'Y • FAMILIES IN POVERTY • PENSIONER POVERTY HIGHER THAN IN 1997 • POOREST PAY MOST TAX COUPLES PENALISED FOR STAYING TOGETHER • STAMP DUTY KEEPING PEOPLE OFF THE PROPERTY LADDER • RISING COST OF NHS DENTISTRY, BUT FALLING PROVISION • ESSENTIAL LOCAL SERVICES CLOSING • POSTCODE LOTTERY • 100,000 PARENTS DENIED SCHOOL CHOICE • FAILING CHILDREN IN STATE CARE • THE POOREST AND ETHNIC MINORITIES HIT HARDEST BY RISING CRIME • THE POOREST ARE MORE LIKELY TO BE BURGLED • INNOCENT PEOPLE BRANDED CRIMINALS POLICE HAMSTRUNG BY BUREAUCRACY • HEAD TEACHERS **D** FORCES **EQUALITY** AN UNFAIR BRITAIN HER THAN LISED FOR WHY LABOUR HAVE FAILED ON FAIRNESS LE OFF THE PROPERTY LADDER • RISING COST OF NHS DENTISTRY, BUT FALLING PROVISION • ESSENTIAL LOCAL SERVICES CLOSING POSTCODE LOTTERY • 100.000 PARENTS DENIED SCHOOL CHOICEFAILING CHILDREN IN STATE CARE • THE POOREST AND ETHNIC MINORITIES HIT HARDEST BY RISING CRIME • THE POOREST ARE MORE LIKELY TO BE BURGLED • INNOCENT PEOPLE BRANDED CRIMINALS • POLICE HAMSTRUNG BY BUREAUCRACY • HEAD TEACHERS UNDERMINED • NHS STAFF DEMORALISED • ARMED FORCES FAMILIES TREATED WITH CONTEMPT • WIDENING INEQUALITY • FAMILIES IN POVERTY PENSIONER POVERTY HIGHER THAN IN 1997 • POOREST PAY MOST TAX • COUPLES PENALISED FOR STAYING TOGETHER STAMP DUTY KEEPING PEOPLE OFF THE PROPERTY LADDER RISING COST OF NHS DENTISTRY, BUT FALLING PROVISION ESSENTIAL LOCAL SERVICES CLOSING • POSTCODE LOTTERY 100,000 PARENTS DENIED SCHOOL CHOICEFAILING CHILDREN IN STATE CARE • THE POOREST AND ETHNIC MINORITIES HIT HARDEST BY DISING CRIME • THE POOREST ARE MORE LIKELY HARDEST BY RISING CRIME • THE POOREST ARE MORE LIKELY
TO BE BURGLED • INNOCENT PEOPLE BRANDED CRIMINALS
POLICE HAMSTRUNG BY BUREAUCRACY • HEAD TEACHERS
UNDERMINED • NHS STAFF DEMORALISED • ARMED FORCES FAMILIES IN POVERTY • PENSIONER POVERTY HIGHER THAN IN 1997 • POOREST PAY MOST TAX • COUPLES PENALISED FOR STAYING TOGETHER • STAMP DUTY KEEPING PEOPLE OFF THE PROPERTY LADDER • RISING COST OF NHS DENTISTRY, BUT FALLING PROVISION • ESSENTIAL LOCAL SERVICES CLOSING POSTCODE LOTTERY • 100,000 PARENTS DENIED SCHOOL CHOICE • FAILING CHILDREN IN STATE CARE • THE POOREST AND ETHNIC MINORITIES HIT HARDEST BY RISING CRIME • THE POOREST ARE MORE LIKELY TO BE BURGLED • INNOCENT PEOPLE RRANDED CRIMINALS . POLICE HAMSTRING RY

## **FOREWORD**

First it was 'change', then it was 'aspiration' and earlier this year it was all about government being 'on your side'. Now we're told, before it's even started, that the next Gordon Brown relaunch will about 'fairness'.

But this latest desperate relaunch will sink, just like the others have, because under Labour Britain has become more unfair.

The compelling dossier we are launching today shows that across the board, Labour's policies have made Britain more unfair.

- More people are being left behind. The number of people in deep poverty has risen by 900,000 since 1997 and the gap in life expectancy is now the highest since the Victorian age.
- A decade of stealth taxes means that the poorest now pay more of their income in tax than the richest. It is fair to reward enterprise and effort, yet for someone earning £100 a week, for every extra pound they earn they taken home just 6p?
- A failure to reform schools means that the unfair education gap between poorer and better off students is getting worse under Labour.
- Rising public borrowing and economic incompetence is putting unfair burdens on future generations.

The truth is Gordon Brown's old-fashioned leftist idea that 'only the state can guarantee fairness' has led to a decade of top-down state control policies that have made our country less fair. Brown's Labour means an Unfair Britain.

Later this week we will be setting out how a future Conservative Government will make Britain a fairer place to live. We will show how fair and progressive goals are now best achieved by Conservative means. Our emphasis on opportunity and responsibility will succeed where their top-down state control has failed.

This autumn, we are going to step up the pressure to make sure that Gordon Brown's obsession with his own short-term survival does not do long-term damage to Britain. That would not be fair.

George Osborne MP

## LABOUR: FAILING ON FAIRNESS

Gordon Brown defines fairness in terms of equality. But even on this narrow definition, Labour is fundamentally failing. Poverty is rising, child poverty is rising, and the gap in life expectancy between rich and poor is at its widest since the Victorian age.

As this dossier shows, for too many people in Britain today, especially the most vulnerable, Labour is failing to deliver fairness.

It is clear why Labour is failing on this front. It's because of Gordon Brown's outmoded and dogmatic view that "only the state can guarantee fairness".

But the Conservatives also understand that – as important as promoting equality is – fairness is about much more. It means ensuring fair rules, rewarding hard work and ensuring fair opportunities for all. We also recognise that while the state must act to promote fairness – communities, charities and good businesses have a vital role to play.

### **Labour: Failing on intergenerational fairness**

- o New Conservative Party analysis reveals over two million of the poorest pensioners will lose nearly £100 this year as the rise in Pension Credit is wiped out by inflation.
- Britain is storing up debts for future generations. We enter the downturn with the highest budget deficit in the developed world.

#### **Labour: Failing the poorest**

- o The gap in life expectancy in Britain between rich and poor is now at its widest since the Victorian era.
- o There are 900,000 more people living in severe poverty than there were in 1997.

## Labour: Failing to reward hard work and enforce fair rules

- The poorest fifth of households now pay a higher proportion of their income in tax than any other group.<sup>2</sup>
- o £2.7 billion was lost in benefit fraud and error last year.

## Labour: Failing to ensure fair opportunities for all

- Educational inequality is getting worse under Labour.<sup>3</sup>
- There are over 60,000 children in the care of the state. Of these, 47 per cent left school without a single GCSE in 2006.

DFES, 29 June 2006; DCSF: National Curriculum Assessment, GCSE and Equivalent Attainment and Post-16 Attainment by Pupil Characteristics, in England 2006/07, 27 November 2007

<sup>&</sup>lt;sup>1</sup> IFS calculation

<sup>2</sup> The Effects of Tax and Benefits on Household Income 2006-07, ONS, June 2008 <sup>3</sup> GCSE and Equivalent Results and Associated Value Added Measures in England 2004/05 (Final),

# LABOUR: FAILING ON INTERGENERATIONAL FAIRNESS

## Fairness for pensioners

How pensioners are treated is a key test of a society's fairness.

The impact of Gordon Brown's tax and benefit policies mean Labour is failing on this fundamental yardstick.

In addition, new analysis by the Conservative Party reveals that the rising cost of living means over two million pensioners will actually be up to £100 worse off – even after the increase in Pension Credit.

## Labour tax on pensions

Gordon Brown's disastrous tax raid on pension funds has slashed £100 billion off the value of Britain's pension savings. Recently published Treasury documents reveal that Gordon Brown received warnings from civil servants that his tax hike would cut the income of private pension schemes by up to 10%.

## **Pensioner poverty**

Figures from Eurostat show that Britain's pensioners are some of the most likely in Europe to be at risk of poverty. Britain is the fourth worst country in the EU on the atrisk-of-poverty rankings produced by the EU. Only pensioners in Cyprus, Spain and Latvia are more likely to fall into poverty. This position has got worse since 1997.<sup>4</sup>

Pensioner poverty grew by 300,000 compared with last year, measure both before and after housing costs.<sup>5</sup>

There are 2.5 million pensioners living in poverty (living below 60% of median income measured before housing costs – the official measure of child poverty) which is 100,000 more pensioners than in 1997.

## Labour's benefit system – failing pensioners

Labour's increased use of complex means testing of pensioners has resulted in reduced take-up of benefits.

#### Pension Credit

Between 1.2 and 1.8 million pensioners failed to take up their entitlement to Pension Credit last year.

Up to 1.2 million of those were living in poverty (below 60% of median income measured before housing costs).

<sup>&</sup>lt;sup>4</sup> Eurostat, At-risk-of-poverty rate for pensioners, February 2006 (latest available); Eurostat, At-risk-of-poverty rate of older people by gender and selected age groups, February 1997.

DWP, Households Below Average Income, June 2008

<sup>&</sup>lt;sup>6</sup> DWP, Households Below Average Income, June 2008

## Council tax benefit

Because of the complexity of the benefit system, between 1.7 and 2.1 million pensioners are failing to claim the Council Tax Benefit they are entitled to.<sup>7</sup>

As a result, between £1.1 and £1.5 billion of Council Tax Benefit went unclaimed by pensioners last year.<sup>8</sup>

## Housing Benefit

Take up of Housing Benefit amongst pensioners has fallen under Labour

Between £380 million and £770 million in Housing Benefit went unclaimed by pensioners last year.

42% of entitled non recipients of Housing Benefit were living in poverty last year compared with 10% of those entitled to and claiming the benefit.

## Council Tax Benefit

Take up of by pensioners has fallen by at least 12% amongst pensioners since 1997.9

#### Council tax burden on pensioners

For a typical pensioner, a third of the increase in the basic state pension since 1997 has been eaten up by higher council tax payments.

For pensioner couple, council tax is up £685 on a Band D home from 1997-8 to 2008-9, compared to the couples' basic state pension going up £2,353. For a single pensioner, council tax is up £514 on Band D, while the single basic state pension is up £1,469.<sup>10</sup>

\_

<sup>&</sup>lt;sup>7</sup> DWP, Income Related Benefits Estimates of Take Up in 2006/07, June 2008

<sup>&</sup>lt;sup>8</sup> DWP, Income Related Benefits Estimates of Take Up in 2006/07, June 2008

<sup>&</sup>lt;sup>9</sup> DWP. Income Related Benefits Estimates of Take Up in 2006/07. June 2008

<sup>10</sup> Hansard, 10 January 2008, col. 730W. Figures exclude payments for 70+ year olds, winter fuel payments and the 2005-06 £200 one-off payment; pension.

## New Conservative Party analysis reveals that over two million of the poorest pensioners will lose nearly £100 thanks to rising cost of living under Labour

## Pensioners face soaring living costs

Labour's taxes and rising cost of living mean that pension increases for poor pensioners will be entirely eaten up by higher inflation. Thanks to the spread of means-testing, more pensioners are now dependent on Pension Credit.

Poor pensioners are entitled to a minimum level of income via the Guarantee Credit component of the Pension Credit. The level of the Guarantee Credit was increased by 4.2% at the beginning of this financial year.<sup>11</sup>

Pensioner inflation is now considerably higher than CPI inflation because pensioners spend a much higher percentage of their income on high-inflation goods, like heating, light, and food.

For example, pensioners spend 23%<sup>12</sup> of their budget on food, whereas the average household spends only 11%.<sup>13</sup> Pensioners spend 13%<sup>14</sup> of their budget on fuel and light, compared with 9%<sup>15</sup> for the average household.

Official figures, buried away on the Office for National Statistics website, show that
For a two-person pensioner household, the rate of RPI inflation was $5.2\%$ .
$\Box$ For a one-person pensioner household, the rate of RPI inflation was <u>5.6%</u> . But the official rate for annual RPI inflation was 4.4 per cent over the same period. $\Box$

## Pension Credit rise wiped out by inflation

This means that the	Guarantee Credit	rise will be entirely	y eaten up l	by higher inflatio	n.
In fact, in real terms	, the value of the	Guarantee Credit <sup>19</sup>	is actually	being cut.	

A pensioner couple will lose £98 this year, at current rates of inflation. <sup>20</sup>
A single pensioner will lose £90 this year, at current rates of inflation. <sup>21</sup>

There are currently 2,130,620 Pension Credit claimants, all of whom will be affected.<sup>22</sup>

<sup>&</sup>lt;sup>11</sup> DWP, Proposed benefit rates 2008/09

<sup>&</sup>lt;sup>12</sup> ONS series CBXR. This is for a one-person pensioner household.

<sup>&</sup>lt;sup>13</sup> ONS series CZGZ

<sup>&</sup>lt;sup>14</sup> ONS series CBXY. This is for a one-person pensioner household.

<sup>&</sup>lt;sup>15</sup> ONS series CZHG

<sup>&</sup>lt;sup>16</sup> ONS series CZJI

<sup>&</sup>lt;sup>17</sup> ONS series CZIT

<sup>&</sup>lt;sup>18</sup> ONS series CZBH, Q2 2008

<sup>&</sup>lt;sup>19</sup> The Standard Minimum Guarantee of the Pension Credit for a single pensioner is currently £124.05 per week, or £9,846.20 per year. For a pensioner couple, it is £189.35 per week, or £6,450.60 per year. <sup>20</sup> For a two-person pensioner household, the rate of RPI inflation was 5.2 per cent. This means that the Pension Credit is falling by 1.0 per cent in real terms this year (4.2 minus 5.2).

<sup>&</sup>lt;sup>21</sup> For a one-person pensioner household, the rate of RPI inflation was 5.6 per cent. This means that the Pension Credit is falling by 1.4 per cent in real terms this year (4.2 minus 5.6).

<sup>&</sup>lt;sup>22</sup> DWP Tabulation Tool, Feb 2008. Includes claimants who claim Guarantee Credit only, or both Guarantee Credit and Savings Credit

## Fairness on the public finances

Gordon Brown's reckless borrowing – on and off the balance sheet – has simply shifted the burden of paying for today's public expenditure on to the next generation. This deeply unfair.

- o According to the Economist, the UK has entered the downturn with the highest budget deficit in the industrial world, after Pakistan, Egypt, and Hungary. The deficit is nearly three times the EU average of 1.2%, so large that the European Commission has started disciplinary proceedings against the UK.<sup>23</sup>
- A third of developed countries now have no net national debt, but a national fund. According to the IFS: 'of 21 comparable industrial countries, 16 have reduced their debts and 19 have reduced their structural budget deficits by more than the UK while Labour has been in office'.<sup>24</sup>
- Borrowing an extra £100bn in a boom. Despite fifteen years of economic growth,
   Gordon Brown as Chancellor massively increased borrowing. In the five years
   2001-06 Gordon Brown borrowed £100 billion more than planned.<sup>25</sup>
- The budget has not been in surplus since 2001-2. In March 2008, Labour had to concede for the seventh Budget running that the outlook for the public finances was weaker than previously thought.

## Fairness on the environment

It is deeply unfair that failing to curb emissions may damage the environment for all successive generations.

That is why the fight against climate change is such an important priority for the Conservative Party.

- Labour has failed to cut emissions UK carbon dioxide emissions are higher today than in 1997.
- Environment Secretary Hilary Benn has confirmed that Labour expect to miss their target to cut carbon emissions by 20 per cent by 2010 against the 1990 baseline.<sup>26</sup>
- Labour is also failing to cut public sector emissions. Over half of all government departments have increased carbon emissions since 1999-2000 and nearly twothirds of government departments are not on track to meet their carbon reduction targets.

.

<sup>&</sup>lt;sup>23</sup> EU Commission, Spring Economic Forecast 2008

<sup>&</sup>lt;sup>24</sup> IFS, *Green Budget*, 31 January 2008

<sup>&</sup>lt;sup>25</sup> Budget 2001 showed planned borrowing of £47 billion, ONS series ANNX shows he actually borrowed £165 billion

<sup>&</sup>lt;sup>26</sup> 'If you look at the comparison in 1990 to what we are likely to get to in 2010, which is around 16 per cent on current implications, yes, it would not be achieving the target that we had set' (Hilary Benn, Evidence to the Environment Audit Committee, 4 December 2007).

## LABOUR: FAILING THE POOREST

For Gordon Brown, fairness is synonymous with reducing poverty. But on this measure, Labour is fundamentally failing.

- The gap in life expectancy in Britain between rich and poor is now at its widest since the Victorian era. 27
- There are 900,000 more people living in severe poverty than there were in 1997.<sup>28</sup>
- o Since 1997, the gap in infant mortality between the poorest and richest households has actually grown.
- o The number of children living in poverty on Labour's own preferred measure – has increased by 100,000 in the past year.
- o A higher proportion of UK children live in homes where no adult works than in any other country in the European Union.

It is clear why. Labour's old fashioned and statist approach has failed to address the root causes of poverty. Gordon Brown's reliance on redistribution alone to address poverty has eroded incentives to work, making it harder for people to leave poverty and economic dependency behind.

As former Health Secretary Alan Milburn has said: "Poverty has become more entrenched". 29 And the Joseph Rowntree Foundation has concluded that: "The strategy against poverty and social exclusion pursued since the late 1990s is now largely exhausted". 30

As a result, Britain is becoming a less fair society, and the most severe problems of poverty and worklessness are becoming even more entrenched.

## Child poverty rising

On the Government's own preferred measure, the number of children in poverty (living in homes with less than 60% median income) has increased by 100,000 in each of the past two years.<sup>31</sup>

After housing costs, 3.9 million children are now living in poverty, according to official government figures. 32

As a result of rising child poverty, Labour has missed it's target to reduce child poverty by a quarter from 1998-99 levels.

<sup>&</sup>lt;sup>27</sup> British Medical Journal, 30 April 2005

<sup>&</sup>lt;sup>28</sup> IFS calculations

<sup>&</sup>lt;sup>29</sup> *Hansard*, 28 March 2006, Col. 710

<sup>&</sup>lt;sup>30</sup> Joseph Rowntree Foundation, Monitoring poverty and social exclusion 2007, 3 December 2007

<sup>&</sup>lt;sup>31</sup> Households Below Average Income, DWP, June 2008

<sup>&</sup>lt;sup>32</sup> Households Below Average Income, DWP, June 2008

The Government is now falling even further behind its target of halving child poverty by 2010. In fact the Department for Work and Pensions has admitted that the target to halve child poverty by 2010 is "unlikely to be fully met".<sup>33</sup>

A major cause of child poverty is lack of work among parents or carers. One in five children now grows up in a household where nobody works, and the UK has a higher proportion of its children living in workless households than any other EU country.<sup>34</sup>

## Severe poverty rising

IFS analysis of Government figures has found that the number of people in severe poverty rose by 200,000 last year to 3.3 million.

This is 900,000 more people in severe poverty than the 2.4m when Labour came to power in 1997.

	Number in severe poverty
1996-1997	2.4 million
2005-2006	3.1 million
2006-2007	3.3 million

## Other groups in poverty

Poverty amongst working age adults rose by 100,000 last year to 7.3 million and has risen overall since 1997.<sup>35</sup>

Amongst working age people without dependent children the picture is even worse. Poverty rates for working age adults without dependent children rose last year to their highest levels since records began in 1961.

Four million working age people without dependent children are now in poverty – 800.000 more than in 1998-99.<sup>36</sup>

Poverty amongst young people has also risen, by 400,000 since Labour came to power. Two million 16 to 24 year olds are living below the poverty line – nearly one in three young people.<sup>37</sup>

## Broader measures of poverty and inequality

Broader measures of poverty paint a fuller picture of what has been happening to Britain's poorest people. Sadly they tell a much more depressing story than the Government's chosen measure alone.

<sup>&</sup>lt;sup>33</sup> DWP, An analysis of the productivity of the Department for Work and Pensions 2002/03 to 2007/08, February 2008, p16

<sup>&</sup>lt;sup>34</sup> Share of Persons aged 0-17 who are living in households where no-one works, Eurostat, 2007

<sup>35</sup> Households Below Average Income, DWP, June 2008

<sup>&</sup>lt;sup>36</sup> IFS Poverty and Inequality in the UK 2008

<sup>&</sup>lt;sup>37</sup> Hansard. 28 Jan Col 63W

- OECD countries for child well-being. This was based on an assessment of material well-being, health and safety, educational well-being, family and peer relationships, behaviours and risks and subjective well-being.<sup>38</sup>
- o The difference between the life expectancy of the richest and poorest in our country is now greater than at any time since Queen Victoria's reign. <sup>39</sup>
- The gap in infant mortality rates between the poorest social groups and the population as a whole has increased since Labour came to power.<sup>40</sup>
- Educational inequality is getting worse under Labour. In 2005, the proportion of pupils in the most deprived areas gaining five good GCSEs was 28.2%, compared with 56.2% of pupils in the least deprived areas an attainment gap of 28%. By 2007, this gap had increased to 43%.<sup>41</sup>

## Social mobility falling

Research by the Sutton Trust on social mobility has shown that a poor child born in Britain in 1970 is less likely to escape its upbringing than a poor child born in 1958, and that Britain has the lowest social mobility in the developed world. 42

According to the latest figures, only 25% of pupils whose parents are employed in unskilled jobs will be in full time education by the time they are 19, compared with 61% of those born to parents in higher-level professional occupations.

Only 9% of children of parents who are in the poorest fifth of the population graduate from university compared with 46% of children in the richest fifth. 43

## Poorest getting poorer under Labour

The average incomes of the poorest 10% are lower than in 2001. Over the same period the average incomes of the richest 10% have risen by more than £2,000 a year. 44

<sup>40</sup> *Hansard*, 9 October 2006, Col. 622WA

9

<sup>&</sup>lt;sup>38</sup> An overview of child well-being in rich countries, UNICEF, February 2007

<sup>&</sup>lt;sup>39</sup> British Medical Journal, 30 April 2005

<sup>&</sup>lt;sup>41</sup> GCSE and Equivalent Results and Associated Value Added Measures in England 2004/05 (Final), *DFES*, 29 June 2006; DCSF: National Curriculum Assessment, GCSE and Equivalent Attainment and Post-16 Attainment by Pupil Characteristics, in England 2006/07, 27 November 2007

<sup>&</sup>lt;sup>42</sup> The Sutton Trust, Recent Changes in Intergenerational Mobility in the UK: A Summary of Findings, December 2007 http://www.suttontrust.com/reports/summary.pdf

<sup>43</sup> Blanden, J., and Machin, S., Recent Changes in Intergenerational Mobility in Britain, December 2007

<sup>&</sup>lt;sup>44</sup> DWP, Households Below Average Income, June 2008

# LABOUR: FAILING TO REWARD HARD WORK AND ENSURE FAIR RULES

Gordon Brown has created a tax and benefit system that is deeply unfair.

It is deeply unfair that Labour has failed to tackle fraud in the benefit and tax credit system, meaning that too many people continue to break the rules at the expense of hard working taxpayers.

And it is also unfair that taxes are rising while families are feeling pinch – all because Gordon Brown has mismanaged the public finances and failed to put any money aside during the good times for the rainy days that we face.

## Labour failing to enforce fair benefit rules

Fraud and error in the benefits system is on the rise. £2.7 billion was lost in benefit fraud and error last year as a result of overpayments.

These overpayments include money going to people already with jobs, those living abroad and even people in prison. Broken down by key benefit:

- £610 million a year lost to overpayment of Income Support and Jobseekers' Allowance.
- o £760 million a year lost to overpayment of Housing Benefit.
- o £360 million a year lost to overpayment of Pension Credit

The Government has set targets to reduce benefits lost to fraud and error by 15% for JSA and Income Support by 2010 and by 25% for Housing Benefit by 2008. However these latest figures show that the Government is now losing more money than when the targets were set:

- Overpayments for JSA and Income Support are up 9% over the baseline.
- o Overpayments for Housing Benefit are up 7% since 2002/03.
- Pension Credit overpayments have increased by around 11% since 2005/06 although the highest estimate is up to 61%.
- Pension Credit payments due to fraud alone are estimated to have doubled since 2005/06

## Tax credit error and fraud costing taxpayer £1.5 billion a year

In 2006-07, error and fraud in the tax credit system meant up to £1.5 billion was unfairly paid to claimants.<sup>45</sup>

Chronic administrative errors also mean that Labour is forcing over 1.5 million people to repay tax credits as a result of overpayment. At a time when family budgets

 $<sup>^{\</sup>rm 45}$  HM Revenue and Customs, 2007-08 Accounts, Report by the Comptroller and Auditor General, July 2008

are being squeezed, it is deeply unfair that avoidable administrative errors are causing severe hardship to some of the poorest families.

#### Couples penalised for staying together

Recent research published in an exposé by Labour MP and former welfare minister, Frank Field, found that because of how the tax and benefit system treats couples, they are better off if they split up. He found that a couple with two children had to earn £240 a week to have a net income of £295 and lift themselves above the poverty line, as defined for a couple. By contrast, a lone parent with the same number of children needed to earn just £76 a week to gain a net income of £230, £5 above the poverty line. 46

## Labour failing on fair taxes and rewarding hard work

With the rising cost of living fast, governments around the world have been able to take steps to ensure fairness by helping families cope with higher inflation. Unfortunately, Gordon Brown's economic incompetence meant he borrowed while the global economy was growing, and now there is no money left to take fair steps to help hard pressed families.

## Poorest pay more in tax

The poorest fifth of households now pay a higher proportion of their income in tax than any other group.<sup>47</sup>

Gordon Brown's decision to abolish the 10p tax band earlier this year further impacted on the poorest. Across the country, it meant one in five families would be made worse off by up to £464 a year.

Labour's desperate attempt to fix the problem it created has led to a situation where 18 million families could be left worse off next year.<sup>48</sup>

## Motorists unfairly treated

This year's Budget changed Vehicle Excise Duty (VED), with Labour claiming that the changes would mean the tax burden would fall most heavily on very polluting cars. The Government's official statements stated very clearly that this change would mean 'the majority of motorists will be better or no worse off in 2009.'<sup>49</sup>

But the truth is that for 70 per cent or more of cars, Labour's VED band changes will mean people will pay more tax. In fact, the changes to VED proposed for 2010-11 will hit millions of motorists driving ordinary family cars. For example, a family driving a Ford Mondeo or Volvo V70 Estate will see their total VED payments rise more than per 30 per cent over the next three years.<sup>50</sup>

In total, and including the delay of the 2p petrol tax rise, the 2008 Budget raised tax on road users to the tune of £1.6bn over the next three years.

\_

<sup>46</sup> Welfare Isn't Working - Child Poverty, Reform, 14 June 2007.

<sup>47</sup> The Effects of Tax and Benefits on Household Income 2006-07, ONS, June 2008

<sup>48</sup> IFS press release, 21 May 2008

<sup>49</sup> Budget 2008, p. 96

<sup>50</sup> Conservative Party analysis of Budget 2008

## Tax hike for responsible drinkers

Instead of taking steps to target irresponsible binge drinkers, as Conservatives have proposed, Labour's 2008 Budget unfairly clobbered Britain's 37 million responsible drinkers. This tax hike was clearly made to try to help plug the hole in the Government's public finances – it will do nothing to encourage responsible drinking.

## Stamp Duty keeping people off the property ladder

Under Labour, revenue from stamp duty has quadrupled to over £13 billion.<sup>51</sup> In 1997 the average homebuyer did not pay any stamp duty on their first home. Now first-time buyers have to pay the Treasury £1,600 on average.<sup>52</sup>

## Labour failing on fair treatment for public servants

Even those people employed by the Government – public servants themselves – have not escaped unfair treatment by this Government. This ranges from being directly undermined by bureaucrats in Whitehall to outright neglect of their most basic needs. As a result, Labour has created a culture of rising bureaucracy, where the public service ethos is being continually undermined.

## Police hamstrung by bureaucracy

The level of paperwork and bureaucracy that the police are forced to complete means they now spend more time on paperwork than on patrol. Just 14 per cent of all police officers' time is spent on patrol compared with 20 per cent of their time on paperwork. <sup>53</sup>

The Prime Minister's own Strategy Unit found that it now takes more than a whole working day (11½ hours) to process an arrest.<sup>54</sup> Other form-filling is also using up enormous resources. A police force submission to a recent official review of policing conducted by Sir Ronnie Flanagan described how officers produced over 79,000 stop and account forms in 2006, with the administration and recording processes estimated at 25 minutes per form.<sup>55</sup>

#### Head teachers undermined

Government rules mean that head teachers are increasingly having their authority over discipline undermined. Exclusions appeals panels overrule head teachers on expulsions in a quarter of the cases they hear, and 40 per cent of these pupils are then returned to the school from which they were excluded.<sup>56</sup>

#### NHS staff demoralised

NHS staff have suffered under a barrage of Whitehall targets that diverts vast amounts of time and resources away from caring for patients, with hugely demoralising effects. Highly respected independent health expert, Professor Frank Blacker of Lancaster University Management School, analysed the NHS culture under Labour and concluded: "A target obsessed NHS means that the health system is failing to treat its own staff with dignity. There is no substitute for the direct involvement of frontline

<sup>&</sup>lt;sup>51</sup> HM Treasury, Budget 1998; Budget 2007, table C8

<sup>52</sup> Homemove, Press Release, 2 January 2008

<sup>53</sup> Hansard, 10 December 2007, Col. 91WA

<sup>54</sup> Prime Minister's Strategy Unit. Policy Review: Crime, Justice and Cohesion, November 2006, p.16

<sup>55</sup> Sir Ronnie Flanagan, The Review of Policing Interim Report, 12 September 2007, p.15

<sup>56</sup> Permanent and Fixed Period Exclusions from Schools in England 2006/07, DCSF, 24 June 2008

workers in service delivery." (Professor Blacker, Lancaster University Management School Press Release, 26 May 2006).

## **Armed forces families treated with contempt**

If ever a group of people deserve fair treatment from their government, it is those who put their lives on the line in service to this country. But while our troops serve our country at the front line of war, their comrades and families back home are forced to live in squalor. The Defence Select Committee last year has described the condition of some housing as 'disgraceful' and was told that "soldiers from the 1st Battalion, Royal Anglian Regiment on deployment to Afghanistan had more comfortable accommodation than their comrades left behind in Pirbright." 57

\_

<sup>57</sup> House of Commons Defence Committee, The Work of Defence Estates, 14 September 2007, Session 2006-7, HC 535, para 40

## LABOUR: FAILING ON OPPORTUNITY

Fair access to our public services is especially important for the poorest and most vulnerable in our society, who can rely on them most. Labour claim to believe in this, pledging in their last General Election announcement statement "a country where Britain's families get the modern health care, education and child care services they need and on a fair and equal basis."58

But the reality is starkly different. These essential services are being cut, hitting the most vulnerable the hardest, and under Labour health and educational inequalities have risen and are continuing to widen.

And community safety is declining too. Gordon Brown says: "We have to build stronger communities in this country because people are worried about what is happening to the British way of life, crime and problems of anti-social behaviour."59 But Labour have allowed violent crime, robbery and antisocial behaviour to soar, and the facts show the poorest are again getting hit the hardest.

#### Health services

## Health inequalities entrenched

Labour's Secretary of State for Health, Alan Johnson, claims, "I have always said that tackling health inequalities is one of my top priorities."60 But since Labour took office in 1997, there has actually been a widening of the gap between infant mortality of the poorest and richest households, <sup>61</sup> and probably most shockingly of all, life expectancy inequalities across the UK are at their widest since the Victorian era. 62

Overall, people from lower socio-economic groups suffer shorter life expectancy, higher infant mortality, and a greater likelihood to experience ill health than those from higher socio-economic groups.<sup>63</sup>

## Rising cost of NHS dentistry, but falling provision

Nearly 4,000 people a day are now losing access to NHS dentistry since the Government botched the introduction of a new contract for NHS dentists in March 2006. In total, nearly a million people have lost their NHS dentist service over the past two years. 64 And the number of actual dentists is declining too – the Department of Health recently admitted that the number fell by 500 in 2007 alone. 65

NHS dental care is also becoming more expensive. In 2007, after the Government's new system of dental charges was introduced, and this has meant that NHS patients

<sup>58</sup> Labour's 2005 General Election announcement statement, 5 April 2005.

<sup>59</sup> Speech by Gordon Brown at the 2007 Conference of the GMB Union

<sup>60</sup> Speech by Alan Johnson MP to the Institute for Public Policy Research, June 2008

<sup>61</sup> DWP, Opportunity for All, October 2007

<sup>&</sup>lt;sup>62</sup> BMJ, Health inequalities and New Labour: how the promises compare with real progress, Mary Shaw, George Davey Smith, Danny Dorling, April 2005

<sup>&</sup>lt;sup>63</sup> DWP, Opportunity for All, October 2007, p49

<sup>&</sup>lt;sup>64</sup> NHS Information Centre, 5 June 2008.

<sup>65</sup> Department of Health, Evidence to the 2008 Pay Review body for Doctors' and Dentists' Remuneration, 5 November 2007

paid £62 million more for treatment. This is despite the fact that the Government had previously promised that the new charging system "will not increase the proportion of revenue raised from patient charges." And the new charging regime is likely to have put off poorer people from visiting the dentist because, even though more money was raised, 47,000 fewer people actually went to see a dentist. 67

## **Essential local services closing**

Labour is planning to cut local GP surgeries, leaving many people with far greater difficulty in accessing care. Lord Darzi, one of Labour's top health ministers, has called for 150 'polyclinics' to be opened in London, which are supersized GP surgeries housing around 25 GPs.<sup>68</sup> These would replace the local family doctor services that people have relied on for generations.

Secretary of State for Health, Alan Johnson, has now said that similar centres will have to open in every Primary Care Trust area. These plans are likely to lead to the closure of 1,700 GP surgeries in England. This will mean the average distance to the nearest GP could triple, putting the least mobile elderly and disabled people at great disadvantage.

Maternity units too, are under threat. The Government was recently forced to admit, under Freedom of Information Act requests, that under Labour, 41 maternity units in England have been or are likely to be closed or lose services.<sup>71</sup>

## **Education**

#### Educational inequality widening under Labour

The attainment gap between pupils from the most deprived areas compared to those from the least deprived has widened significantly in recent years. In 2005, the proportion of pupils in the 10 per cent most deprived areas gaining five good GCSEs (defined as A\*-C, including English and maths) was just 28 per cent, compared with 56 per cent of pupils in the least deprived areas – more than twice as high. By 2007, the gap had grown, with pupils in most deprived areas falling to 25 per cent gaining five good GCSEs, while those in the least deprived areas pulled away, with 68 per cent gaining this level.<sup>72</sup>

## **Exclusions from school worse in deprived areas.**

The rate of exclusion from schools for violence against an adult is ten times higher in the 10 per cent most deprived areas compared with the 10 per cent least deprived, and

<sup>&</sup>lt;sup>66</sup> Lord Warner, Minister of State, Department of Health, *Lords Hansard*, 7 July 2005, Col.WS27

<sup>&</sup>lt;sup>67</sup> Department of Health, Evidence to the 2008 Pay Review body for Doctors' and Dentists' Remuneration, 5 November 2007; NHS Information Centre, NHS Dental Statistics 2006-07, 23 August 2007

<sup>&</sup>lt;sup>68</sup> Healthcare for London, *Consulting the Captital*, 30 November 2007.

<sup>69</sup> Department of Health, NHS Operating Framework 2008-09.

<sup>70</sup> Healthcare for London, Consulting the Capital, 30 November 2007

<sup>71</sup> Conservative Party Freedom of Information Act request, April 2008

<sup>72</sup> GCSE and Equivalent Results and Associated Value Added Measures in England 2004/05 (Final), DFES, 29 June 2006; National Curriculum Assessment, GCSE and Equivalent Attainment and Post-16 Attainment by Pupil Characteristics, in England 2006/07, DCSF, 27 November 2007

nearly 35 times higher for violence against another pupil. There were 210 exclusions in the least deprived areas in 2004-5, compared to 7,250 in the most deprived areas.<sup>73</sup>

#### 100,000 parents denied school choice

The ability to choose the right school for your child is crucial, not just for the parents concerned, but to send a clear message to the authorities that standards in failing schools need to rise. But research by the Conservatives showed that 100,000 parents failed to get their first choice of school in 2007. This trend was confirmed by official figures which showed that in 2008, one in five parents missed out on their chosen secondary school.<sup>74</sup>

#### Failing children in state care

There are over 60,000 children in the care of the state. Of these, 47 per cent left school without a single GCSE in 2006. Ten per cent of 'looked after' children were cautioned or convicted for an offence. 20 per cent of looked after children were unemployed on leaving school, compared to 6 per cent of all school-leavers.<sup>75</sup>

#### Letting children down, rising numbers of 'NEETs'

Without a decent basic education, life chances are radically worsened. Under Labour, youth unemployment is up and the number of young people not in employment, education, or training (a group called 'NEETs') is growing. There are now 783,000 16-24 year old NEETs – a rise of 22 per cent among 16-18 year-olds, and 16 per cent amongst 19-24 year-olds since 1997.

#### Second-chance education cut

Adult and community learning is an important route to training for many people who have been out of the labour market for a time, such as parents wanting to update skills and re-enter work after a period out for childcare, or people needing to update their skills after redundancy. However, these community courses have been cut, and there are now 1.4 million fewer publicly funded places than there were just two years ago.<sup>77</sup>

## **Community safety**

#### The poorest and ethnic minorities hit hardest by rising crime

Unemployed people are almost three times more likely to be victims of violent crime. The latest annual Home Office figures, released for 2007-8, showed that 9.3 per cent of unemployed people had been a victim of violence, compared to 3.3 per cent of those in employment. Also, 3.8 per cent of adults from a household with an income of less than £10,000 were victims of violent crime, compared to the average of 3.2 per cent. Non-whites are more likely to be victims of violent crime than whites, with victim rates at 3.5 per cent and 3.1 per cent respectively.

<sup>73</sup> Hansard, 26 March 2007, Col.1296WA

<sup>74</sup> DCSF: Secondary School Applications and Offers, 11 March 2008

<sup>75</sup> Outcome Indicators for Looked-after Children, from the twelve months to 30 September 2006, DfES, 26th April 2007

<sup>76</sup> Hansard, 9 June 2008, Col. 39WA

<sup>77</sup> National Institute of Adult Continuing Education, Press Release, 11 April 2008, <a href="http://www.niace.org.uk/news/PressReleases/PR19.08.pdf">http://www.niace.org.uk/news/PressReleases/PR19.08.pdf</a>

<sup>&</sup>lt;sup>78</sup> Home Office, Crime in England and Wales 2007/08, July 2008, Table 3.01

<sup>&</sup>lt;sup>79</sup> Home Office, *Crime in England and Wales 2007/08*, July 2008, Table 3.02

<sup>&</sup>lt;sup>80</sup> Home Office, Crime in England and Wales 2007/08, July 2008, Table 3.01

## Crime and antisocial behaviour in deprived areas

The risk of being a victim of any household crime, such as vandalism and burglary, was higher in the most deprived areas in England compared with the least deprived areas: 21 per cent compared with 15 per cent respectively in the latest recorded year<sup>81</sup> And on average, 16 per cent of the population perceive high levels of anti-social behaviour in their area, with the young and the less well-off being disproportionately affected.<sup>82</sup>

## The poorest are more likely to be burgled

According to the British Crime Survey, social renters are twice as likely to be a victim of burglary compared to owner occupiers, and 3.4 per cent of households with an income of less than £10,000 have been burgled, compared to the average of 2.4 per cent <sup>83</sup>

#### Fear of crime

Last year 42 per cent of those classified as 'hard pressed' said fear of crime had a high or moderate impact on their quality of life, compared to 29 per cent of 'wealthy achievers'. 84

## **Innocent People Branded Criminals**

The Home Office admitted that 2,700 people had been wrongly labelled as criminals as a result of checks conducted through the Criminal Records Bureau since it was launched in March 2002.<sup>85</sup>

<sup>81</sup> Home Office, Crime in England and Wales 2007/08, July 2008, p.150

<sup>&</sup>lt;sup>82</sup> Home Office, Crime in England and Wales 2007/08, July 2008, Table 5.04

<sup>&</sup>lt;sup>83</sup> Home Office, Crime in England and Wales 2007/08, July 2008, Table 4.01

<sup>&</sup>lt;sup>84</sup> Home Office, Crime in England and Wales 2007/08, July 2008, Table 5.08

<sup>85</sup> Reported in The Times, 22 May 2006

