001).

The government initiatives included increasing investment in early years, increasing access to early education and childcare, providing work

and training opportunities that may lift the poor out of the poverty trap, and providing extra help for families through the tax and benefit systems (DSS 1999). The average family with children now pay £850 a year less in tax from April 2001 as a result of changes introduced by the government. Tax on a single earning earner family on average earnings with two children is expected to fall from 21 per cent in 1997/98 to 19 per cent in 2001/02, its lowest level since 1972 (FPSC winter 2000).

Additional priority needed to be given to younger children in recognition of their cost, and as a result the government had significantly uprated Child Benefit (by £2.50 per week, as mentioned above) as well as the allowances for younger children within Income Support. The consultation paper 'Supporting Families' (1999) calculated that these changes had resulted in an

additional £250 per year going to households with children, and an average of £500 per year going to the poorest households with children. The other significant developments aimed at improving family prosperity and reduction of child poverty were, as discussed above, the introduction of Working Families Tax Credit and the New Deal for Lone Parents (Johnston and Rahilly 2001).

Besides reinforcing government initiatives to encourage people with children to take up work, the government's White Paper 'Fairness at Work' (1998) had called for family friendly employment policies. The three main elements of the framework proposed by the White Paper are: provision for the basic fair treatment of employees; new procedures for collective representation at work; and policies that make it easier for people to reconcile responsibilities at home and at work (FPSC December 1998). The policies include more flexible working arrangements, with reasonable time off to deal with family emergencies, and increased parental rights (Johnston and Rahilly 2001). The consultation paper 'Supporting Families' (1999) also called for measures to help families balance work and home, so that it is 'easier for parents to spend more time with their children'. On 7 December 2000, the government published a Green Paper on the employment rights 'Work & Parents: competitiveness and choice'. Noting that 'too many parents are struggling under the heavy demands of coping with children and trying to hold down a job', the Green Paper set out a range of policy 'options' for consultation. These include:

- Lengthening the existing periods of statutory paid and unpaid maternity leave;
- Increasing the current flat rate of statutory maternity pay;
- Granting adoptive parents paid leave when adopting a child;
- Establishing a qualified right – for both parents – to reduce or vary their working hours during and after the end of the maternity leave period, subject to a 'harm test';

- Increasing the amount of (unpaid) parental leave available to parents of disabled children; and
- Granting new fathers a short period of paid paternity leave (CAB March 2000).

However, the government's introduction of increased maternity and paternity rights is not achievable under the current enforcement framework, according to the National Association of Citizens Advice Bureaux (CAB) (Financial Times 21/3/2001). UK workers spend more time at their jobs than workers anywhere else in Europe, and working women (who do three times as much housework as men) find juggling home and work responsibilities particularly difficult in this culture of long hours (Voices 17/03/2001). According to the Work-Life Balance Baseline Study by Hogarth et al (2001), average weekly hours for men were 45 hours and 34 hours for women. Full-time employees who worked in excess of their contracted hours increased their working week on average by 10 hours. Over 10 per cent of employees worked very long hours (60 or more hours a week). Very long hours were particularly prevalent amongst male professional and managerial staff, and men in households with children. Only 6 per cent of women in full-time jobs worked very long hours compared to 12 per cent of men (Hogarth et al 2001). At present, CAB said, many workers were unable to enforce their existing rights, and tens of thousands of women were sacked or threatened with dismissal because they were pregnant. It called for a new employment rights advice and enforcement agency, with access to funds to help employers comply, as well as powers to impose financial penalties and to back tribunal cases (Financial Times 21/3/2001).

In Spring 2000 the government launched its 'Work-Life Balance Campaign' with aims to raise employers' awareness of the business benefits of introducing policies and practices which help employees obtain a better balance between work and the rest of their lives (DfEE 2001). In addition, the newly launched 'Challenge Fund' aims to help employers explore how work-life balance policies

can benefit businesses by helping them deliver goods and services more efficiently and effectively, and the £5 million 'Partnership Fund' aims to encourage good relations and co-operation in the workplace (Voices 17/03/2001). It should be noted that these proposals are voluntary. The business case is stressed, that is, that work-life balance practices improved certain aspects of work - work relations and staff motivation/commitment - and helped retain female employees and lowered labour turnover (Hogarth et al 2001). The Work-Life Balance Baseline Study (2001) reveals the extent to which employers operated work-life balance practices and whether employees felt existing practices met their needs. Some of its findings are as the following (see also Table 20):

- Other than part-time working, only a modest proportion of employers operated flexible working time arrangements such as flexi-time, term-time contracts, reduced hours, etc.
- There was a substantial demand for flexible working time arrangements from employees. More men wanted flexitime, compressed hours, and annualised hours than women. Women were more likely than men to want term time working or reduced hours.
- Only a modest proportion of employers reported a detailed knowledge of changes in the maternity leave regulations or the new parental leave regulations. Only a small proportion provided benefits in addition to the statutory minimum.

## CONCLUSION

Since the end of the recession in 1994, the UK has experienced a period of strong economic growth and record high levels of employment. Official measures of the unemployment rate have also reached the lowest level since 1975. Despite this, however, there remain deep structural inequalities. As this report has demonstrated there are severe regional inequalities with concentrations of

- Where employed full-time before, the majority of women returning from maternity leave switched to part-time work. More women preferred greater flexibility in their working arrangements on their return to work.
- Overall, just under 18 per cent of workplaces provided some kind of help with childcare needs but this usually related to providing information. Only a tiny proportion of employers provided workplace facilities such as a creche (Hogarth et al 2001).

## Housing policies

There are a number of regeneration programmes which draw funds from a variety of sources to develop strategies for tackling long-term unemployment and to promote regeneration in regions and communities suffering from long-term decline and under investment. These programmes often include support for young children and families. Relevant funding programmes include:

- Single Regeneration Budget: bringing together 20 Government spending programmes;
- European Social Funds: supporting a wide range of programmes;
- New Deal for Communities: tackling multiple deprivation in the poorest neighbourhoods;
- Pathfinder Projects: providing greater coherence to regeneration work in an area (Bertram and Pascal 2000).

workless households and poverty especially in some inner cities, housing estates and rural areas. There is a large hidden unemployment with 2.3 million men of working age now inactive compared to 400,000 men twenty years ago.

The increase in the poverty rate in the past two decades has been the highest in Europe so that by the end of the 1990s one in three children

lived in households below half the average income. The UK also had the highest levels of poverty for those out of work than any other member state (European Commission 2001). Some ethnic minority groups also suffer high levels of poverty. Furthermore, a high proportion of adults lack basic literacy and numeracy skills which exacerbates their links to the labour market, especially since employment growth in the future will be in highly qualified occupations.

The new Labour government remains committed to the UK flexible labour market and many employment reforms since 1997 have been concerned not to 'burden' business. This report has shown how a raft of policies initiated by new Labour or derived from European directives have been implemented in a minimalist way and their impact has been limited. For example, the Working Times Regulations have left existing practices largely intact and the long hours culture remains entrenched. With respect to the trade unions' attitude to flexible employment there are concerns about casualisation and individualisation on the one hand, as well recognition of the need to promote family-friendly policies on the other. The TUC and the Industrial Society have recently joined forces to condemn the UK's long hour's culture and urge employers to adopt a more positive approach to work-life balance (EIRO November 2001). Employers, however, stress flexible working, but often as a way to cut costs, extend operational times and increase production.

There has been recognition of the need for family-friendly policies and a commitment to extend childcare and early years education. Nevertheless, there are neither statutory requirements for firms to implement family-friendly measures nor a vision of high quality universal childcare provision as in Sweden. Where family-friendly packages have been introduced (usually in the larger firms) this has not only been in response to

government encouragement but also reflects tightening labour markets. Such policies rarely involve the trade unions but rather are individualised packages (EIRO Nov. 2001).

The main emphasis of new Labour's social policies has been to promote paid work through the New Deals for the unemployed, to alter income levels through the tax and benefit system (to redistribute money to low income households), and measures to tackle long-term disadvantage. Piachaud (2001) estimates that the impact of these measures has been to reduce child poverty by over one million, that is one quarter of those children in poverty. Social assistance (Income Support) levels for those out of work have also been increased, although for families with children the levels are still below the poverty level (at 60 per cent of median household income, Piachaud 2001). The New Deals, especially for young unemployed people and lone parents, have also been evaluated as relatively positive and the introduction of the National Minimum Wage provides a floor to wages.

However, many commentators agree that there are limits to redistribution by stealth, which has been achieved 'by every means possible except direct taxation' (Gamble and Kelly 2000: 182 quoted in Lister 2001). Piachaud (2001), for example, has argued that it will be much more difficult to remove those children that are still in poverty through existing policies. Furthermore, the physical, cultural and social environment which many children grow up in, severely affects their quality of life and future opportunities. Ruth Lister's assessment is that in the longer run it will be difficult to go much further in tackling the socio-economic chasm which opened up in the 1980s without 'the case for redistributive taxation as an expression of our responsibilities as citizens to each other' (2001: 437).

**NOTES**

1. The ILO measure of unemployment (the preferred measure of New Labour government) refers to people without a job who were available to start work, within two weeks and had either looked for work in the last four weeks or were waiting to take a job they had already obtained. The ILO measure gives a higher number of unemployed than the claimant count, as the latter is likely to exclude more women. For example, in 1995 some 18 per cent of men who were ILO unemployed were not claimants and around 24 per cent of male claimants were not ILO unemployed. The figures for women were 59 per cent and 37 per cent respectively (Nickell 1999). In September 2001 the claimant count fell by 4,900 but the LFS figure showed an increase of 53,000 in the previous quarter, the largest rise for 8 years (Financial Times 18/10/01).
2. The UK LFS shows that over one-third of unemployed men and 19 per cent of unemployed women had been unemployed for 12 months or more in 2000.
3. The loss of jobs in this sector is still occurring with 150,000 jobs being lost between December 1999 and December 2000. At the time of writing (August 2001) manufacturing has suffered its worst quarter since 1991 and has been declared as technically in recession.
4. Many of these areas were traditional working class areas linked to heavy manufacturing or their earlier growth eras. Some inner city areas, but not all, have high proportions of ethnic minority groups. However, ethnicity is not a cause of acute urban decline, although it may become part of the process where large numbers of ethnic minorities live (Power and Mumford 1999).
5. For example, 30 per cent of Pakistanis and Bangladeshis gained five or more GCSE grades A to C in 2000 and 37 per cent of blacks. In contrast this figure was 62 per cent for Indian pupils.
6. For example, statutory union recognition in firms with more than 20 employees, and a reduction in the qualifying period for protection from unfair dismissal from two years to one year.
7. For example, the closed shop, picketing, secondary action, unofficial action, and rights to join a union of one's choice as well as ordering ballots and notices prior to industrial action.
8. The Unemployment Unit and Youthaid have also evaluated the success of the New Deal programme. They have adopted a more stringent criteria for measuring youth employment by only including young people who have left the programme to go into *sustained* employment. Using this stricter criteria, the number of young people who have moved off benefit and into employment was 195,000 by September 2000. Furthermore, using the strictest possible criteria, i.e. only counting those young people who entered *sustained and unsubsidised* employment, they found that this figure was 169,550. Finally, as some 7,500 young people continue to come off benefit and go into employment each month, they anticipate that by May 2001, the government will not only have fulfilled its pre-election pledge to get 250,000 young people into employment but, significantly, this will be sustainable and unsubsidised forms of employment (Bivand, 2000/2001: 8).
9. The Wage Councils were set up at the beginning of the twentieth century to establish minimum wage levels for the 'sweated' trades and included agriculture, catering, hotels, textiles, clothing and light manufacturing.
10. The trade unions, many of which had not been in favour of a minimum wage in the 1970s, voted for a national minimum wage (NMW) at the TUC for the first time in 1986. An agreement on the NMW was reached between the Labour Party and unions affiliated to the party in the run up to the general election in 1992. In the next five years the Labour Party, in opposition, agreed to introduce a NMW following consideration by the Low Pay Commission. The Low Pay Commission was the first tripar-

tite body to be established since the mid 1970s, although no formal nominations were sought from the TUC and the CBI.

11. This appeared to signal an acceptance of the social policy dimension of the EU, but the government has consistently opposed a directive on information and consultation in companies employing 50 or more workers as it imposes a burden on business
12. Under the Maternity and Parental Leave Regulations 1999 working parents in the UK for the first time have the statutory right to take up to 13 weeks' unpaid leave over the first five years of a child's life, where the child is born on or after 16 December 1999. Parents adopting a child are entitled to the same amount of leave over the five years following adoption (EIRO 1999). For the first time in the UK fathers have got the right to parental leave. Paid maternity leave was also increased from 14 to 18 weeks, (which can be extended to 29 weeks on statutory pay after birth), and the qualifying period of employment was to be cut from two years to one. Parents and carers gained the right to time off to cope with 'family emergencies'. Fathers and mothers from poor households who exercise their right to parental leave were also entitled to claim benefit to supplement their income from the time they take off work.



**ANNEX****Table 1. Trends in the employment rate in the UK and EU average 1991-2000, population aged 15-64, per cent**

	1991	1992	1995	1998	2000
<b>UK</b>					
Male	77.9	75.3	75.4	77.6	77.8
Female	61.2	61.0	61.9	63.8	64.6
<b>EU average</b>					
Male	74.2	72.5	70.2	71.0	72.5
Female	49.8	49.7	50.2	52.8	54.0

Source: Employment in Europe 2001

**Table 2. Trends in the unemployment rate in the UK and EU average 1991-2000, per cent of labour force**

	1991	1992	1995	1998	2000
<b>UK</b>					
Male	9.9	11.8	10.1	7.0	6.0
Female	7.5	7.7	7.0	5.5	4.9
<b>EU average</b>					
Male	–	–	9.4	8.6	7.0
Female	–	–	12.5	11.7	9.7

Source: Employment in Europe 2001

**Table 3. Trends in the youth unemployment rate in the UK and EU average 1991-2000, per cent of the labour force aged 15-24**

	1991	1992	1995	1998	2000
<b>UK</b>					
Male	16.6	19.8	18	15.2	13.7
Female	11.8	13.1	13.3	11.8	11.6
<b>EU average</b>					
Male	–	–	20.1	18.2	14.9
Female	–	–	23.1	21.1	17.6

Source: Employment in Europe 2001

**Table 4. Trends in the long-term unemployment rate in the UK and EU average 1991-2000, per cent of labour force**

	1991	1992	1995	1998	2000
<b>UK</b>					
Male	3.4	4.8	4.9	2.6	2.0
Female	1.7	2.2	2.2	1.3	0.9
<b>EU average</b>					
Male	–	–	4.5	3.9	3.0
Female	–	–	6.2	5.7	4.4

Source: Employment in Europe 2001

**Table 5. Trends in flexible employment in the UK and EU average 1991-2000, per cent of total employment**

	Part-time 1991	Part-time 2000	Fixed-term contract 1991	Fixed-term contract 2000	Self- employment 1991	Self- employment 2000
<b>UK</b>						
Male	6.2	9.1	3.6	5.2	17.8	15.4
Female	43.5	44.6	6.9	7.4	6.9	7.4
<b>EU average</b>						
Male	4.1	6.2	8.0	10.3	18.0	17.6
Female	29.1 (1992)	33.3	12.3	12.9	23.9	10.0

Source: Employment in Europe 2001

**Table 6. Trends in levels of qualifications obtained by those in employment (UK) 1979-1999, per cent of workforce**

	1979	1989	1999
ISCED level 0/1	45	27	12
ISCED level 2	15	21	20
ISCED level 3	17	23	24
ISCED level 4	12	16	26
ISCED level 5 and 6	11	13	20

Source: DfEE 2000a

**Table 7. Highest qualifications held by those of working age by gender LFS, per cent**

	Male	Female
ISCED1. No qualifications	14	19
ISCED 2. Other qualifications	17	23
ISCED 3. GCSE grades A to C or equivalent	22	22
ISCED 4. A level or equivalent	23	14
ISCED 5. academic degree	20	19
ISCED 6. post grad. degree or equivalent	5	3

Source: Labour Force Survey 2000

**Table 8. Participation rates in higher education by social class 1991/2 1998/9, per cent of social group**

	1991/92	1998/99
Professional	55	72
Intermediate	36	45
Skilled non-manual	22	29
Skilled manual	11	18
Partly skilled	12	17
Unskilled	6	13
All social classes	23	31

Source: Office National Statistics

**Table 9. Pupils achieving 5 or more GCSE grades A\* to C or equivalent<sup>1</sup>: by parents' socio-economic class 1989 and 2000, England & Wales, per cent of social group**

	1989	2000
Managerial/professional	52	69
Other non-manual	42	61
Skilled manual	21	45
Semi-skilled manual	16	37
Unskilled manual	12	30
Other/not classified <sup>2</sup>	15	27

Note: 1 Includes equivalent GNVQ qualifications achieved in Year 11.  
2 Includes a high percentage of respondents who had neither parent in a full-time job

Source: Office for National Statistics

**Table 10. Population by ethnic group 1999/2000**

	All ages (millions)	%
<b>White</b>	53.1	93.3
<b>Black</b>		
Black Caribbean	0.5	0.9
Black African	0.4	0.7
Other Black groups	0.3	0.5
All Black groups	1.2	2.1
<b>Indian</b>	0.9	1.6
<b>Pakistani/Bangladeshi</b>		
Pakistani	0.7	1.2
Bangladeshi	0.3	0.5
All Pakistani/Bangladeshi	0.9	1.6
<b>Other groups</b>		
Chinese	0.1	0.2
None of the above	0.6	1.0
All other groups <sup>2</sup>	0.8	1.4
<b>All ethnic groups<sup>3</sup></b>	56.9	100

Note: 1 Population living in private households. Combined quarters: Spring 1999 to Winter 1999-00.

2 Includes those of mixed origin

3 Includes those who did not state their ethnic group

Source: Labour Force Survey, Office for National Statistics

**Table 11. Economic activity by ethnic group and gender**

	Employment rate, age 16 to 64/59, %	ILO unemployment rate, age 16+, %
<b>Men</b>		
White	76.3	4.9
All ethnic minority groups	57.0	12.0
Black	60.0	15.0
Indian	69.0	8.0
Pakistani/Bangladeshi	42.0	17.0
Chinese	53.0	*
Other	56.0	12.0
<b>Women</b>		
White	71.4	4.4
All ethnic minority groups	49.0	12.0
Black	56.0	13.0
Indian	61.0	8.0
Pakistani/Bangladeshi	25.0	19.0
Chinese	47.0	*
Other	45.0	14.0

Note: (\*) sample size too small for reliable estimate

Source: Labour Force Survey 2000 autumn

**Table 12. Percentages of people in households by family type 1971-2000, UK**

Family types	1971	1981	1991	2000
<b>Couples</b>				
Dependent children	35.0	31.0	25.0	23.0
Non-dependent children	8.0	8.0	8.0	6.0
No children	27.0	26.0	28.0	29.0
<b>Lone parents</b>				
Dependent children	3.0	5.0	6.0	6.0
Non-dependent children	4.0	4.0	4.0	3.0
<b>Multi-family households*</b>	1.0	1.0	1.0	1.0
<b>One person households</b>	18.0	22.0	27.0	29.0
<b>Two or more unrelated adults</b>	4.0	5.0	3.0	3.0
<b>All households (millions)</b>	18.6	20.2	22.4	23.9

Note: (\*) Households containing one or more families

Source: LFS 2000

**Table 13. Percentage of dependent children living in different family types, UK**

Family types	1972	1981	1991-92	1998
Couple families	92	88	82	79
Lone-mother families	6	10	18	19
Lone-father families	1	2	1	2

Source: Social Trends 29, 1999

**Table 14. Key birth statistics, 1977-1997, England and Wales**

Year	Number of live births (000s)	Total period fertility rate	Mean age of mother at childbirth (years)	Percentage of births outside marriage
1977	569.3	2.93	27.2	7.2
1987	681.5	1.81	27.1	23.2
1997	642.1	1.73	28.9	37.8

Source: Population Trends 96, Summer 1999

Table 15. Changes in family size, UK

Number of children	Year of birth of women, %	
	1940	1960
0	11.0	21.0
1	13.0	12.0
2	37.0	35.0
3	22.0	21.0
4 or more	17.0	11.0
<b>Average family size</b>	<b>2.36</b>	<b>1.95</b>

Source: Population Trends 100, Summer 2000

Table 16. 'Best estimates' of the number of lone-parent families and their dependent children, 1971-96, UK (millions)

	1971	1981	1991	1996
Lone parent families	0.57	0.90	1.30	1.60
Dependent children in lone-parent families	1.0	1.5	2.2	2.8

Source: Haskey, 1998

Table 17. New Deal for Young Unemployed People in the UK

<b>Scheme</b>	New Deal for Young People, Intro. Jan. 1998 in 12 areas. Nationwide April 1998
<b>Age Group</b>	18-24
<b>Benefit group and compulsion</b>	Job Seekers Allowance (JSA) claimants Refusers will first have their whole benefit suspended for two weeks followed by a four week period if they refuse again after adjudication to take up an option.
<b>Duration criteria</b>	6 months (earlier for those with special needs)
<b>Administration</b>	Gateway – dedicated employment service caseworker – 4 months
<b>Content</b>	4 options <sup>1</sup> 1. employment with a private sector firm, employer incentive £60 a week subsidy for six months 2. employment through a voluntary organisation 3. a job in the environmental task force. <sup>3</sup> 4. full-time education or training, will enable young people to study or train full-time up to NVQ level 2 for up to 12 months.
<b>Payment</b>	Option 1. Rate for the job 2. JSA benefit +£15 3. JSA benefit +£15 4. JSA benefit
<b>Numbers participating</b>	20,000 per month
<b>Characteristics of participants</b>	72 % male 28 % female

Note: Each of options to work 1-3 will also include day-release education or training that should lead to a relevant qualification up to NVQ level 2. Employers may also qualify for an additional £750 to offset external costs such as New Dealers' college fees.

Source: DfEE, 2000

**Table 18. Number of providers of children's day care in England at 31 March 1997 to 2001 (provisional estimate). Position at 31 March each year**

Provision	1997	1998	1999	2000	2001
<b>For children under 8</b>					
Day Nurseries	6,100	6,700	7,000	7,500	7,800
Playgroups	15,800	15,700	15,000	14,300	14,000
Childminders	98,500	94,700	82,200	75,600	72,300
<b>For children aged 5-7</b>					
Out of School Clubs	2,600	3,100	3,800	4,400	4,900
Holiday Schemes	5,300	6,200	10,200	11,700	12,900

Source: DfES: National Statistics, 25 July 2001, <http://www.dfes.gov.uk/statistics/DB/SFR/>

**Table 19. Number of places in children's day care provision in England 1997 – 2001 (provisional estimate). Position in March each year**

Provision	1997	1998	1999	2000	2001
<b>For children under 8</b>					
Day Nurseries	193,800	223,000	247,000	264,000	285,000
Playgroups	383,700	383,600	347,200	353,100	330,200
Childminders	365,200	370,700	336,600	320,400	304,600
<b>For children aged 5-7</b>					
Out of School Clubs	78,700	92,300	113,800	141,100	152,800
Holiday Schemes	209,000	256,500	435,000	490,400	594,500

Source: DfES: National Statistics, 25 July 2001, <http://www.dfes.gov.uk/statistics/DB/SFR/>

**Box 3.1 Working Families' Tax Credit (WFTC)****What is Working Families' Tax Credit (WFTC)**

A tax credit payable to working families depending on their circumstances which aims to provide a better deal for working families  
has replaced Family Credit  
is administered by the Inland Revenue and is paid through the pay packet

**Who can get it?**

Families either couples or lone parents who  
have one or more children  
work at least 16 hours a week  
have savings of £8,000 or less

**How much is WFTC worth**

WFTC has four parts

Basic tax credit £35.15  
Working over 30 hours £11.25  
tax credit for each child  
age 0-15 £25.60  
age 16-18 £26.85  
childcare tax credit up to 70 % eligible costs up to maximum costs of £100 for one child  
and £150 for two or more children

The WFTC is calculated by adding the credits together. If family income is more than £91.45 per week, this is reduced by 55p for each £1 above this level.

**How does it work**

Applications are made to the Inland Revenue who assess and work out the award  
Couples may choose which partner receives the award.

**Claimants of WFTC**

The first administrative statistics on claims and awards of WFTC were published in February 2000 and showed that average gross earnings of WFTC recipients had increased to £159 a week compared to £121 under Family Credit. 48 % of claimants were couples and 52 % lone parents. Only 11 % included a Childcare tax credit of which the average was £24 a week.

Source: Inland Revenue and McLaughlin et al. (2001).

**Table 20: Employees\* with flexible working arrangements, UK, Spring 1997, per cent**

	Women	Men
Flexible working hours	11.7	8.7
Term time working	7.1	1.3
Annualised hours contract	3.9	4.1
Four and a half day week	1.5	2.6
Job sharing	1.3	0.1
Zero hours contract	0.8	0.7
Nine day fortnight	0.1	0.5

Note: \*Women aged 16 to 59, men aged 16 to 64.

Source: Social Focus on Women and Men (1998)



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