

1. INTRODUCTION

1.1 Social inclusion is a term used to describe the experience of individuals who are unable to play a full part in society because of the range of disadvantages they face - be it through a lack of employment, low skills, poor health or discrimination. Often particular groups are more likely to experience these problems, for example people from Black, Minority Ethnic communities, older people and people with disabilities. Invariably, what all these individuals or groups of people face are barriers to opportunities that others in society benefit from. Despite increases in the wealth of the population as a whole over recent years, the gap between the best and least well off has grown.

1.2 The Welsh Assembly Government's "*Plan for Wales 2001*" sets social inclusion as a guiding theme for its work, alongside its commitment to equality and sustainable development.

1.3 This third Annual Report on Social Inclusion in Wales demonstrates how that guiding theme has influenced policies and programmes over the past year. It fulfils the commitment by the Welsh Assembly Government to report regularly on what it is achieving in tackling poverty and social disadvantage.

1.4 The Report begins by briefly discussing the issues and extent of social disadvantage in Wales. It provides an analysis of the current situation in each of the relevant policy and programme areas; sets out activities aimed at improvement; and details targets against which progress can be tracked. It also looks, specifically, at progress made with programmes, such as Communities First, which have social inclusion as their main aim.

1.5 The need to improve the information on measures and targets in the Second Annual Report was an issue identified by the Minister for Finance, Local Government and Communities, and by the Cabinet of the Assembly Government. This Third Report provides a range of more robust and quantifiable indicators and targets against which progress can be tracked. A summary of trends is given at the end of each chapter and an annex details the total range of targets.

1.6 Both the Report and a summary leaflet will be made available on the Assembly's website www.wales.gov.uk.

The Problem

1.7 Wales is a country that suffers in places from pronounced deprivation. Such areas suffer from poor standards of health, low educational attainment, substance misuse, benefit

dependency and a dearth of employment prospects. Too many families experience the effects of poverty.

1.8 Sometimes problems of exclusion can be exacerbated where whole areas face concentrations of exclusion factors, reducing the prospects for

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those in these communities to find work or other social outlets. In Blaenau Gwent, for example, the job losses following the CORUS cutbacks have proved a severe blow to an already economically and socially deprived area.

1.9 Figures for 2000-01 indicate that Wales had lower incomes than several other areas of Great Britain, as illustrated by the following statistics. In Wales;

- 24% of residents were in households with incomes below half of the mean income, compared with 22% in Great Britain;
- 33% of children lived in households with incomes below half of the mean income compared with 30% in Great Britain; and
- 21% of adults of working age lived in households with incomes below half the average income, compared with 19% for Great Britain.

1.10 In Spring 2002, 17.1% of dependent children in Wales lived in workless households. The non-seasonally adjusted unemployment rate for Wales for September to November 2002 was 5.4% compared to 5.2% in the UK.

1.11 The Assembly's Welsh Index of Deprivation maps the extent of multiple deprivation. The Index covers the distinct areas of:

- Income deprivation;
- Employment deprivation;
- Health deprivation and disability;
- Education, skills and training deprivation;

- Housing deprivation; and
- Geographic access.

Fig. 1

Wales: Index of Multiple Deprivation

1.12 There are 865 electoral divisions in Wales and 346 of these are among 40% of the most deprived wards in Wales.

1.13 The Local Government Data Unit - Wales is responsible for updating the Welsh Index of Multiple Deprivation. An advisory group has been set up to take this work forward reporting bi-annually on the developments in the data underpinning the Index. The first of these reports is available at:

http://www.lgdu-wales.gov.uk/html/eng/our_projects/eng_wimd.htm

1.14 At the first Advisory Group meeting it was decided that an update of the Index should not be attempted until after the 2001 Census results were available in 2003. Work is currently underway on a scoping study.

The Trends

1.15 The population of Wales is growing, albeit at a relatively slow rate, standing at just over 2.9 million at the 2001 census. Local authority areas with the greatest population decline since 1981 are Blaenau Gwent, Merthyr Tydfil and Neath Port Talbot. Those with the greatest growth are Ceredigion, Powys, Monmouthshire and Conwy.

1.16 The age profile of the population is also changing with the expectation that over the next twenty years, the numbers of:

- school age children will be down by 9%.
- retirement age people will be up by 11%.
- people over the age of 85 will be up by 40%.

1.17 Despite some fluctuations, the employment rate has risen over the last ten years. During the same period, the unemployment rate has fallen by around a third, and the claimant count

has more than halved. Nevertheless, these are both currently above the UK averages. The Employment Services' New Deal programme is having an impact on these figures. Through the New Deal for Young People between May 1999 and the end of September 2002, 27,000 young men and women either entered an Option or secured a job. Through other New Deal programmes, 7,100 long term unemployed secured jobs between July 1998 and September 2002 and 13,200 jobs were gained by lone parents between October 1998 and September 2002.

1.18 A more worrying trend is the extent of those not seeking work - those classed as 'economically inactive'. Wales has the highest inactivity rate of all Government Office Regions in the UK after Northern Ireland and Merseyside. The latest estimate² shows that around a quarter of the working age population were economically inactive in 2002. The main reasons for this were long-term sickness and looking after the family or home. This is closely related to the low skill base. Of the 21.6% of people of working age who are economically inactive in the UK, 33.2% have no recognised qualification.

1.19 Economic inactivity therefore often relates to low skills and poor health – two things which make getting and keeping a job much more difficult in the modern world. Addressing this issue needs a concerted effort on basic skills and on health promotion and awareness: two elements highlighted in this year's Report

The Actions

1.20 The Welsh Assembly Government is committed to tackling poverty and social disadvantage and is demonstrating that commitment in a number of ways.

1.21 Ministerial responsibility for the social inclusion agenda rests with the Minister for Finance, Local Government and Communities, Edwina Hart AM. The Minister established the Community Regeneration and Social Inclusion Policy Board in 2001 to take a strategic view of the effectiveness of a wide range of policies and programmes in tackling deprivation. For example, the Board is working to ensure that all relevant public sector programmes are targeted at Communities First areas. Assembly Departments are represented at a senior level along with leaders from the Welsh Local Government Association, the Confederation of British Industry, the Wales Trade Union Congress and the Wales Co-operative Centre.

1.22 At the Departmental level, the Communities Directorate of the Welsh Assembly Government leads on the promotion of social inclusion, although, as stated, social inclusion is a major theme that flows throughout all relevant Assembly policies and programmes. Key examples of where this is happening most effectively are given in this Report, including *Well Being in Wales; Cymorth* and *Cymru ar lein*.

1.23 "*Plan for Wales 2001*" makes clear the Assembly Government's aim to develop a safer

and more inclusive society where everyone has the chance to fulfil their potential. There is recognition that this can only be done through focusing effort and resources on priority areas in partnership with others over a period of many years. It is for this reason that the Assembly Government has been determined to establish closer links with individuals, organisations and agencies throughout Wales and in other countries. It is only through sustained and long-term action undertaken with its local partners, relevant agencies and UK Government Departments that the challenge of increasing incomes and improving the quality of life throughout Wales can be addressed.

1.24 The Welsh Assembly Government's work in the area of poverty and social disadvantage is complementary to those national policies and programmes aimed at eradicating poverty which remain the responsibility of the UK Government. These range from the Tax Credits being implemented by the Treasury, to welfare to work programmes run by the Department of Work and Pensions (DWP) to the National Minimum Wage. These areas of responsibility are reported on annually through the "*Opportunity for all*" publication. The Fourth "*Opportunity for all*" Report 2002 was published by the DWP in September 2002 and can be accessed at www.dwp.gov.uk/publications.

1.25 Poverty and social exclusion are then key issues for the UK Government and the Devolved Administrations of Wales, Scotland and Northern Ireland. If these fundamental problems are to be overcome all four UK Administrations must continue to work together. The Joint Ministerial Committee on Poverty, which is chaired by the Chancellor of the Exchequer and comprises Ministers from all four countries, has pledged to work together to share best practice and policy innovation. The Assembly Government is represented by the First Minister, Rhodri Morgan AM, and the Minister for Health and Social Services, Jane Hutt AM.

1.26 There is also concern about poverty and social exclusion at a European level and recognition of the need for co-operation amongst Member States has led to the development of National Action Plans on Social Inclusion. The Assembly contributes to the UK Action Plan and is in close contact with the DWP, as the lead UK Government Department, on the development of the

next UK Action Plan that will cover the period 2003-2005. In order to facilitate the involvement of relevant agencies in Wales in the Action Plan process the Welsh Assembly Government hosted an awareness-raising seminar in Cardiff in October 2002 and led a delegation from Wales to a UK-wide seminar in London in February 2003.

1.27 This Third Annual Report on Social Inclusion provides evidence that the Welsh Assembly Government is making real progress in working towards an inclusive, cohesive society. The range of Assembly policies and programmes featured in this Report are focused on achieving

this aim. A good start has been made but progress needs to be maintained on all fronts in order to make a real difference to the lives of the people of Wales.

