



Office of the  
Deputy Prime Minister  
Creating sustainable communities

# Breaking the Cycle

Taking stock of progress  
and priorities for the future

A report by the Social Exclusion Unit

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Deputy Prime Minister  

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## Taking stock of progress and priorities for the future

A report by the Social Exclusion Unit

The Office of the Deputy Prime Minister  
Eland House  
Bressenden Place  
London SW1E 5DU  
Telephone: 020 7944 4400  
Website: [www.socialexclusion.gov.uk](http://www.socialexclusion.gov.uk)

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# Prime Minister's Foreword



We came into office faced with a historical legacy of growing social inequality and some deep-seated problems. One in three children were living in poverty, and long-term unemployment – particularly long-term youth unemployment – was unacceptably high. We also saw growing numbers of people suffering extreme problems such as rough sleeping, and we had the highest rate of teenage pregnancy in Western Europe. While wealthy areas prospered, some neighbourhoods were left behind, blighted by unemployment, crime and poor services.

This cycle of disadvantage is bad for everyone. But it is particularly unfair for children who miss out on opportunities because they inherit the disadvantage faced by their parents, so their life chances are determined by where they come from rather than who they are. They deserve the same chances to fulfil their potential that others take for granted.

In 1997 we brought in a brand new agenda to break the cycle of disadvantage and provide opportunity for all. We made investment in opportunity a priority in successive spending reviews and budgets and created the Social Exclusion Unit as a force for change. Those working in the public services came together with the voluntary sector and communities themselves, and what has been achieved has been remarkable.

Our commitment and drive to break the cycle of disadvantage has never been stronger, because, as this report shows, we know that our programme of investment and reform is working.

Unemployment is the lowest it has been for a generation, educational attainment has risen across all key stages and, without the measures put in place by this Government, there would have been 1.5 million more children living in poverty. But in fact we have started to reverse this long-term trend and are on track to have reduced child poverty by a quarter by 2004/05.

We have much to be proud of, but we need to sustain our efforts to tackle intergenerational disadvantage and ensure that everyone can reap the benefits of our overall progress.

It is clear we must do more if we are to reach the families most in need. A child born into the bottom social class is still more likely to leave school with no qualifications, to live in relative poverty and to die younger than their peers born into the professional classes. That is why the package of investment in families announced in the spending review is so important. We are committed to giving our children the right start in life and we are prepared to make hard decisions in order to achieve this.

Of course it is about more than money – we need to work still harder to ensure our public services make a difference for everyone; including those who are hardest to help. That is why I have asked the Social Exclusion Unit to focus now on delivery issues and identify how best to ensure our current policies benefit those whose need is greatest.

In partnership, the public and the public services have begun a real transformation in this country, creating jobs, opportunity, optimism and a renewed sense of well-being – all to give our children the start in life they need and deserve. For the future, we must hold firm to the strategy we embarked on in 1997 while reaching out further to those still in danger of being left behind.

A handwritten signature in black ink that reads "Tony Blair". The signature is written in a cursive style and is underlined with a single horizontal line.

Tony Blair

# Summary

## The report

1. This report takes stock after seven years of the Social Exclusion Unit. Based on a new programme of research and analysis, it outlines:
  - the progress made to date in tackling the causes and consequences of social exclusion;
  - the challenges that remain and those that might arise in the future;
  - the lessons learned about delivering services to disadvantaged people;
  - the priorities for future action.
2. The full report offers a detailed exploration of what drives social exclusion, including those factors which transmit poverty and disadvantage from one generation to the next. It identifies the main groups at risk and assesses the scale of the problem and outlines the Government's strategy since 1997.<sup>1</sup> By bringing together evidence from a range of national data sources, evaluation literature and the perspectives of service providers and users, it is possible to chart successes and identify the remaining challenges.

## What is social exclusion?

3. Social exclusion is about more than income poverty. It is a shorthand term for what can happen when people or areas face a combination of linked problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, bad health and family breakdown. These problems are linked and mutually reinforcing so that they can create a vicious cycle in people's lives.
4. Social exclusion is thus a consequence of what happens when people do not get a fair deal throughout their lives, and this is often linked to the disadvantage they face at birth.
5. The main causes and consequences of social exclusion are poverty and low income, unemployment, poor educational attainment, poor mental or physical health, family breakdown and poor parenting, poor housing and homelessness, discrimination, crime, and living in a disadvantaged area. The risk factors for social exclusion tend to cluster in certain neighbourhoods, but not everybody at risk lives in a deprived area.
6. Poverty and social exclusion can also pass from one generation to the next. For example, experiencing poverty in childhood and having parents who did not gain qualifications at school or college are powerful influences on a child's life, often continuing to affect their life chances as they get older.
7. The report looks at the Government's programme: to help those suffering from multiple disadvantage who may therefore be excluded from society; and to promote equality of opportunity in all our communities for those who do not have the opportunities that others take for granted.

---

<sup>1</sup> This work relates mainly to England although some policies, such as those relating to tax benefits, and employment programmes, cover the whole of Great Britain. Since 1999 the devolved administrations have adopted their own policies to combat social exclusion covering key policy areas such as community regeneration, early years, family support and health improvement policies.

## What has the Government done?

8. Since 1997, the Government has put in place a wide-ranging programme of policy reform, backed by considerable extra investment and underpinned by new principles for service design and delivery. A new approach was developed which emphasised prevention, reintegration of those already experiencing social exclusion, minimum standards for everyone, joint working between different agencies and evidence-based policy-making.
9. Policies are now in place to tackle all the main drivers of social exclusion and support is in place for all age groups. Particular emphasis has been placed on tackling some of the key economic causes of social exclusion, such as unemployment and poverty, and investing in children to break the intergenerational transmission of disadvantage. There has also been a new drive to renew deprived neighbourhoods and to create sustainable communities.
10. Major initiatives have been implemented to:
  - Tackle key economic causes of social exclusion, such as unemployment and poverty, particularly child and pensioner poverty.
  - Promote equal opportunities for all.
  - Support communities, particularly in deprived areas.
  - Reintegrate some of those who have experienced more extreme forms of social exclusion, like rough sleeping.
  - Improve access to advice and services.

## Progress to date

11. These policies have resulted in significant progress, particularly in tackling poverty and employment.
12. A reduction in child poverty has been one of the most notable achievements so far. In 2002/03 there were 700,000 fewer children living in poverty than in 1996/97. It is estimated that by 2004/05, if the Government had taken no action, 1.5 million more children would be in poverty.
13. There has been a large-scale expansion of nursery education and childcare services. Sure Start Local Programmes are now available to 400,000 children.
14. There were also 500,000 fewer pensioners living in relative poverty in 2002/03 than in 1997 and 1.8 million fewer living in absolute poverty.
15. There are now 1.85 million more people in work than in 1997, and there have been faster than average increases in employment among some disadvantaged groups including lone parents, people with disabilities and those over 50 years old. Long-term unemployment amongst those aged 18–24 halved between 1997 and 2003.
16. Educational attainment has improved at all key stages. There have been improvements for most ethnic minority groups and progress in schools in the most disadvantaged local authority areas has been even faster than elsewhere. The National Literacy and Numeracy Strategies, and area-based initiatives, such as Excellence in Cities, have been linked with these improvements. There has been progress in improving adult basic skills.

17. Even some of the most intractable social issues appear to be improving. The number of homeless people sleeping rough has fallen by 70% and there has been a 99.3% decline in the use of Bed and Breakfast accommodation for housing homeless families with children since March 2002. Youth offending has reduced and juvenile reconviction rates fell by a fifth between 1997 and 2001. The conception rate for girls under 18 has fallen by 9.4%.
18. There has been a reduction in crime and the fear of crime, including among older people.
19. There are early signs that the gap between the most deprived local authority areas and the rest of the country is narrowing on some indicators such as rates of employment, educational attainment, and teenage conceptions.

## Longer term benefits?

20. Further improvements can be expected as programmes which show encouraging early signs – like Sure Start, Education Maintenance Allowances and Connexions – are rolled out nationally or become more firmly embedded. In addition, the effects of more recent policy measures like the Child Tax Credit will not yet have shown up in national data. Much of the investment – and the improvement seen to date – has been among children and young people, so further progress will be evident as those who have benefited reach adulthood.

## Sustaining the progress made

21. The progress made to date, particularly in reducing child poverty, expanding early years support and raising educational attainment, shows that we can make a big difference to the life chances of those in disadvantaged circumstances. Continuing to make progress in these areas is a matter of priority because it offers the potential to break the links between childhood disadvantage and the poor outcomes that are associated with it in later life.
22. Although much has been achieved up to now, the scale of the problem remains large. For example, just over a fifth of children and pensioners are still living in relative poverty (before housing costs); more than five million adults have poor literacy skills; and nearly half of lone parents are not in work.
23. Now is not the time for us to relax our efforts. Impressive progress has been made on child poverty, which shows that policy can make a big difference to one of the most important drivers of social exclusion, and one of the biggest barriers to equality of opportunity. **We need to keep up the momentum on child poverty as a matter of priority for the next phase of policy.**

## Remaining challenges

24. Progress has been less good in tackling some other significant drivers of social exclusion. We have identified five key problems that continue to drive social exclusion, and that need to be made priorities over the next few years if overall progress is not to be held back. These are: low educational attainment among some groups; economic inactivity and concentrations of worklessness; health inequalities; concentrations of crime and poor quality environments in some areas; and homelessness. **We need to give renewed attention to these areas as a matter of priority if we are to continue to drive forward the agenda to tackle social exclusion.**
25. Progress made by individuals can also be fragile, and is not always sustained. For example, 40% of participants who get a job after participating in the New Deal for Young People return to claiming Jobseeker's Allowance within six months. Progress in other areas of life – like giving up drugs or

turning away from crime – can also be undermined easily. **We need to make sure that we continue to support people who have made progress, so that they do not slip back into a state of vulnerability.**

26. It will be important to monitor closely the extent and pace of progress in tackling these drivers of social exclusion. Where progress is not being made, we need to review current policies, and actively consider radical new approaches. It will also be important to pay particular attention to ensuring that gaps between different social groups and areas are clearly reduced.

## Improving life chances

27. Children's life chances are still strongly affected by the circumstances of their parents. The social class a child is born into and their parents' level of education and health are still major determinants of their life chances and mean that social exclusion and disadvantage can pass from generation to generation.
28. Some of the most important factors that influence a child's life chances are education and skills, child poverty, financial assets, social capital, discrimination and childhood ill-health. Concentrating effort on reducing inequality in these areas is likely to yield the greatest results in promoting equality of opportunity and preventing the transmission of social exclusion from one generation to the next.
29. Government policies have helped to promote greater equality of opportunity for children and to bring about improvements in the absolute levels of disadvantage faced by many families. Targeted initiatives such as Excellence in Cities have made a real difference and we have seen a faster rate of improvement in attainment in the areas where there have been such initiatives.
30. However, significant inequalities remain and tackling intergenerational disadvantage by promoting greater equality of opportunity remains a key challenge for policy. Educational inequalities in Britain remain some of the widest in Europe. Other trends, such as a less equal distribution of assets and wealth, are also working against equality of opportunity.
31. A number of policies are in place to improve life chances for the most disadvantaged groups. The Government has recognised that the early years are the most effective time to intervene, but high quality family support and pre-school services are not yet available to all families who need it.
32. Continued support throughout childhood is also important in promoting life chances for the most disadvantaged. This is particularly the case at important transition points that can shape an individual's subsequent opportunities, for example entry to secondary school and the move from education to the labour market. **We need to provide more support to children and families in the early years and at key transition points throughout their journey to adulthood.**

## Helping the most disadvantaged?

33. An important element in sustaining progress will be to do more to meet the needs of more severely or multiply disadvantaged people. In many areas where progress has been made, those who have fewer or less severe problems have often been the ones to benefit from policies, leaving behind those who are relatively more disadvantaged.

34. The most disadvantaged people tend not to use services and benefits as much as others do, or to gain from them as much when they do. The evidence for this is clearest among the New Deal employment programmes, where people with the most disadvantages have been least likely to participate or to get jobs as a result. However, there is a similar pattern of uneven progress in other fields.
35. Although there are many groups with complex needs, there are three main broad and overlapping groups of people for whom policies consistently seem less effective.
- People with physical or mental health problems.
  - Those who lack skills or qualifications, both formal qualifications and broader basic and life skills.
  - People from some ethnic minority groups, including asylum seekers and refugees.
36. It may be the severity and specificity of the multiple needs each very disadvantaged person faces that makes it difficult for some current public services to help them. However, unless policy is able to address the needs of disadvantaged groups, the overall risk of social exclusion may be reduced, but the people in most need will be left further behind. **We need to improve service design and delivery to extend the reach of what works to those who need it most.**

## Delivery: what works

37. Current ways of delivering services can make it difficult for disadvantaged people to take them up or benefit from available provision. Services may not be accessible, may not be perceived as appropriate or may not meet clients' complex needs. Service deliverers may lack the flexibility, time and resources to meet the needs of more disadvantaged clients and performance measures may not be sensitive enough to recognise the progress people make as steps towards longer term outcomes.
38. We know that a client-centred approach is critical, with individually tailored help and support that can address different sets of multiple needs through a single phone call or one stop shop. Having personal advisers who help individuals understand what services and benefits are available and who can negotiate access to a range of options has been successful in developing a more client-centred approach. However, personal advisers need to have flexibility, be able to call on a range of support, have the skills to work with people to determine how best to deal with complex needs, and be able to build up a trusting and collaborative relationship.
39. User involvement in the design and delivery of services, and closer working with voluntary and community groups can help make them more relevant. Increased devolution and delegation gives service providers the flexibility to design and develop services around local needs. Services need to be accessible at times and locations that clients can make, and they need to be culturally appropriate and free of stigma. **We need to find ways to roll out these approaches much more widely through mainstream services.**

## How ready are we for the future?

40. Poverty, unemployment and material hardship are declining and look set to continue moving in this positive direction into the next two decades if we continue to benefit from a stable and growing economy. Nevertheless, there are demographic, economic and social trends that may alter the prevalence and nature of social exclusion in the future.

41. The ageing population is likely to present new risks for social exclusion and new policy challenges, including higher demands for care. The number of single person households is also increasing rapidly, and social isolation may also rise as a result. Lone parenthood has now become a relatively common phase in the lives of women and children.
42. Inward migration looks set to continue. It may grow only modestly and be skewed towards economic migrants but there may always be a minority of unskilled migrants who face very poor prospects in the labour market and are of concern from a social exclusion perspective.
43. The UK will continue to become more ethnically diverse and the pattern of persistent and multiple disadvantage among some ethnic groups may continue.
44. Projections suggest that there is likely to be a continued growth in demand for skilled labour and therefore an increasing premium placed on formal qualifications. Prospects for the smaller numbers of people without skills look poor.
45. There is growing pressure on housing, and some of the main drivers of homelessness are not likely to abate in the future, including relationship and family breakdown and mental ill-health. Health inequalities are persistent and may result in inequalities in the patterns of chronic disease in the future. Some vulnerable groups, such as prisoners, have grown in number.
46. New technologies offer the potential for services to tackle social exclusion better but they also have the potential to create a digital divide. There may continue to be divisions between those who have access and those who do not but, without measures to educate users, there will also be divisions between those who exploit it to the full and those who do not.
47. **In tackling the priorities we have outlined above, it will be important to plan for the potential risks and opportunities thrown up by these demographic, economic and social trends.**

## Conclusions and next steps

48. The Government's strategy to tackle social exclusion – emphasising early intervention, reducing child poverty and increasing employment – was the right one. Overall, progress has been significant in tackling some of the main drivers of social exclusion, particularly child poverty and unemployment.
49. We have set out where more progress is needed, or where we need to focus on new challenges. We believe there are four key challenges for the future.
  - **To sustain the progress** already made.
  - **Provide more equal opportunities** for people so that inherited disadvantage does not continue to blight life chances.
  - **Innovate in service design and delivery** in order to benefit a greater number of multiply disadvantaged people.
  - **Anticipate and plan** for the challenges and risks which might be posed by future economic, technological and social trends.
50. The second stage of the inclusion agenda is an ambitious one: now is not the time to relax our efforts as the next phase of improvements may be more difficult than what has already been achieved. The report sets out a great deal of existing action and investment that will continue to deliver progress in the coming years. But we need to go further. Spending Review 2004 sets out the agreed *policy priorities* for the next phase, which are described below.

To sustain current progress and to work harder to break the links between inherited disadvantage and life chances by:

- **Continuing to drive down child poverty**

The *Child Poverty Review* was announced in July 2004. This identifies the next steps across the entire range of policies to improve the life chances of poor children. There will be continued efforts made to increase employment opportunities for parents and to make work pay, as well as support families where parents are unable to work. There will be a renewed focus on services that support children and families, particularly children at risk. Services that tackle material deprivation, for instance housing and homelessness, are to be a particular focus. Together, the measures announced provide renewed momentum for meeting the next target to reduce child poverty. They are backed up by a number of Public Service Agreement (PSA) targets that will help tackle child poverty.

- **Continuing to increase investment in early years**

Good early years services will continue to play a vital role in promoting effective development and supporting families in their parenting role. As a step towards the long-term vision of creating a Children's Centre in every community the Government will establish at least one of these in each of the 20 most disadvantaged wards in England by 2007/08. There will also be a pilot project to extend free part-time early education to 12,000 two-year-olds in disadvantaged areas. There will be new targets to further increase the supply of childcare places and a target for improving the developmental outcomes of very young children, particularly those who are disadvantaged.

- **Tackling educational under-attainment, and supporting the transition into work**

The Government is committed to making continued progress on raising standards in schools and closing the gap in achievement between some groups of children. Further progress will be driven by sharper PSA targets and monitoring.

To keep up pressure on the large scale economic drivers of social exclusion, particularly stubborn concentrations of unemployment and persistently high economic inactivity.

The Spending Review demonstrates the Government's continued commitment to employment opportunity for all, as part of the wider objective of full employment in every region.

There is a new PSA target to help tackle persistent pockets of worklessness. In addition, over the Spending Review period, the Department for Work and Pensions will be developing support that is more effective for people who face the greatest barriers to work.

To tackle the drivers of social exclusion which we have not yet fully addressed, by:

- **Narrowing unjustifiable inequalities in poor health**

Efforts to reduce health inequality will be given a new emphasis with new targets to reduce the key drivers of health inequalities – particularly cancer, cardiovascular disease and smoking in lower socio-economic groups, and a new target to reduce childhood obesity.

- **Reducing the level of homelessness**

Increasing the supply of affordable housing will be central to the commitment to tackle homelessness, including an increase in the number of homes in the social rented sector. In addition, there will be a continued emphasis on the prevention of homelessness and measures to mitigate the potentially damaging consequences of homelessness, particularly for children.

- **Accelerating action in tackling crime and poor living environments in the most deprived areas**

There will be an enhanced drive to tackle crime and anti-social behaviour in the highest crime areas, which have a significant overlap with deprived areas. There is a new challenging target on tackling crime, especially in high crime areas.

51. These goals, which will contribute significantly to creating sustainable communities, will only be achieved if we make mainstream services work harder for those with greatest needs. We therefore also need to ***transform service delivery to help narrow the gap in outcomes between the most disadvantaged groups and the national average***, in the following ways:
  - Building capacity at the front line to ensure that good services are tailored to complex multiple needs, and championing the voice of the excluded at all stages of the policy-making and delivery chain.
  - Developing systems to increase accountability such as targets and performance indicators to ensure that those on the front-line of service delivery have the right incentives and capacity to tackle the greatest need.
52. This report challenges public services to make such a transformation. To help meet this challenge, the Social Exclusion Unit will undertake a series of delivery-focused projects to make services work better for disadvantaged groups.
53. The Social Exclusion Unit’s new work programme will ensure the critical lessons already learned about what makes a real difference on the ground are translated into more effective action to tackle the continuing problems or gaps identified in the report. This will complement the range of initiatives underway across government to ensure we fully meet the needs of all our citizens, including the most disadvantaged, and break the intergenerational cycle of deprivation.

# Introduction

For the last seven years, the Government has been committed to tackling the causes and consequences of poverty and social exclusion and to promoting a fairer and more inclusive society in which nobody is held back by disadvantage or lack of opportunity. In 1997, the Social Exclusion Unit (SEU) was established to develop joined-up policies to tackle joined-up problems. The Unit helped to develop a new approach to tackling social exclusion. A wide range of new policies has been implemented by the government since this time, backed up by significant increases in investment.

Some programmes to tackle social exclusion can take decades for their full impact to be seen. However, after seven years, it is timely to take stock of the progress that has already been made and the lessons we have learned. It is also a good opportunity to think about the way forward. This is why the SEU has undertaken the programme of research and analysis presented in this report.

This report is an honest assessment of what has worked well and what has not. It presents the lessons we have learned about the impact policy has had on disadvantaged people and communities. It brings together evidence from evaluative literature and official data, as well as from the perceptions and experiences of the beneficiaries of policies and those who work with them. This work relates mainly to England, although some policies, such as those relating to tax benefits and employment programmes, cover the whole of Great Britain. Since 1999, the devolved administrations have adopted their own policies to combat social exclusion covering key policy areas such as community regeneration, early years, family support and health improvement policies.

The report provides a current picture of:

- The nature of social exclusion and its causes and consequences.
- The Government's strategy.
- The progress made to date in tackling social exclusion.
- The scale of the remaining problem and the areas where more progress needs to be made.
- The impact of policy on life chances and the intergenerational transmission of social exclusion.
- The impact of policy on the most disadvantaged people and the lessons we have learned about delivering benefits and services to them.
- The trends that might impact on social exclusion in the future.

Through this analysis, we provide the evidence to inform future priorities in the drive to tackle social exclusion and improve opportunities for all.

## Taking Stock of Progress

In order to assess the progress made by policy in tackling social exclusion so far, we have undertaken a number of different strands of research and analysis, addressing the different questions we needed to answer. This has brought together a range of data and evidence from existing sources and we have added to it the views of users and service providers, to provide a comprehensive picture of how far we have come. During the process of analysis, we have consulted with key experts, policy makers and stakeholders outside government, including seeking views through a discussion document published and launched at a seminar in March 2004.

The analysis of progress presents the findings of accumulated evidence from all of these sources. It is structured around the following key questions and themes:

**Chapter one** of the report reviews the literature on the causes and consequences of social exclusion and considers who is at risk. We explore the drivers of social exclusion in the context of wider social inequality and life chances.

**Chapter two** of the report gives a broad overview of the government's strategy.

In **chapter three**, we consider what the overall progress and impact of policy has been on people at different stages of their lives and in different areas.

This analysis draws on trend data, synthesised evaluation evidence and case study material. The chapter provides a detailed picture of the impact of different policies and the effect on different age groups. It also suggests the role and contribution of policy in influencing progress.

In **chapter four**, we consider how we have done in tackling the main drivers of social exclusion given the scale of the problem, and identify other drivers that we have not yet fully addressed.

We focus our trend analysis on outcomes related to disadvantage and social exclusion and on changes over time to identify which trends are moving in a broadly positive direction, which are proving resistant to change and which are going in the wrong direction. Aggregate national trends together with specific evaluation evidence indicate where progress is being made and where some of the more intractable trends indicate a lack of progress against the main drivers of social exclusion.

In **chapter five**, we ask how we have done on improving life chances, by looking at progress against the key drivers of intergenerational disadvantage that are identified in the literature. Some of this evidence is provided by cohort data, the rest by trend analysis and evaluation evidence.

In **chapter six**, we ask how we have done in helping the most disadvantaged by looking at the distribution of overall progress on different groups as well as on the population as a whole. We look at who has benefited less from policies to date and suggest that some of the reasons for this relate to how policies are delivered. The chapter draws on trend data, evaluation evidence, case study material and the perspectives of service providers and users.

In **chapter seven**, we ask how we are doing relative to possible future pressures and risks. The chapter draws on a review of existing forecasts and an extrapolation of existing trends in order to assess the likely future challenges and risks for policy makers.

Each of these chapters considers the key successes and the challenges that remain, and concludes by suggesting what more needs to be done under each theme.

**Chapter eight** of the report reviews the key messages by drawing together the conclusions from the previous chapters. It then sets out the priorities for the future along with a summary of the actions of the government is putting in place to deliver this next phase of policy to tackle social exclusion.

# CHAPTER 1: What is social exclusion?

## SUMMARY

- Social exclusion is about more than income poverty. It is a short-hand term for what can happen when people or areas face a combination of linked problems, such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime and family breakdown. These problems are linked and mutually reinforcing. Social exclusion is an extreme consequence of what happens when people don't get a fair deal throughout their lives, often because of the disadvantage they face at birth. Since this disadvantage can be transmitted from one generation to the next, it is important to consider social exclusion within the context of wider social inequality and intergenerational disadvantage.
- Social exclusion has high costs for the individuals and areas experiencing social exclusion, as well as for the economy and taxpayers. Since 1997, the Government has put in place a wide range of measures to tackle social exclusion and this report assesses what progress has been made to date; the lessons we have learned; and the challenges that still lie ahead.
- Wider demographic and economic changes drive the causes of social exclusion. During the second half of the twentieth century, the majority of the population experienced growing health and prosperity, but inequality also grew as did the risks of relative poverty and social exclusion. Such problems grew particularly as a result of economic and social change in the 1980s and 1990s.
- Social exclusion has a number of causes. The main ones are: poverty and low income; unemployment; poor school results; poor mental or physical health; family breakdown and poor parenting; poor housing and homelessness; discrimination; crime; and living in a disadvantaged area. The risk factors for social exclusion tend to cluster in certain neighbourhoods, but not everybody at risk lives in a deprived area.
- Poverty and social exclusion can also pass from one generation to the next. For example, experiencing poverty in childhood and having parents who did not gain qualifications at school or college are powerful influences on a child's later life, often greatly reducing their life chances as they get older.
- Some groups of people are more vulnerable to social exclusion than others. These include children living in poverty or in local authority care; young people not in education or training, teenage parents and young carers; unemployed adults and those with no skills or long-term health problems; prisoners; and lone parents and poor pensioners. Those who fall into multiple at-risk categories are even more likely to be excluded than those who might be classed in just one.
- People are also vulnerable to becoming socially excluded at certain times in their lives. This is particularly true of key 'transition points' like moving from primary to secondary school; becoming a parent; after a divorce or relationship breakdown; and retirement. Some factors can lessen or exacerbate people's vulnerability, including undermining their ability to be good parents or the social networks to which they belong.
- The scale of the problem is difficult to quantify. However, the best indications we have are that less than 1% of the population experiences the most extreme forms of social exclusion like rough sleeping or teenage pregnancy; around 10% have significant problems, like persistent poverty, and 20–25% are at some risk of social exclusion.

## What is social exclusion?

- 1.1 Social exclusion is a term that originated in Europe, but was adopted in the UK since 1997 in an attempt to define not just income poverty, but many other forms of disadvantage that exclude people from mainstream activities and society. The definition used by the Government is that social exclusion is:

*A short-hand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, bad health and family breakdown.*

- 1.2 While social exclusion is often associated with highly marginalised groups facing extreme forms of multiple disadvantage, our approach is broader. We also include an understanding of how wider social inequality and intergenerational disadvantage can impact on the causes of social exclusion and the risk of becoming excluded.
- 1.3 This is a deliberately pragmatic and flexible definition. One of the characteristics of social exclusion is that problems are linked and mutually reinforcing. They combine to create a vicious cycle. Indeed, children whose parents experience social exclusion are much more likely to find themselves excluded later in their lives.

### Why does it matter?

- 1.4 Social exclusion can be devastating for individuals' lives and their children's life chances, but it also inflicts huge costs on the economy and society, as the following examples illustrate.

#### Costs to individuals

- *Individuals not realising their educational potential.* A teenager from a deprived neighbourhood is five times more likely to go to a failing school<sup>1</sup> and less likely to achieve good qualifications than his or her peers.<sup>2</sup>
- *Higher risks of unemployment.* Adults with poor basic literacy and numeracy skills are up to five times more likely to be unemployed or out of the labour market than those with adequate skills.<sup>3</sup>
- *Poor physical health.* Men born into the bottom social class are likely to live seven years less than those in the professional classes. Deprived groups of people are more likely to have poorer diets, and fewer opportunities for exercise. They also have higher rates of smoking and drug use.<sup>4</sup>
- *Poor mental health.* In 2002, over 32 million prescriptions for treating mental health problems were dispensed, costing over £540m.<sup>5</sup> Mental health problems are estimated to cost the country £77 billion a year through the costs of care, economic losses and premature death.<sup>6</sup>

#### Costs to taxpayers

- 1.5 The cost of such problems is not just felt by those who live in disadvantaged circumstances, it is felt by everybody through their taxes.
- Expenditure in 2001/02 on Income Support, Housing Benefit and Council Tax Benefit and non-contributory Jobseeker's Allowance totalled £30.7 billion;
  - The annual cost of school exclusions to public services has been estimated at £406 million in 2001;<sup>7</sup>
  - For every homeless person staying in hospital because they have no other accommodation, the country spends £900–£1,000 per week;<sup>8</sup>

- If those leaving care who do not go into education, employment or training had the same pattern of activity as their peers, it is estimated that the savings over three years would be £300 million;<sup>9</sup>
- It has been estimated that if one in ten young offenders received effective early intervention the annual saving would be in excess of £100 million.<sup>10</sup>

## Costs to the economy

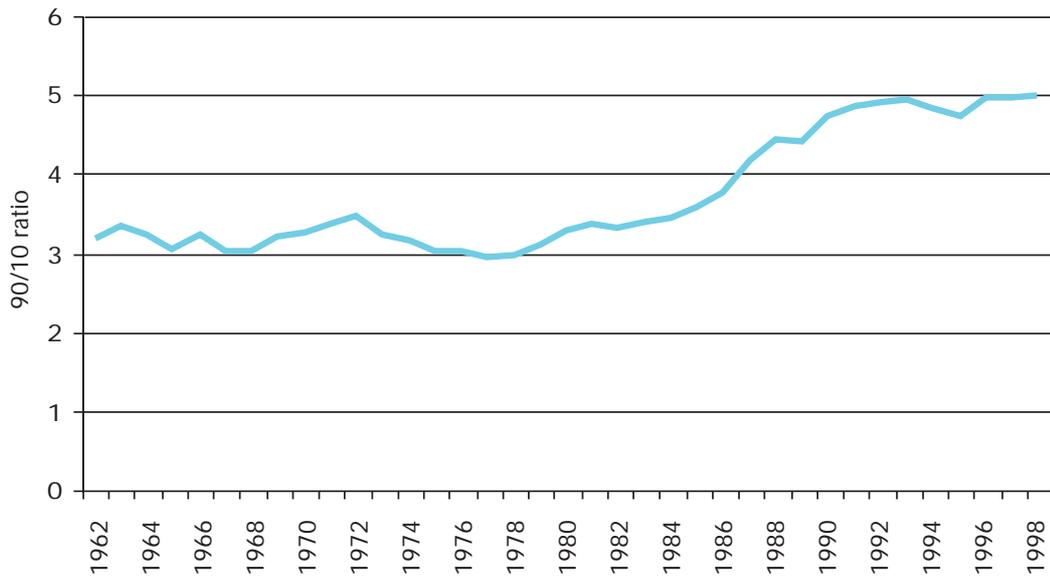
- 1.6 Social exclusion doesn't just have direct costs for the taxpayer, it affects our economic performance and competitiveness, too, leading to:
- *A shortage of skilled workers.* Educational underachievement and shortages of relevant skills contribute to the productivity gap between the UK and its international competitors.<sup>11</sup>
  - *A reduction in customers.* Low income or benefit dependency can reduce the nation's spending power.
  - *Early withdrawal from the labour market.* The cost of people withdrawing early from the labour market and ageism in the workforce is estimated to be £31 billion.<sup>12</sup>

## The growth of social exclusion to the mid-1990s

- 1.7 After the Second World War, there were big economic and demographic changes in the United Kingdom. The population grew with the post-war baby boom. Improved health led to people living longer lives, and more elderly households. Other social changes also led to more single person households and a sharp rise in the number of lone parents. The economic changes in the 1980s saw a rapid decline in traditional manufacturing industries coupled with the increased demand for skilled labour. There was also a steady post-war increase in immigration from the Caribbean, Pakistan, Bangladesh and India.<sup>13</sup>
- 1.8 Most people experienced better health and rising prosperity, but these improvements were not equally distributed. There was an increasing polarisation between those with skills and qualifications and those without. Skilled people became far better able to participate in an economy where knowledge became more important than ever. This had profound consequences for the distribution of wealth and opportunity. As Figure 1 illustrates, income inequality increased significantly over the period.
- 1.9 In 1951, most work was manual and most workers were men. By 1991, only 38% of work was manual and women comprised almost half of the labour force. Wages for the lowest paid workers barely increased at all between 1971 and 1991, while the earnings of those near the top of the income scale rose rapidly. Pay and employment rates became more unequal between skill groups, communities and households.<sup>14</sup>
- 1.10 In the 1980s, income inequality rose rapidly with a consequent increase in the number of families living in relative poverty.<sup>1</sup> In the 1990s, children replaced pensioners as the group most likely to live below half the average income, further restricting their life chances.<sup>15</sup> Policy programmes were either not intended or not sufficient to turn the problem around.

<sup>1</sup> Defined as living below 60% of median income before housing costs.

Figure 1. Income inequality 1961–1998



Source: The Institute for Fiscal Studies<sup>2</sup>

## The socio-economic causes of social exclusion

1.11 We now have a large body of knowledge about the causes and risks associated with poverty and social exclusion.<sup>16</sup> The main ones include :

- Poverty and low income.
- Being out of work and economic inactivity.
- Poor educational attainment and negative experiences of school.
- Poor mental or physical health.
- Family breakdown or disruption and poor parenting.
- Poor housing and homelessness.
- Crime.
- Living in a disadvantaged area.

1.12 The degree of risk posed by each factor for individuals depends on how they overlap and link with other factors and life events. Here are some examples of how each can lead to social exclusion.

### Poverty and low income

1.13 Households with a relatively low income<sup>17</sup> are more likely to be socially excluded on a range of other dimensions. Low-income households are more likely to suffer ill-health, live in poor housing, be affected by crime or fear of crime and lack qualifications or skills.<sup>18</sup> Low income and poverty are linked with hardship, including going without items that are considered necessary to normal daily life, and with indebtedness.<sup>19</sup> In total, 57% of over-indebted households have an annual income of less than £7,500.<sup>20</sup> A quarter of social housing tenants with mental health problems have serious rent arrears and are at risk of losing their homes.<sup>21</sup>

<sup>2</sup> The chart shows the ratio between the 90th and 10th percentile of the income distribution.

- 1.14 Families with children and pensioner households are much more likely to be poor than other types of household; lone parent families and single pensioners are at particular risk.
- 1.15 Childhood poverty is a particularly powerful risk factor and linked with a range of adverse experiences in both childhood and later life.<sup>22</sup> Experiencing poverty for long periods of time increases the risk of experiencing other forms of exclusion.<sup>23</sup>
- 1.16 Child poverty has an independent effect upon an individual's life chances and prospects for upward social mobility. As we show below, child poverty is also associated with low educational attainment. There is also powerful evidence that childhood poverty, net of other factors, helps to determine adult social exclusion.<sup>24</sup> By the age of 26, young adults from the 1970 British Cohort Study who were brought up in a household with an income below half the average experienced an earnings penalty of 9%, even after controlling for educational attainment.
- 1.17 Childhood poverty and early years development may affect outcomes in later life in a number of ways. **Childhood poverty may have various psychological and behavioural effects.**<sup>25</sup> Feinstein found that psychological characteristics (such as feelings of self-esteem and sense of control over one's destiny) and behavioural qualities (such as anti-social behaviour, peer relations, attentiveness and extraversion) at age 10 are strongly associated with social class background. These psychological characteristics and behavioural qualities at age 10 affect labour market outcomes in later life. Thus, children with higher scores for self-esteem, for example, experience shorter spells of unemployment and enjoy higher wages in adulthood.
- 1.18 As well as income inequality, **asset inequality** also has an important influence over children's life chances. There is evidence to suggest that asset poverty has a strong independent effect on young people's chances in life.<sup>26</sup> The greater a family's capital, the greater its capacity to invest in children. This investment might be in human capital (such as a university education) or financial support.

### Unemployment and economic inactivity

- 1.19 There is a strong link between employment patterns, low income and disadvantage. Having a job, or being self-employed, is increasingly held to be important not only as a source of income, but also as a source of social interaction and mental well being.<sup>27</sup> Living in a household where no one works poses a significant risk of poverty and social exclusion. Those living in workless households are almost ten times more likely to live in relative low income than households where all working age adults are in work.<sup>28</sup> Lack of a job is also associated with being persistently poor – more than one in three households in persistent poverty are workless households.<sup>29</sup> Children living in households where nobody works are more likely to be unemployed themselves in adulthood. Men whose fathers were unemployed are twice as likely to experience unemployment themselves between the ages of 23 and 33.<sup>30</sup>

### Poor educational achievement and low skills

- 1.20 A good education can allow individuals from a relatively deprived background to enjoy upward social mobility. A decline in the association between class origins and educational attainment appears to lie behind the rise in social fluidity in France, Sweden and the Netherlands in recent decades.<sup>31</sup> However, low educational attainment is one of the main mechanisms by which disadvantage is transmitted from one generation to the next.
- 1.21 Those who lack qualifications or basic skills are at much greater risk of social exclusion in later life.<sup>32</sup> Better education is strongly linked with higher earnings, lower chances of becoming unemployed, better health and reduced crime.<sup>33</sup>
- 1.22 Lack of basic skills, and level 2 (or GCSE standard) qualifications in particular, is a strong driver of other forms of social exclusion. Adults with literacy levels below level 1 are twice as likely to be unemployed or inactive compared with those with literacy skills at level 2 or above.<sup>34</sup> Level 2

qualifications act as a springboard to a future of employment with training opportunities. For example, 34% of young people with no qualifications and 17% of those with qualifications below level 2 are not in full-time education, training or employment, compared with only 7% of those with qualifications at level 2.<sup>35</sup> More than half of individuals persistently in low income between 1997 and 2001 lived in households in which the adult member had no qualifications.<sup>36</sup>

- 1.23 Having poor or low level skills not only can trap people into low-skilled, poorly paid jobs,<sup>37</sup> but is also often transmitted between generations. For example, children aged six to nine have lower test scores than average if one or both of their parents were regular truants. Children who, aged seven, had a higher reading and maths ability, or more highly educated parents, or grew up in families without financial difficulties, are by the age of 16 more likely to stay on at school or college, attend regularly and keep out of trouble with the police.<sup>38</sup>
- 1.24 **Early years development has been shown to have a powerful influence upon educational attainment.** Childhood disadvantage can have a significant influence over subsequent educational achievement. Recent advances in brain research have shown that experience in the earliest days, weeks and years of life matter greatly to subsequent development and outcomes.<sup>39</sup> Feinstein's analysis of the 1970 British Cohort Study data collected on cognitive development at 22 months and 42 months demonstrates a social class gradient in cognitive development indicators beginning at 22 months which expands through 42 months, and up to the age of 5.<sup>40</sup>
- 1.25 The quality of parenting (good and bad) can also make a big difference to levels of educational attainment. **Good parenting at home also has a significant effect on children's attainment.** For primary age children, the impact of different levels of parental involvement is much greater than differences associated with variations in the quality of schools. The scale of the impact is evident across all social classes and ethnic groups.<sup>41</sup>
- 1.26 Young people who have had problems at school are more likely to go on to experience other forms of social exclusion. Lack of qualifications, poor behaviour at school, truancy and exclusion are all associated with delinquency and a high risk of offending.<sup>42</sup> The following case study illustrates this.

Nathan is 16 years old. He lives with his mum, Sarah (35) in a council flat. Sarah works six days a week to earn a 'decent wage'. Nathan started getting into trouble both in and out of school at the age of 13. He disliked school and said he didn't pay much attention because he found it hard to concentrate. He felt he became involved with 'the wrong group of friends' and was arrested several times over the next few years for a range of offences including street robbery, shoplifting, and being drunk and disorderly. This caused arguments with his mum so Nathan started staying away from home for whole weekends and sometimes longer. He also began to drink and experiment with drugs. At age 14 he was temporarily excluded from school. A year later he was permanently excluded and (in his words) "*went off the rails*", often not returning home at night and even leaving home for four months. His offending behaviour escalated and was brought to crisis point when he was arrested and found guilty of attempted robbery at the Crown Court.<sup>43</sup>

## Poor health

- 1.27 Health inequalities are manifest between different social and ethnic groups, between men and women, and between different geographical areas. These inequalities are apparent at birth and persist throughout people's lives in various health-related behaviours, such as smoking and teenage pregnancy. They are also persistent in health outcomes and patterns of morbidity, including infant mortality, life expectancy, and death rates from certain cancers and coronary heart disease.<sup>44</sup> Many health inequalities, such as teenage pregnancy, continue through the generations.

- 1.28 Childhood disadvantage takes its toll on adult health by compromising physical health early in life. Research suggests that social disadvantage becomes literally embodied in the growing child.<sup>45</sup> Some influential studies suggest that the process starts from the moment of conception, and maybe before conception, in the mother's earlier life. Babies born to parents from manual backgrounds continue to be more likely to have a low birth weight than those born to parents from non-manual backgrounds.<sup>46</sup> The children of teenage mothers are particularly likely to have low birth weights and experience ill-health in the first years of life.<sup>47</sup>
- 1.29 The children of parents in manual groups are more likely to experience serious childhood illness and disability than children in non-manual families – and children who experience illness and disability in childhood face higher rates of ill-health and disability in adulthood. By middle age, death rates among women and men born into manual households are double those of women and men growing up in non-manual households. This increased risk of death remains after taking account of their adult socio-economic position.<sup>48</sup> A baby boy born into the professional classes can expect to live over seven years longer than one born into the bottom social class.<sup>49</sup>
- 1.30 The same pattern is apparent for specific causes of death, with poor childhood circumstances increasing the risk of early death from diseases such as coronary heart disease and respiratory disease.<sup>50</sup> The impact of childhood disadvantage is particularly marked in the case of death from stroke and stomach cancer.<sup>51</sup> Looking beyond adult mortality, there is evidence that socio-economic conditions in childhood are also related to some dimensions of adult health. This has been found for some physical health outcomes (e.g. body mass index, obesity, periodontal disease and tooth decay). In all these examples, the association between childhood circumstances and adult health remains after account is taken of adult socio-economic position.<sup>52</sup>
- 1.31 Individuals in low-income households are more likely to report poor health and to report having a child with a health problem that restricts their ability to work. Poor health lowers people's ability to get and retain jobs.<sup>53</sup> Individuals on a low income have been found to be almost three times more likely to develop a mental illness and levels of reported depression are much higher in the lowest income quintile.<sup>54</sup> Unemployed people, those with a long-term illness and those looking after the home suffer the greatest levels of depression.
- 1.32 There is a clear association between disability and low income. People with disabilities are eight times more likely than non-disabled people to be out of work and claiming benefits.<sup>55</sup> There are also almost three times as many families with disabled children in the lowest income quintile as in the top quintile.<sup>56</sup>
- 1.33 Behaviours that put health at risk, such as eating a poor diet, physical inactivity and smoking, are more prevalent in lower socio-economic groups. These behaviours, particularly smoking, add to the burden of chronic preventable disease.<sup>57</sup>
- 1.34 Problem drug-use is strongly associated with socio-economic deprivation.<sup>58</sup> Parents who misuse drugs may negatively affect family functioning as well as the emotional and cognitive development of their children.<sup>59</sup>
- 1.35 Teenage conception, which is also more common among lower socio-economic groups, is both a cause and a consequence of social exclusion and is known to be an important mechanism for intergenerational transmission of disadvantage.<sup>60</sup>

## Family breakdown

- 1.36 The family – including the nature and quality of parenting – is one of the most important influences upon children's and young people's outcomes. The importance of good parenting at home for educational attainment and the impact of family breakdown upon children have already been discussed, but the influence of parents and families is extremely extensive.

- 1.37 Like financial capital, **social capital** has a bearing upon an individual's life chances. Parental upbringing provides children with a variety of different norms, relationships, values and informal sanctions that together form their social capital and help shape the child's social interactions. Although difficult to quantify, the nature of this capital has a strong influence on the child's outcomes in later life. The social capital of the professional classes can provide their children with far greater opportunities than are available to children with a manual background.<sup>61</sup>
- 1.38 Family breakdown can create problems for all involved. For example, it leads to more lone parent households that are at much greater risk of poverty, worklessness and social exclusion than those with two parents.<sup>62</sup> Family changes, including family break-up or the arrival of a step-parent, are significant triggers in young people running away from home.<sup>63</sup> Young runaways are more likely to experience long-term drug use, poor educational attainment and involvement in crime than others are. **The experience of living in a lone parent family is less important than financial stress and parental unemployment while growing up.** Despite this, research has found that parental divorce or separation can exacerbate the effects of other economic factors to contribute to poorer outcomes for children.<sup>64</sup> Children of divorced parents have a higher probability of being in poverty and poor housing and are also likely to perform less well in school.<sup>65</sup> Children who experience inter-parental conflict and domestic violence are more likely to be delinquent and to commit violence and property offences.<sup>66</sup>
- 1.39 **Experience of the care system** is found in cohort study analysis to greatly increase the likelihood of negative outcomes, most notably the chances of contact with the police.
- 1.40 The following case study illustrates the problems that can arise after family breakdown.

Dawn is 31 and moved into her current council house eight months ago with her son aged twelve and daughter aged five and a half. Dawn was the victim of domestic violence from her ex-husband for many years. This led to her and the children moving between different types of accommodation as she attempted to break her ties with her husband which led to interruptions in the children's schooling. Dawn and the children have found some of the neighbourhoods threatening and frightening. She is unhappy in their current house, because of crime, drugs and anti-social behaviour and wants to move on again soon. She feels the local area is particularly frightening for her and her children because it 'reminds them of what they have been through'.

Dawn has had episodes of mental health problems which led to her son being placed in foster care because her family were unwilling to care for him whilst she recovered. Over more recent years, she has experienced occasional panic attacks, anxiety and has been on anti-depressants at various times. She feels that staying in the house makes her miserable.

Her son had learning difficulties at primary school, and currently in his secondary school is being bullied and poorly behaved. He described having problems sleeping and was tired at school. His younger sister's behaviour was also poor when she started school, but has improved over time.<sup>67</sup>

### Poor housing and homelessness

- 1.41 There is a clear link between material deprivation and housing tenure.<sup>68</sup> Three-quarters of individuals living in the social rented sector are in the bottom 40% of the income distribution. The concentration of low-income households in social housing can partly be explained by employment patterns within them. It is estimated that two-thirds of households in social housing do not have someone in paid work in them.<sup>69</sup>

- 1.42 Living in overcrowded housing or poor condition housing is linked with poor health.<sup>70</sup> Households in low income have been found to be ten times more likely to experience overcrowding than other households.<sup>71</sup> And overcrowding is much more common among Pakistani and Bangladeshi households than others.<sup>72</sup> The highest levels of poor housing are found in the private rented sector, and are especially acute amongst long-term and low income residents.<sup>73</sup>
- 1.43 The risk of becoming homeless is also greater for some ethnic minority groups.<sup>74</sup> Young Asian people can become homeless because of a rejection of cultural and family traditions, which causes extreme isolation.<sup>75</sup> Asian and black people, asylum seekers and those with an Irish background have also been found to form a disproportionate number of those found homeless in all London boroughs.<sup>76</sup>
- 1.44 Homelessness is often triggered by events such as relationship breakdown or leaving prison or other institutions.<sup>77</sup> Around 16% of homeless acceptances every year are due to domestic violence.<sup>78</sup> Being homeless means facing higher risks of experiencing crime, poor mental health and alcohol and drug misuse, particularly for young people.
- 1.45 Living in temporary accommodation adversely affects the health and well being of families, leading to higher rates of respiratory illness, allergies, behavioural problems, disrupted sleeping patterns and depression. Children's schooling and access to other health and social care services are badly affected, as is their access to space in which to do their homework or play in safety.<sup>79</sup>
- 1.46 As the following case study illustrates, homelessness can often be a barrier to making progress in other areas of life, and unstable housing can diminish the extent to which families can benefit from other policies to improve their living standards.

Sharon, a lone parent who was fleeing domestic violence, was housed in different types of temporary accommodation for more than two years whilst waiting to be housed. This affected all of the family negatively, and prevented them taking advantage of other services and policies. Constant moving prevented her from consistently accessing schools, play schools and other childcare facilities. She felt the pressure; stress caused by her housing situation left her unable to think about taking up other help, such as around work or training.<sup>80</sup>

- 1.47 In addition to those households accepted as homeless by local authorities, there are other groups who live in temporary accommodation such as asylum seekers and refugees, including unaccompanied children who are housed by social services departments while their leave to remain in the UK is established. Such groups of people face particularly acute exclusion and lack access to other support services.<sup>81</sup>

## Discrimination

- 1.48 Discrimination on the grounds of race, gender, age, religion or sexual orientation can play a role in the processes by which people become excluded. It is at least part of the explanation for the disproportionate numbers of ethnic minority people, women and disabled people who are poor, unemployed, trapped in low paid work or living in poor housing.<sup>82</sup> For example, being in a minority vulnerable to discrimination has been linked to the increased diagnosis of mental health problems amongst some black and ethnic minority groups – particularly African-Caribbean men.<sup>83</sup>
- 1.49 Discrimination and prejudice can also affect people's self-perception,<sup>84</sup> self-esteem and confidence. For example, disabled people have described how being denied access to education, jobs, promotions, housing, services or being treated differently left them 'shy and lacking in self-confidence'.<sup>85</sup> The greatest barriers to social inclusion for people with mental health problems are stigma and the resulting discrimination. 83% of respondents to the SEU's mental health consultation identified stigma as a key issue and fewer than four in ten employers would consider employing someone with a history of mental health problems.<sup>86</sup>

- 1.50 Discrimination may also be a factor encouraging the intergenerational transmission of social exclusion. Many people continue to enjoy fewer life chances than others simply because of their ethnicity. This most fundamental of inherited characteristics limits the opportunities of many people because of the discrimination of others.<sup>87</sup>
- 1.51 For example, the gap between the average earnings of different ethnic groups cannot be explained by other factors such as educational attainment. Ethnic minority groups such as Indians, whose educational attainment levels match or exceed those of the white population, fare less well in the labour market than their educational qualifications would suggest. When factors other than ethnicity are held constant, Indian men earn on average £23 a week less than their white counterparts do. **Like-for-like analysis shows that all ethnic groups are disadvantaged compared to white people in similar circumstances.** Key factors such as age, education, how recently they migrated, economic environment and family structure explain only £9 of the £116 per week wage gap between black and white men.<sup>88</sup>
- 1.52 According to the Disability Attitudes and Awareness Survey 22% of disabled respondents had suffered harassment in public in relation to their impairment.<sup>89</sup> Such discrimination may be a particular problem for those with mental health problems as surveys of employers show that they are less likely to hire people with mental health problems than those with physical health problems.<sup>90</sup>

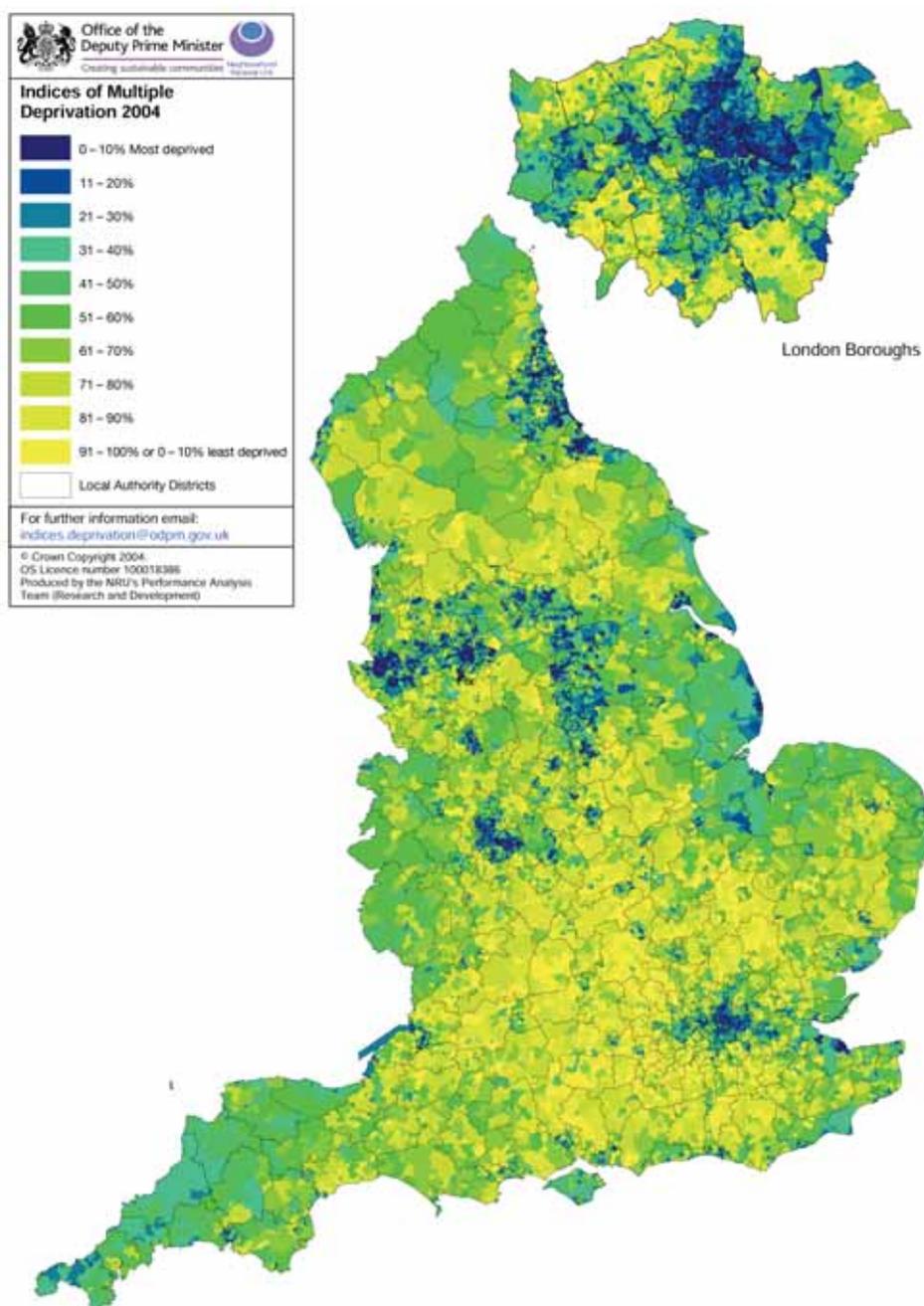
### Crime and fear of crime

- 1.53 Tackling crime plays an integral role in tackling social deprivation. It has been estimated that over half of all recorded property crimes and over a third of all property crime victims are likely to be found in just a fifth of the communities in England and Wales.<sup>91</sup> Low-income households are twice as likely as more affluent households to report that their quality of life is affected by fear of crime.<sup>92</sup> There is a strong link between past offending and subsequent unemployment and re-offending.<sup>93</sup>
- 1.54 Children's own involvement in crime can put them at greater risk of poor outcomes. Young offenders stand a greater risk of poor outcomes including educational underachievement, mental health problems, teenage pregnancy and unemployment.<sup>94</sup> There is also an intergenerational link from parent to child in offending behaviour, one study found that 63% boys with convicted fathers were themselves convicted, compared with 30% of the remainder.<sup>95</sup>

### Living in a disadvantaged area

- 1.55 Many of the risks and causal factors that lead to social exclusion cluster in neighbourhoods where high concentrations of disadvantaged people live. Features of these neighbourhoods can then further exacerbate the risks of exclusion. For example, crime rates or the fear of crime may be higher than average in these areas; around two-thirds of the most deprived areas in England are also areas with the highest rates of crime.<sup>96</sup>
- 1.56 Local economies may produce concentrations of households without anybody working; services and transport may be poor, and social cohesion or opportunities to build up social capital may be reduced.<sup>97</sup> A lack of social networks and social capital of the right kind may help to explain why individuals who live in disadvantaged neighbourhoods with high concentrations of worklessness are even less likely to move out of poverty than would be predicted by their individual characteristics. Studies have shown that this is due to their lack of friends and acquaintances in the labour market.<sup>98</sup> Low social capital is also linked with poor health.<sup>99</sup>
- 1.57 Deprived areas also tend to suffer most from a range of environmental problems, such as pollution.<sup>100</sup> Figure 2 shows the location of the most deprived communities in England, using the Index of Multiple Deprivation 2004. This is a measure of multiple deprivation at the small area level, based on seven domains of disadvantage: income; employment; health and disability; education, skills and training; barriers to housing and services; living environment and crime. It represents the most detailed geographical picture of national deprivation ever produced.

Figure 2. The geography of multiple deprivation

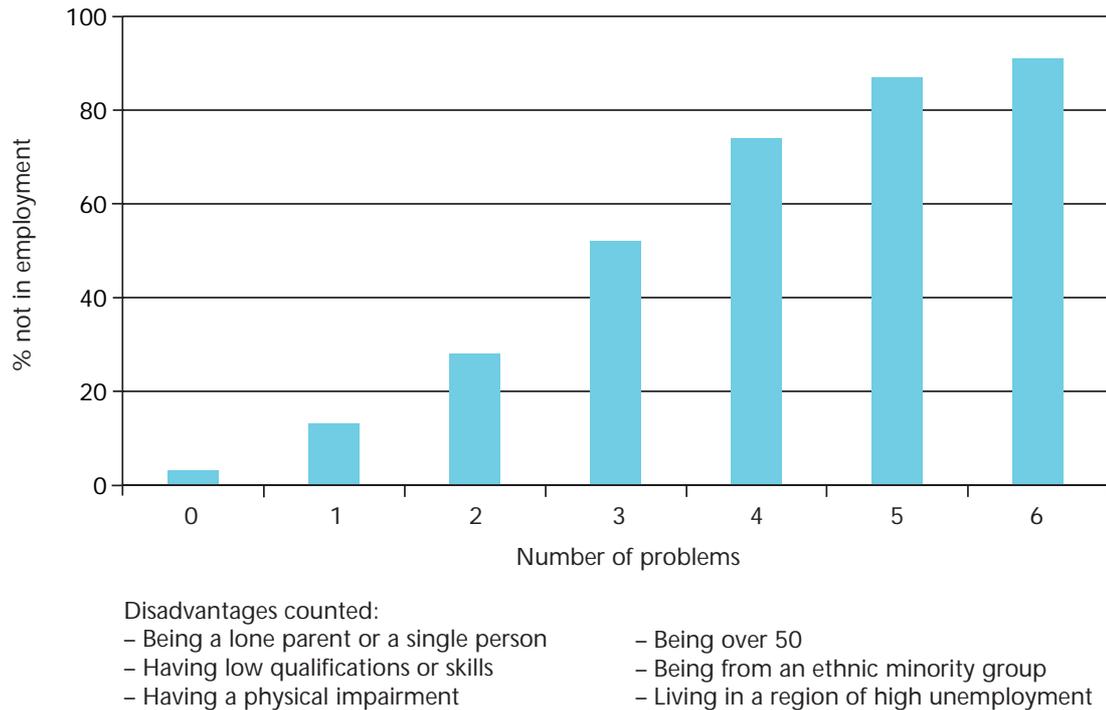


- 1.58 Social exclusion is not only found in areas of multiple deprivation. It is also a continuing issue for groups of people living in affluent areas. These may include isolated individuals, families, or those living on particular streets or in small neighbourhoods. Poverty and social exclusion tend to be concentrated in urban areas, but they exist in rural areas too, where they tend to be more scattered and less visible. People at risk in rural areas tend to experience different problems from those in urban areas. For example, rural housing problems are more often about affordability than quality, and rural employment problems relate more to the seasonal nature of some jobs than long-term unemployment. Distance, isolation, and poor access to key services and jobs tend to compound rural risks. For example, it is estimated that 29% of rural areas have no bus service at all.<sup>101</sup>

### The combination of risks

1.59 People who fall into a number of at-risk categories are more likely to be socially excluded than those experiencing fewer disadvantages. The risk of social exclusion is highest for those with multiple disadvantages. Figure 3 illustrates this through the example of people’s likelihood of being out of employment. The likelihood of being out of work increases with the number of disadvantages experienced by an individual. For instance, more than 50% of those with three or more labour market disadvantages are not employed, compared to 3% without any of these characteristics.<sup>102</sup>

Figure 3. Likelihood of non-employment amongst multiply disadvantaged groups



Source: Labour Force Survey

1.60 These are some of the factors that can lead to social exclusion. The interaction of these risks, the extent to which they might accumulate in people’s lives over time and in an intergenerational cycle are important features of social exclusion. This is illustrated in the following case studies:

Alicia is 18 years old and lives with her mother, Karen (54) and 16-year-old brother on an estate with a history of deprivation. Karen has a chronic illness that has been worse over the last five years leading to long and frequent periods in hospital. Household finances are tight because Karen has been unable to work due to her illness, and the household lost Alicia’s father’s income when her parents separated.

Alicia had very negative experiences at school with few friends and frustrating experiences of learning. Alicia has special educational needs. She was excluded from school at fifteen and was not in education, employment or training for six months. She said that she was made to feel ‘stupid’ at school and found it hard to concentrate because she was ‘worried about her mum all the time’. Despite then attending college for the following two years she did not gain any formal qualifications. After college she worked briefly. She was then unemployed for a time during which she found she was repeatedly rejected when applying for jobs. She saw her lack of qualifications and limited work experience as key barriers to finding work. During the most difficult times of her mother’s illness Alicia had increased responsibilities at home, often felt depressed and had been suicidal on at least one occasion.<sup>103</sup>

Mr Tucker is a 63-year-old, who suffers from serious health problems, including heart disease, diabetes and osteo-arthritis. He lives with his wife (his main carer) who also suffers from angina. After leaving the Navy, Mr Tucker worked as a lorry driver, but had to give up his job in his early fifties, when he was diagnosed with angina. The break-up of two previous marriages further limited his ability to make any provision for his retirement. He had never been able to save more than small amounts over short periods. He is therefore reliant on the state for financial support.<sup>104</sup>

## Who is at risk of social exclusion?

### High-risk groups of people

1.61 We know there are some groups of people who are at very high risk of social exclusion, including:

- children permanently excluded from school in a year (9,290 in 2002/03);<sup>105</sup>
- children aged 15 years 'missing' from schools and not accounted for anywhere else in the system (10,000 in 2003);<sup>106</sup>
- children in local authority care for 12 months or more (60,000 in 2002);<sup>107</sup>
- rough sleepers (about 500 in June 2003);<sup>108</sup>
- households accepted as homeless and living in bed and breakfast or hostel accommodation (22,000 in 2002);<sup>109</sup>
- prisoners (74,000 in 2003) and their children;<sup>110</sup>
- asylum seekers (92,000 in 2002);<sup>111</sup>
- problematic drug users (250,000 in 2002);<sup>112</sup>
- travellers and gypsies (a maximum of 300,000).<sup>113</sup>

1.62 Some people fall into more than one of these groups. Moreover some of these figures (such as those for prisoners) are estimates for a given point in time, so underestimate the total number of people who fall into these groups over time. For example, 2,761 different people were identified as rough sleepers by outreach teams in London during 2002, while sample counts for London on a particular night in 2002 identified only 321 rough sleepers.

### Other groups of people at risk

1.63 At different stages of life, there are groups of people who are more at risk than others. In **childhood** these include:

- children leaving school without any qualifications (over 32,000 pupils in 2003 – around 5% of all pupils aged 16);<sup>114</sup>
- children with special educational needs (1,420,330 in 2003);<sup>115</sup>
- children living in low-income households (3.6 million in 2002/3);<sup>116</sup>
- children of parents who misuse drugs (estimated to be 300,000 parents).<sup>117</sup>

1.64 Among **young people** the more vulnerable groups include:

- teenage parents. There were 60,000 births to mothers under 20 in 2003.<sup>118</sup> Around 5% of young women conceive before 18 and have a child;<sup>119</sup>
- 16–18 year-olds not in education, employment or training (177,000);<sup>120</sup>
- young informal carers (404,000 aged between 5 and 24 in 2001).<sup>121</sup>

1.65 **Among adults**, other vulnerable groups include:

- long-term unemployed adults (306,000 adults unemployed for over 12 months in January 2004);<sup>122</sup>
- those with below level 1 literacy skills (5.2 million in 2003);<sup>123</sup>
- people with long-term health problems, mental illnesses or physical disabilities (5.7 million in August 2002);<sup>124</sup>
- carers of sick or elderly dependants. About 836,000 people of working age provided more than 50 hours informal care a week in 2001;<sup>125</sup>
- lone parents (1.75 million) or families with four or more children (315,000 at May 2003).<sup>126</sup>

1.66 In **old age**, the more vulnerable include:

- pensioners living on a low-income (2.2 million in 2002/3).<sup>127</sup> These pensioners often have no assets or occupational pensions;
- pensioners who live alone (3.1 million in 2001);<sup>128</sup>
- older pensioners who are frail or disabled (4.7 million reported a limiting long-standing illness in 2001).<sup>129</sup>

1.67 In addition, some ethnic minority groups are more at risk of poverty and social exclusion than others, including:

- Pakistanis (714,826);
- Bangladeshis (280,830);
- Black-Caribbeans (563,843);
- Black-Africans (479,665).<sup>130</sup>

**Those with multiple disadvantages**

1.68 A significant minority of people experience multiple disadvantages. The following chart shows the proportion of the pensioner and working age population affected (see Figure 4): 8% of working age people and 15% of older people experienced six or more of the disadvantages examined in this study.<sup>131</sup>

Figure 4. Extent of multiple disadvantage



Source: British Household Panel Survey 2001

- 1.69 The 2001 Census provides an important data source for quantifying disadvantage given its wide coverage. For working age *households*, it is possible to assess the extent of multiple disadvantage in terms of employment, education, housing and health.<sup>132</sup> In total, there are **15,505,714** working age households in England and Wales.<sup>3</sup> Of these:
- 6,509,455 are not deprived in any of the four domains (42%);
  - 5,223,529 are deprived in one dimension (33.7%);
  - 2,439,884 are deprived in two dimensions (15.7%);
  - 1,148,218 are deprived in three dimensions (7.4%);
  - 184,628 are deprived in four dimensions (1.2%).
- 1.70 Multiple deprivation is highly linked to social class. Just 0.5% of households from the professional classes (1,186 households) were deprived on three or more of these dimensions, compared with 31% (208,672) of those on state benefit, unemployed or in lower grade work.

### Key transitions in life can pose additional risks

- 1.71 Social background is a major determinant of the risk of social exclusion faced by individuals. For example, being poor as a child or having parents who were disadvantaged or teenage parents are perhaps the most significant factors determining risk.<sup>133</sup> However, other forms of risk may be triggered by life events – such as the onset of physical or mental illness, bereavement, family breakdown or trauma, or by difficulties during transition periods at a particular stage in life. These risky transition points can happen throughout people's lives.<sup>134</sup>
- 1.72 Transitions such as changes in family formation, moving from school to work can be particularly risky for people who are already vulnerable because of other drivers impacting on their lives. **For children and young people** risky transitions include:
- Family breakdown and reformation.
  - Starting school.
  - Moving from primary to secondary school.
  - Changes in parents' employment.
  - Leaving school.
  - Leaving home.
- 1.73 **For working-age adults**, they include:
- Becoming a parent, particularly at a young age and particularly becoming a lone parent.
  - Moving in and out of work.
  - Divorce or relationship breakdown.
- 1.74 **For older people**, they include:
- Retirement.
  - Moving from independent to supported living.
  - Being widowed.

<sup>3</sup> This is based on households where the Household Reference Person (HRP) is aged 16 to pensionable age. The definitions of deprivation are: *Employment*: Any member of the household aged 16–74 who is not a full-time student is either unemployed or permanently sick; *Education*: No member of the household aged 16 to pensionable age has at least 5 GCSEs (grade A–C) or equivalent AND no member of the household aged 16–18 is in full-time education; *Health and disability*: Any member of the household has general health 'not good' in the year before Census or has a limiting long-term illness; *Housing*: The household's accommodation is either overcrowded OR is in a shared dwelling OR does not have sole use of bath/shower and toilet OR has no central heating.

## Individual risk and protective factors

- 1.75 In addition to social background and risky transitions, several individual risk factors contribute to the degree of risk of social exclusion that any one person will face. Poor parenting is linked, for example, to a number of adverse experiences for children and young people such as accidents, truancy, school exclusion, underachievement, running away from home and mental illness.<sup>135</sup> Lack of parental support and supervision are associated with increasing emotional and behavioural problems in children; these in turn are important predictors of poor achievement in school and other adverse outcomes.<sup>136</sup> Young people who have experienced institutional care are significantly more at risk of social exclusion than other young people: they are much more likely to leave school without qualifications, end up in prison and to become homeless.<sup>137</sup>
- 1.76 These risks can be offset by protective factors that help people to withstand stresses and hardship and increase their resilience against poor outcomes. They include parental support, good social networks and positive peer relationships – all components of social capital. The key to surviving adversity is ‘a feeling of being in control’ which helps to develop confidence, skills and strategies to escape from social exclusion.<sup>138</sup>

## Conclusions

- 1.77 Social exclusion is driven by a complex interplay of social, economic and demographic trends, as well as difficult transitions in life and individual risk factors, like lack of parental support. Causes and consequences are interlinked and often difficult to disentangle from each other. Many of the factors that lead to social exclusion in later life have their origins in childhood or are passed down the generations so that some people have the odds ‘stacked against them’ from the very beginning of their lives.
- 1.78 The effect of the different drivers is cumulative – the more of them experienced by individuals and households, and the longer they are experienced, the greater the likelihood that social exclusion will result. Because the causes and risk factors are multiple and overlapping it is important that joined up policy solutions are developed both to prevent social exclusion and to deal with the consequences for individuals who have already become excluded. The Government has emphasised both of these in the strategy put in place to tackle social exclusion. This is described in the next chapter.

# CHAPTER 2: What the Government has done

## SUMMARY

- In 1997, the Government made tackling social exclusion, poverty and inequality a high priority. The Prime Minister established the Social Exclusion Unit; a new approach was developed which emphasised prevention, reintegration, minimum standards for everyone, joint working between different agencies and evidence-based policy-making. Since then, departments across Whitehall have implemented a wide range of policies to tackle the causes and consequences of social exclusion.
- Policies are now in place to tackle all the main drivers of social exclusion identified in the previous chapter and to support people at risk at every stage in their lives. However, particular emphasis has been placed on tackling the economic causes of social exclusion (especially economic inactivity, unemployment and low-incomes) and investing in children to prevent them experiencing social exclusion later in their lives and to break the intergenerational transmission of disadvantage.
- This approach and the wide range of policies that has now been put into place have been backed by real increases in investment, targeted at people with the lowest incomes, and by Public Service Agreement (PSA) targets.
- This chapter briefly reviews the new approach to tackling social exclusion and the expenditure and PSA targets that have been put in place to address it. It then describes some of the main initiatives that have been implemented to:
  - Tackle the economic causes of social exclusion.
  - Tackle child poverty and pensioner poverty.
  - Promote equal opportunities for all.
  - Support communities, particularly in deprived areas.
  - Reintegrate some of those who have experienced more extreme forms of social exclusion, like rough sleeping.
  - Improve access to advice and services.

## Social exclusion: the Government's strategy

- 2.1 By 1997, more people were living in poverty and at risk of social exclusion than in the early 1980s. In particular, child poverty was increasing, while more acute forms of social exclusion were being seen in rising levels of teenage pregnancy, and more people sleeping rough in the streets.
- 2.2 The Government made it a priority to halt and reverse the growth of social exclusion. It put in place a radical programme of reform. A new approach to social exclusion has been adopted, a new strategy developed and there have been significant increases in spending.

## A new approach

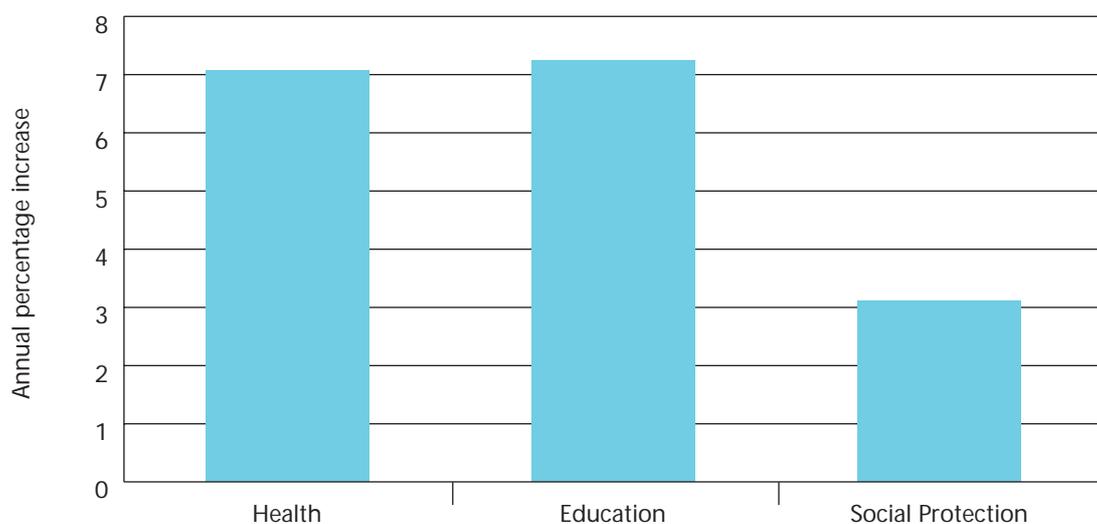
- 2.3 The Prime Minister established the Social Exclusion Unit in 1997 with a broad remit to improve action to reduce social exclusion by finding joined-up solutions to interconnected problems. A new approach was developed, which focused on:
- **Preventing social exclusion** throughout people's lives and preventing it from being passed from generation to generation through early intervention. The most important initiatives to arise from this commitment were the drive to reduce child poverty; the provision of extra support during children's early years through programmes like Sure Start and Children's Centres, and the drive to raise school standards.
  - **Reintegrating those who have become socially excluded** or are at risk of social exclusion. Here, the Teenage Pregnancy Strategy and the Rough Sleepers Initiative have been of great importance. In addition, the Youth Justice Board has introduced new preventative and rehabilitative measures to support young people at risk of offending.
  - Providing **minimum service standards** for all, and making sure that that **public services perform best where they are most needed** and for whom they are most needed – in health, education, employment and tackling crime – such that support is provided for everyone, but more support is provided for those who need it the most.
- 2.4 Since 1997, departments across Whitehall have implemented a wide range of policies to tackle the causes and consequences of social exclusion. Some of the main policies are described below. In addition, 'Opportunity for All' – an annual report, produced by the Department for Work and Pensions since 1999 – describes some of the policies in more detail, and tracks the progress being made on key indicators of poverty and social exclusion.<sup>1</sup>
- 2.5 The new policies range from a wide variety of welfare to work and early years programmes, such as the employment New Deals and the National Childcare Strategy, to area-based initiatives, often targeted at specific groups, like Employment Zones. Together, they represent a comprehensive strategy to address poverty and social exclusion. There are now initiatives in place to tackle all the main drivers of social exclusion and to support people at every stage in their lives (examples are given in Annex A). However, particular emphasis has been placed on:
- Tackling the large-scale economic causes of social exclusion – unemployment, low-income and economic inactivity.
  - Addressing the underlying causes of social exclusion from early childhood onwards, with targets for tackling child poverty alongside increased investment in early years development.
  - Boosting educational attainment and skills to improve the life chances of those from a wide range of backgrounds and promote equality of opportunity.
  - Strengthening communities, especially in areas where there are clusters of economic and social problems. This drove the development of the National Strategy for Neighbourhood Renewal.
- 2.6 These new emphases in policy have been complemented by innovative approaches to policy development and delivery:
- Providing joined-up solutions to joined-up problems, to ensure strategies and delivery are organised around the multiple problems that people and areas at risk of social exclusion experience, rather than relying on those people and areas seeking help separately from multiple, independent sources. For example, Youth Offending Teams have brought together the staff and wider resources of the police, social services, the Probation Service, education and health specialists, in the delivery of youth justice services. Local Strategic Partnerships have been established to bring together all key public sector organisations that serve an area, with community and voluntary organisations, and businesses.

- Providing more **individually tailored packages of support and advice** to meet people's specific needs, often put together by a single individual who is familiar with the client and the services available. For example, the use of personal advisers, reintegration officers and mentors in the employment New Deals, Connexions service and Teenage Pregnancy Strategy.
- Greater **involvement of community and voluntary organisations and service users** in the design and delivery of those services. The New Deal for Communities, Neighbourhood Management Pathfinders and Neighbourhood Warden schemes are unprecedented attempts to work with local communities to agree priorities for action and involve community members in executing that action. Involving young people in selecting senior staff for the Connexions service is another example. Better Government for Older People has been introduced to give older people a greater say in the services that affect them. There has also been an increased emphasis on **evidence-based policy-making**. This has involved making better use of available research to design policy, but also extending our knowledge through pilots and robust evaluation studies.

## Increased investment

2.7 The strategy to tackle social exclusion has been backed by billions of pounds of extra investment, often targeted at the poorest people and areas in the country. There have been substantial real increases in funding for mainstream services since 1999, especially for education and health.

Figure 1. Annual average percentage growth in expenditure 1999–00 to 2002–03 (real terms)



Source: Public Expenditure Statistical Analyses 2003. Social Protection includes Tax Credit payments

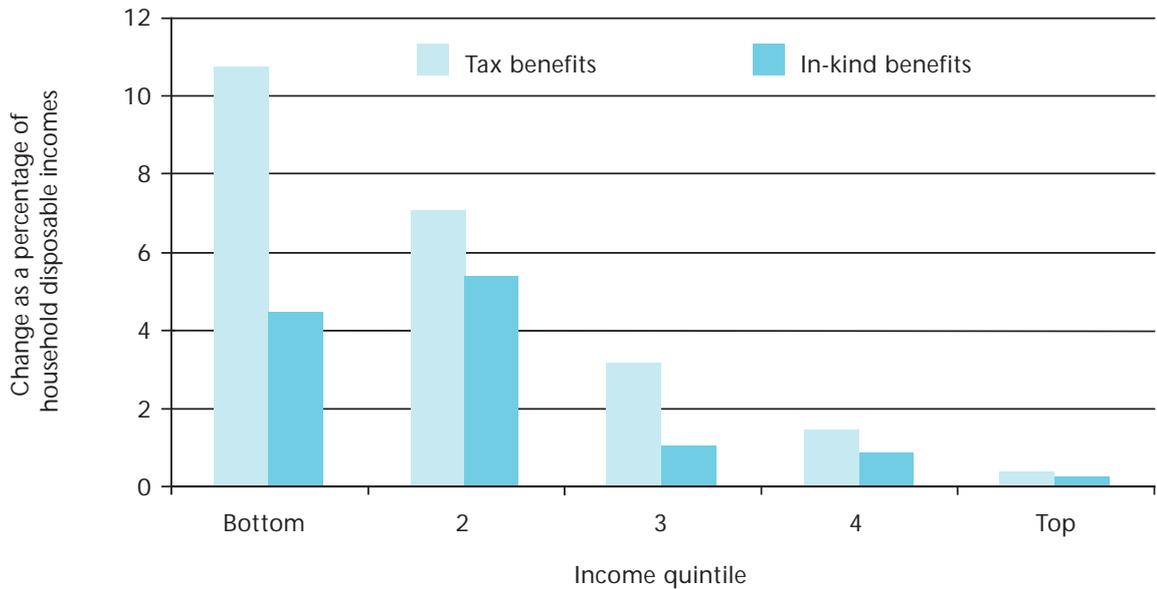
2.8 Examples of particular areas of investment include:

- By 2004/05, annual financial support for children through tax credits, Child Benefit and other benefits will have increased by £10.4 billion in real terms from 1997 levels, a rise of 72%.<sup>2</sup>
- For young people, more than £600 million is now being spent each year on the New Deal for Young People and Connexions (the advice service for 13–19-year-olds).
- For working age people, there has been significant annual investment in welfare to work programmes, such as New Deal 25+ (£300 million), New Deal for Disabled People (£58 million), New Deal for Lone Parents (£150 million) and Action Team for Jobs (£58 million).
- Real terms spending on pensions and benefits for older people was about £8 billion more per year in 2003/04 than in 1997.<sup>3</sup>

- £2 billion has been committed to the New Deal for Communities over the life of the programme, and £900 million so far to the Neighbourhood Renewal Fund (between 2001/02 and 2003/04). In addition, £150 million has been committed to the Phoenix Fund, designed to encourage entrepreneurship in disadvantaged areas.
- Spending on the Community Legal Service, which replaced the old system of civil legal aid with new partnerships of funders and suppliers, was almost £900 million in 2003/04.<sup>4</sup>
- Since 1997, local authorities have had a real terms funding increase of 25% for personal social services and there will be further annual real increases of 6% until 2006, equating to an extra billion pounds a year.<sup>5</sup>

2.9 Those on lower incomes have seen the largest proportional increase in their incomes as a result of these changes in spending. This applies both to the impact of changes to taxes and benefits, and to the value of public spending on key services such as education, health and social services (see Figure 2).<sup>6</sup> As a result of direct personal tax, benefit and expenditure changes between 1997 and 2003, household disposable incomes for those in the poorest decile grew by 15%, compared with an average rise of 2%.<sup>7</sup>

Figure 2. Distributional impact of spending 1996/07 to 2001<sup>1</sup>



NB: In-kind benefits include health, education, housing and social services

Source: Institute for Fiscal Studies/Centre for Analysis of Social Exclusion

### Accountability and PSA targets

- 2.10 In 1998, the Government introduced Public Service Agreements (PSAs) which set out targets for the improved public service performance. These targets define what government departments agree to deliver in return for increased investment in their services.
- 2.11 PSA targets represented a fundamentally new way of assessing the performance of Government. In particular, they established a new focus on delivering real change to people's lives ('outcomes'), rather than simply measuring the amount of government activity ('outputs').

<sup>1</sup> The distribution of benefits in-kind has become more favourable for the poor since 1996/97. This does not take account of cash incomes or differences in take-up rates, which may vary by income quintile.

- 2.12 Many of the new targets set out to improve outcomes important to tackling social exclusion, such as reducing child poverty. In addition, some PSA targets are 'floor' targets that specify goals for raising standards among disadvantaged groups or areas. For example, there is a PSA floor target to ensure that by 2006 at least 25% of pupils in all schools attain at least five A\*–C grade GCSEs.<sup>8</sup> These targets are important in ensuring that inequalities between certain groups of people and between different geographical areas are reduced. The PSA targets most closely related to social exclusion are listed in Annex B.
- 2.13 The rest of this chapter briefly reviews some of the main initiatives that have contributed to the strategy to tackle social exclusion. Annex A provides a more extensive list of these initiatives.

## Tackling the economic causes of social exclusion

- 2.14 In 1997, the Government introduced a range of policies to promote economic stability, make work pay, encourage people to take up employment, and enable people to start a business if they wish to do so.
- 2.15 A number of New Deal programmes were implemented to help various vulnerable groups into work, including lone parents, disabled people, young people and older workers. The employment New Deals are all characterised by relatively intensive one-to-one support and providing improved access to training, basic skills and other more specialised help, like finding childcare for single parents.
- 2.16 Help for those not in the labour market has also become more integrated through the creation of JobCentre Plus in 2002. This initiative brought together the provision of social security benefits and employment services. Work-Based Learning for Adults (WBLA) was introduced in April 2001, offering a range of support to help people develop the occupational and employment skills they need to find work.
- 2.17 Making work pay is a key element in the strategy to encourage more people to join the labour force. The National Minimum Wage and the Working Tax Credit now provide a guaranteed minimum income for people with low earnings. There is also extra financial support to help smooth the costs of returning to work, such as run-ons in housing and council tax benefits, and the Job Grant, which provides a one-off payment on entering work.
- 2.18 The Government is also committed to improving the economic performance of all the English regions and to reducing the persistent disparities in growth rates between them.<sup>9</sup> A PSA target has been established to achieve this, reporting progress by 2006. Regional Development Agencies and Government Offices are key to achieving this goal. In addition, the Phoenix Fund was introduced in 1999 to encourage entrepreneurship in disadvantaged areas.
- 2.19 Improving skills among the population is essential to productivity growth, as well as to ensuring individuals continue to be employable in an increasingly knowledge-based economy. The Learning and Skills Council was created in April 2001 to fund and plan education and training for people aged 16 and above. The White Paper *'21st Century Skills – Realising Our Potential'* sets out the ways in which the Government will help adults to gain their first level 2 qualifications. There has also been new action to improve basic skills through the Skills for Life strategy.

## Tackling child and pensioner poverty

- 2.20 In 1999, the Prime Minister made a commitment to end child poverty within a generation. In addition, there have been new strategies to tackle pensioner poverty, and to increase saving by those on low-incomes. Increasing employment and providing increased financial support have been the focus of the effort to end child poverty. There have been significant increases in financial assistance for families with children, including substantial real rises in Child Benefit, the

implementation of the Working Families' Tax Credit and, most recently, the introduction of the Working Tax Credit and Child Tax Credit. The Child Tax Credit offers a stable platform of financial support for children from families with low-incomes, whether their parents are in or out of work, and ensures all child-related payments go to their main carer.

- 2.21 Incomes among poorer older people have also been raised, particularly through the Minimum Income Guarantee and now the Pension Credit. There have also been other measures, including Winter Fuel Payments, concessionary transport fares, free TV licenses, and a £100 payment to pensioner households with someone aged over 70 to help with Council Tax bills.
- 2.22 Saving and asset-building are also being encouraged to help prevent the effects of low-income, especially in later life. There are new incentives for low-income earners to save more for retirement, and more protection for those who are carers, sick or disabled. There are also new schemes to help those with a low-income build up assets, such as the Child Trust Fund and Savings Gateway.
- 2.23 As we shall see in the next chapter, some of these policies have had a significant positive impact on the economic causes and consequences of social exclusion.

## Promoting equality of opportunity

- 2.24 A number of policies have been put in place to improve life chances, break cycles of deprivation, and reduce unjust inequalities. In particular, there has been a new emphasis on early intervention. People's life chances are strongly affected by their early childhood experiences, something explored in more depth in Chapter 5. Good quality early years services, which combine childcare, health and education services, can have a positive impact on children's cognitive and social development, and contribute to longer term educational attainment, as well as enabling parents to work.<sup>10</sup> Through the Sure Start programme, the Government has provided such services for children living in the most deprived areas. It has also extended free nursery education to all three- and four-year-olds, and expanded the number of childcare places through the National Childcare Strategy – more than 1 million extra childcare places have been created since 1997, benefiting over 1.8 million children.
- 2.25 The green paper, *Every Child Matters* offered, for the first time ever, a vision of a coherent and comprehensive approach to providing children's services. It brought together the challenges that children face every day and made clear the outcomes they need – being healthy, staying safe, enjoying and achieving, making a positive contribution, and economic well-being. It set out a vision of excellence in responding to the needs of children everywhere, and the framework of local alliance and national accountability required to achieve this.
- 2.26 Tackling educational underachievement is another important means of promoting equality of opportunity. Not only has there been a considerable real increase in investment in mainstream education services, but there has also been considerable extra help to tackle disadvantage and social exclusion, through programmes such as Excellence in Cities and Schools Facing Challenging Circumstances. Significant extra effort is also being made to give more young people the chance of staying on at school after 16 years of age, for example through the Education Maintenance Allowance, which provides those who stay on after 16 with up to £30 a week, or to access training through the expanded Modern Apprenticeships scheme.
- 2.27 The Government has also put in place an ambitious strategy to tackle health inequalities,<sup>11</sup> which recognises the importance of tackling the wider determinants of health, including poverty, poor education and bad housing, as well as intervening in early childhood. The strategy focuses on supporting families, mothers and children, engaging communities, preventing illness, providing effective treatment and care, and addressing the underlying determinants of health. The National

Service Frameworks set national standards for mental health, older people and children (forthcoming), aiming to improve the quality of care and to reduce unacceptable variations in health and social services.

- 2.28 The Government has also enhanced and extended civil rights for vulnerable groups such as people with disabilities and those from ethnic minority backgrounds, to enable them to overcome the additional obstacles that they may face, for example in accessing employment, goods and services, and education. There is also a concerted programme of action to end age discrimination in the labour market through the Age Positive initiative.

## Supporting communities

- 2.29 Policies have been put in place to tackle the problems of disadvantaged areas through a joined-up approach at national and local levels, as part of a broader strategy to create sustainable communities.
- 2.30 The National Strategy for Neighbourhood Renewal has established Local Strategic Partnerships with additional resources from the Neighbourhood Renewal Fund (NRF) for the 88 most deprived local authority areas. The National Strategy for Neighbourhood Renewal aims to ensure that within 10 to 20 years, nobody should be disadvantaged by where they live. The Strategy tries to harness wider resources to tackle neighbourhood deprivation, rather than relying on one-off regeneration spending. Various PSA 'floor' targets have been agreed accordingly. In addition, the New Deal for Communities is giving some of the poorest communities the resources to tackle their problems in an intensive and co-ordinated way.
- 2.31 Other area-based initiatives have focused on tackling underperformance in deprived areas, such as Employment Zones, Health Action Zones and Healthy Living Centres. A range of universal policies will also have their biggest impact in the most deprived areas, for example the significant work under way to bring all social sector housing up to a decent standard.
- 2.32 In addition, Enterprise Areas offer a range of fiscal, planning and business support measures to disadvantaged areas. City Growth Strategies, funded by the Phoenix Fund, emphasise the economic advantages of many inner cities and work closely with the private sector to develop local economic development strategies in these areas.
- 2.33 There are new powers and funding for communities to tackle problems of anti-social behaviour and to improve the quality of the local environment. Finally, a number of central government programmes are aimed at making communities more active and cohesive, for example through the Community Cohesion Pathfinders, the Millennium Volunteers scheme, and extra investment to build the capacity of the community and voluntary sector.
- 2.34 As Chapters three and four will describe, the effect of this group of policies has been mixed, with improvements in some deprived areas and in some respects being faster than elsewhere, but in other areas and respects progress being slower.

## Reintegrating people with the most disadvantages

- 2.35 The Government has also targeted policies on some of the most severe symptoms of social exclusion, in order to help groups of people experiencing the worst outcomes, and with the most complex needs. There has been a concerted effort to reduce teenage pregnancy through the Teenage Pregnancy Strategy, and the Rough Sleepers Initiative is tackling one of the most intractable forms of social exclusion. New investment and approaches have also been put in place to improve the education of children in care and to provide more support to all young people leaving care. Furthermore, there is a new strategy to support people leaving prison, to help prevent them from re-offending.

- 2.36 Problematic drug and alcohol use are key barriers to inclusion in mainstream society for many people. The Drugs Strategy covers a wide-ranging programme of action to expand treatment services, reduce the supply of illegal drugs and break the link between drug use and crime. Other support services have also been put in place to tackle the special needs of drug users. Jobseekers with drug and alcohol problems are targeted by progress2work and LinkUp. The Alcohol Harm Reduction Strategy aims to forge new partnerships with the health and police services, the drinks industry and communities to combat the range of problems caused by alcohol misuse in England.
- 2.37 A number of policies have been put in place, specifically to try to prevent young people at risk of social exclusion from becoming unemployed, misusing drugs or offending. Examples include the Youth Inclusion Programme, Youth Inclusion and Support Panels, and the OnTrack and Splash schemes. In addition, youth offenders are now being given extra support and guidance in the criminal justice scheme, for example through the Intensive Supervision and Surveillance Programme.
- 2.38 The Supporting People programme is a new way of assessing and delivering housing-related support services. It aims to ensure that relevant and appropriate support services are provided to a range of vulnerable people, including homeless people, people fleeing domestic violence, and older people.

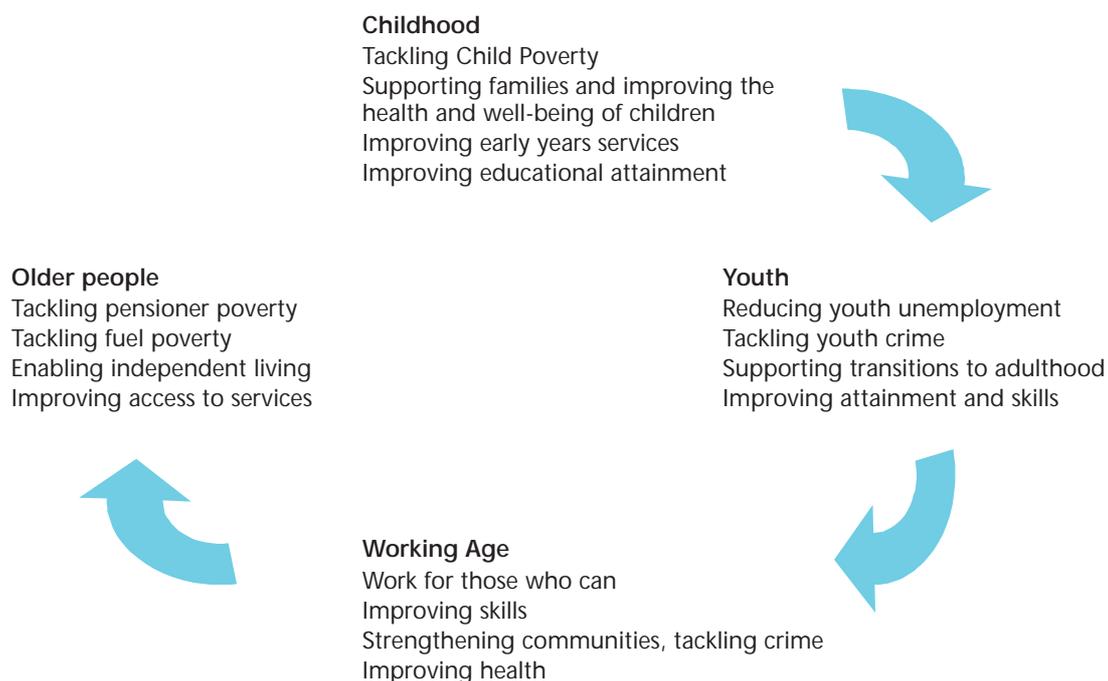
## Improving access to advice and services

- 2.39 The Government has also sought to improve access to key services. Advice about services, and access to them, helps combat social exclusion. For example, the Connexions service offers not only careers advice, but also general personal support to all people aged 13–19, with a particular focus on those facing difficulties. Young people can access this service by telephone, email, through advisers at school or college, or in local community offices.
- 2.40 The NHS has made its services more accessible too. It has expanded the availability of health services to people who are not registered with a GP, through NHS Walk-In Centres and NHS Direct, its telephone advice service. The new Pension Service is carrying out significant outreach work, to encourage more people to take-up Pension Credit, making full use of a dedicated telephone service. The Community Legal Service aims to make sure that people can get information and advice about their legal rights and help with enforcing them.
- 2.41 Exclusion from financial services can pose particular difficulties, especially as society relies increasingly on electronic banking. New policies have attempted to increase financial inclusion, through the Direct Payment of benefits into bank accounts, and the introduction of Basic Bank Accounts.
- 2.42 Problems with transport provision and the location and delivery of key services (such as healthcare facilities) can reinforce social exclusion. Accessible, affordable and available public transport to jobs and key services is an important element in improving access and tackling social exclusion, especially for isolated rural areas. Some of the main transport initiatives undertaken to reduce social exclusion include:
- The provision of cheaper bus fares for elderly and disabled people.
  - The provision of subsidised transport to allow individuals to access employment or training opportunities, for example the Wheels to Work scheme, which can provide a loan of a bicycle or help with car running costs.
  - Changes in regulations to encourage the enhancement of community transport in providing a more flexible, demand-responsive transport service.
  - The factoring of social exclusion and accessibility into local transport planning.
  - The introduction of measures to reduce child pedestrian casualties.

## Conclusions

2.43 Together, the policies outlined in this chapter, as well as other policies, represent a comprehensive strategy for tackling social exclusion. The policies reinforce each other, so that progress in one area is supported by progress in others. They comprise interventions to tackle all of the main causes and consequences of social exclusion, and they tackle these at all stages of people’s lives. Most investment has been made in tackling early years issues and supporting youth transitions. An emphasis has been placed on early intervention, to alter potential pathways into social exclusion, in keeping with the emphasis on preventing social exclusion in adult life and the intergenerational transmission of social exclusion.

Figure 3. Tackling social exclusion at every stage of life



2.44 There has been a substantial programme of change and increased investment since 1997 in many policy areas focused on tackling social exclusion. The next chapter looks at how this change and investment has contributed to progress since 1997.

# CHAPTER 3: Overall progress in tackling social exclusion

## SUMMARY

- Significant progress has been made since 1997 in tackling the causes and consequences of social exclusion. This is evident in national indicators like the number of children and pensioners living in low income. We know that policy has contributed to these improvements. In some cases, the impact of policy has been modelled or subject to robust evaluation. In other cases, evaluations and case studies provide evidence of progress at a more local level, and there are links from some of this progress to policy interventions.
- Children and families living in poverty have been key beneficiaries. Compared with 1996/97, there are now 700,000 fewer children living in relative poverty (after housing costs), and 2.1 million fewer living in 1996/97 absolute levels of poverty. It is estimated that by 2004/05, if the Government had taken no action, 1.5 million more children would be in poverty. Increasing levels of employment and above inflation increases in some benefits have contributed to this success, as have programmes to bring people back into the labour market. More early education, childcare and family support services have also been provided. However, more than a quarter of children were living in relative low-income households after housing costs in 2002/03, and early year services such as Sure Start are not currently available to all low-income families, particularly those living outside of the most deprived areas.
- Educational attainment at all key stages has increased since 1997. There have been improvements for all the main ethnic minority groups; there has also been progress in schools in disadvantaged areas; where there have been targeted initiatives, such as Excellence in Cities, this progress has been faster than elsewhere. However, some groups of children are still underachieving at school.
- Young people have benefited from targeted Government policies. Unemployment amongst those aged 18–24 has fallen from 13.1% in 1997 to 10.7% in December 2003, and long-term unemployment has halved. Youth offending has reduced, and juvenile reconviction rates fell by more than a fifth between 1997 and 2001. The Youth Justice Board, Connexions Service, Education Maintenance Allowances, the New Deal for Young People and Modern Apprenticeships have all contributed to these positive developments. Teenage conceptions have fallen by 9.4%. However, 5% of pupils still leave school with no qualifications and the proportion of 16–18-year-olds not in education, employment or training has so far remained unchanged at between 9% and 10%.
- The emphasis among working-age adults has been on increasing the number of people in work. There are now 1.85 million more people in work than in 1997 and there have been faster than average increases in employment among some key disadvantaged groups like lone parents, people with disabilities and those over 50 years old. Many of the employment gains are a consequence of a strong economy and buoyant labour market, but a significant contribution has been made by policy. For example, it has been estimated that half of the lone parents who have moved into work since 1997 would not have done so without the welfare to work programme. However, not all groups have benefited and 46% of lone parents are still not in work.

- There has been progress in improving adult skills – for example, with a five-percentage point reduction, from 39% to 34%, between 1998 and 2003 in the proportion of working age people without at least an NVQ Level 2 qualification. However, the number of adults with poor literacy skills is still high, standing at 5.2 million.
- The Rough Sleepers Initiative has helped lead to a 70% reduction in the number of people sleeping rough, and there has been a 99.3% decline in the use of bed and breakfast accommodation for homeless families with children since March 2002. However, the number of people living in temporary accommodation remains high, with 130,000 households accepted as homeless by local authorities in 2002/03.
- Inequalities in health behaviour and health outcomes are a persistent problem, so that the life expectancy and risk of disease and ill-health is far greater for those on low-incomes and/or living in deprived areas.
- There are 500,000 fewer pensioners living in relative poverty now than in 1997 and 1.8 million fewer living in absolute poverty. There has also been a reduction in the fear of crime of among older people, particularly older women.
- There are also early signs of a narrowing of the gap between deprived areas and non-deprived areas in, for example, rates of employment, educational attainment, and teenage conceptions. However, crime and poor living conditions in deprived areas remain a problem, with more than a third of residents living in the most deprived areas reporting crime to be a serious problem.
- We can expect further improvements as programmes (like Sure Start, Education Maintenance Allowances and Connexions) that show encouraging early signs, are rolled out nationally or become more firmly embedded. In addition, the impact of more recent policy measures – like those to reduce child poverty further, such as the Child Tax Credit – will not yet have shown up in national data.
- Because much of the investment – and many of the improvements – has been among children and young people, further progress will be reaped as those who have benefited grow up and join schools and the labour market.

## Introduction

- 3.1 Considerable progress has been made since 1997 in tackling some of the causes and consequences of social exclusion. Many of the historically worsening patterns of disadvantage have levelled off (like the growth in wage and income inequality) or been reversed (like child poverty, long-term unemployment, and crime). This chapter looks at this overall progress in tackling social exclusion for all age groups and assesses the contribution policy has made to it, drawing on national statistics, evaluation evidence<sup>1</sup> and case studies.<sup>2</sup> This chapter details the progress made and begins to outline some of the areas we have not yet fully addressed. Subsequent chapters then go on to identify the priorities for further action in the next phase of policy to tackle social exclusion.
- 3.2 It is often difficult to trace causal links between particular policy interventions and changes on the ground. However, precise estimates of the role of policy can be made in some cases, and beneficiaries of policies are often clear about the ways in which they helped them. This has enabled a picture of the links between policies and changes on the ground to be developed.

- 3.3 It is very early to assess the full impact of some of the policies that were described in Chapter 2. Some – like Education Maintenance Allowances – have yet to be rolled out nationally, so that the net impact at a national level can only be estimated. The effects of others – like the Child Tax and Pension Credits – have also yet to show in national data. Some outcomes are likely to be slower to change than others. This is particularly true of some of the more entrenched social problems, like inequalities in health and patterns of geographical disadvantage, which have persisted over much of recent history. For those policies aimed at breaking intergenerational cycles of disadvantage and at improving the life chances of children – like Sure Start and Connexions – full effects will not be seen until the cohort of children and young people who have benefited from them become schoolchildren, adults and parents.
- 3.4 In spite of these caveats, considerable progress has clearly been made and this is reviewed below for different age groups.

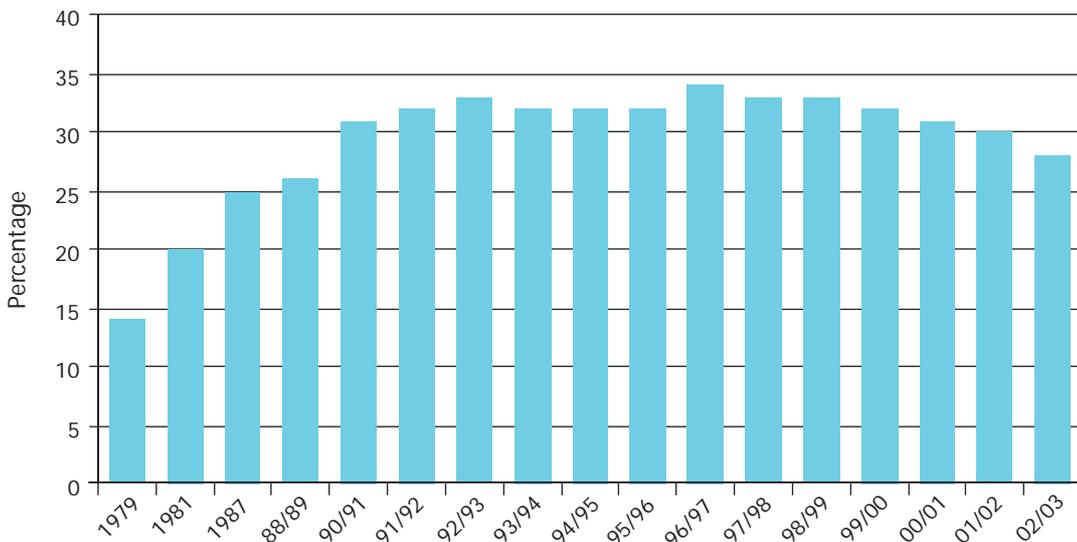
## The impact of policy on children and families

- 3.5 The Government’s investment in children is paying dividends already – child poverty has been reduced; educational attainment has been improved and there are more early years and family support services in place.

### Less child poverty

- 3.6 In 2002/03, there were 700,000 fewer children than in 1997 living in households with incomes less than 60% of the national median (after housing costs). The number of children living in households with incomes less than the 1996/97 threshold has fallen by 2.1 million, from 4.3 million in 1996/97 to 2.2 million in 2002/03 (See Figure 1). It is estimated that by 2004/05 if the Government had taken no action, 1.5 million more children would be in poverty.

Figure 1. Children living below 60% median income, after housing costs 1979–2003



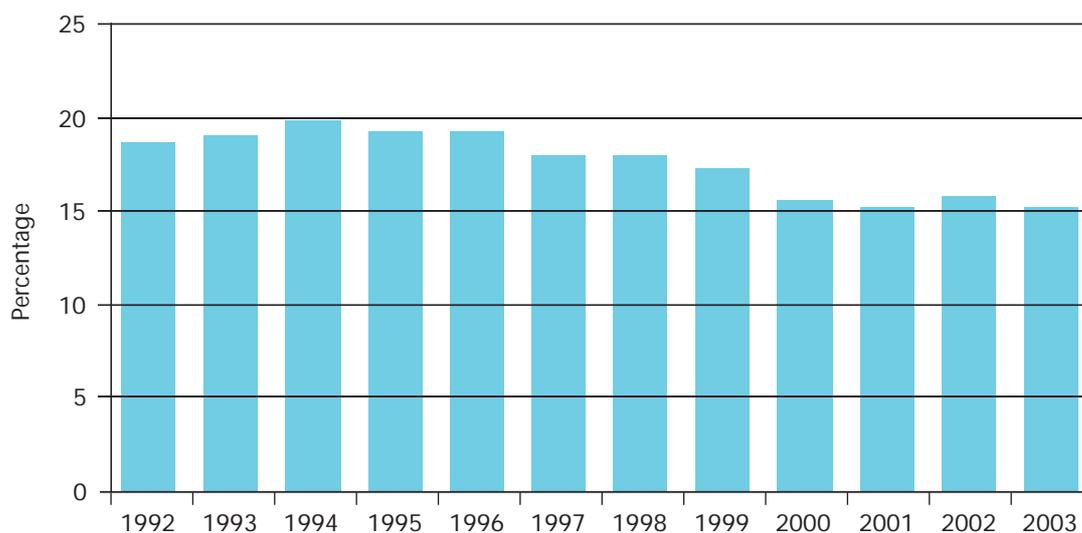
Source: Households Below Average Income 1994/5 to 2002/03

## Policies that have contributed to less child poverty

3.7 Increasing levels of employment and above-inflation increases in some benefits, such as Child Benefit, have been the main reasons for the fall in child poverty<sup>3</sup> and a wide range of measures have also contributed. For example:

- The numbers of children living in workless households fell by 350,000 between Spring 1997 and Spring 2004<sup>4</sup> (see Figure 2 for percentage of children in workless households 1992 to 2003).

Figure 2. Children living in workless households, 1992 to 2003



Source: Labour Force Survey

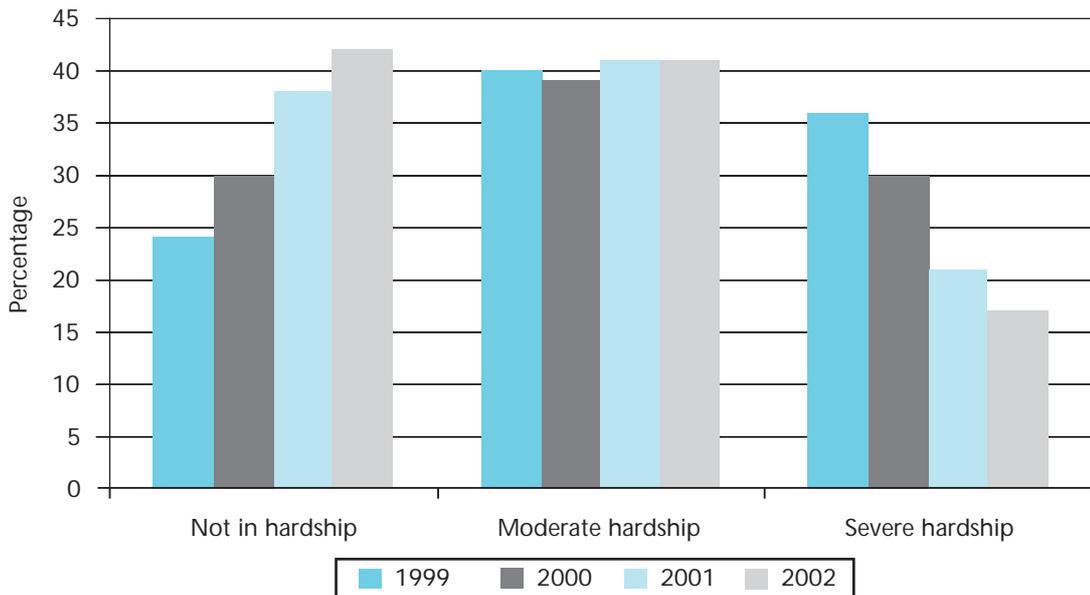
- The strong economy, a buoyant labour market and welfare to work programme have led to 1.85 million people moving into employment since 1997, including almost 277,000 lone parents – with poor children as major beneficiaries.<sup>5,6,7</sup>
- Income support rates for children less than 11 years old have more than doubled in real terms since 1997.<sup>8</sup> Child Benefit, which reaches more children living in poverty than any targeted benefit, has been increased for the first or eldest child by 25% in real terms since 1997. This has been significant in reducing child poverty, although from 2003, Child Tax Credit has become more important.<sup>9</sup>

## Reduced material hardship

3.8 The improvements in families' incomes have helped sustain reductions in material hardship, and have clearly benefited children.<sup>10</sup> Between 1999 and 2002, the proportion of low-income families experiencing severe hardship halved, from 36% to 17% (see Figure 3).<sup>11</sup> Even those households where nobody works (and therefore experience persistent low-income) have experienced a decline in hardship.

3.9 There has also been a reduction in the number of rural people living on low-incomes, the figure falling by around 200,000 to 2.6 million, between 1996 and 2001.<sup>12</sup>

Figure 3. Levels of hardship for low-income families, 1999–2002



Source: Families and Children Study

- 3.10 Qualitative evidence illustrates how this additional income can be directed towards children through extras such as cinema trips, school trips, clothes and better food.<sup>13</sup> Children notice the difference, as our case studies found:

Interviewer: *“Has there been anything else – you said she’s [mum] got a career, a car is there anything else that’s changed?”*

Child: *“More money, because we can get nice – more stuff now. And go on trips ... and clothes. We didn’t have enough before.”* (Female, nine years old, white, lone parent household)

Parent *“I think they are happier [the children], they saw me being happy, I could afford to buy certain things, not saying you can’t have that, can’t afford it, and things like that. It’s made a big difference having a wage coming in. So I am happy and they are happy.”* (Female, black, lone parent)<sup>14</sup>

- 3.11 However, despite the good progress made in tackling child poverty overall, more than a quarter of children were living in relative low income after housing costs in 2002/03, and the proportion of the population in persistent low income has remained stable since 1997.<sup>15</sup> Children and those living in a lone parent or workless family are more likely than others to be in persistent poverty. Given that longer-term poverty is associated with a higher risk of disadvantage than episodic poverty, this is of particular concern. For example, children living in severe and persistent poverty experience exclusion from social activities, local services and school resources.<sup>16</sup> Those who experience persistent low income are the most likely to experience material deprivation and other forms of disadvantage.<sup>17</sup>

### More early education, childcare and family support services

- 3.12 Early education has been expanded; the number of childcare places has been increased, and there have been renewed attempts at integrating care, early education and parenting services, particularly in disadvantaged areas. These services can increase parental employment, and can be of particular benefit to lone parents and those living in inner cities, because they enable them to work longer hours or travel further to work where they choose to do so.<sup>18</sup> In addition, such services have been shown to improve children’s cognitive and social development, and help disadvantaged children get a better start at school.<sup>19</sup>

## Policies that have contributed to more early years services

3.13 The main policies that have been put in place to these ends have been the National Childcare Strategy, The Neighbourhood Nursery Initiative, and Early Excellence and Children's Centres in deprived areas. Sure Start has also led to more integration of early education, day care, and health and parenting services in some deprived areas. Additional family support and parenting education has been provided through initiatives such as On Track and via local projects set up under the Children's Fund and the Local Network Fund.

## Improvements in early years services

3.14 Together, these initiatives have led to a considerable improvement in early years services. For example:

- There is now one childcare place for every five children under eight years old, compared to one place for every nine children in 1997.<sup>20</sup>
- 97% of all three- and four-year-olds now have access to some form of free (funded) early education, with a guarantee of a nursery place to every parent who wants one for their child.<sup>21</sup>
- Sure Start Local Programmes have been accessible to about 400,000 children under the age of four since March 2004, including about a third of under fours living in poverty.<sup>22</sup> Early qualitative evidence suggests that Sure Start Local Programmes are resulting in more and better quality childcare facilities, increased confidence among parents and children, and increased encouragement for parents to take up training and education in Sure Start Local Programme areas.<sup>23</sup>
- Out of school places for older children have been greatly expanded since 1997. Between April 1997 and September 2001, more than 500,000 new registered school-age childcare places were established in the UK.<sup>24</sup>

## The benefits for children of their parents working or training

3.15 It is too early to know what the full impact of parents moving into work will be for their children, but qualitative evidence suggests some immediate benefits, as the following illustrate:

Children describe a better atmosphere at home because *"mum is less grouchy" and "more alive"*.<sup>25</sup>

*"For the kids, there has been some benefit from the fact that 'my mum isn't on the dole, she's at work'. That's been nice because [daughter] has decided she wants to do similar work to what I do. She's kind of looked up in a way which she couldn't do before."*

*"It has made him [eldest son] realise that everything's not just given to you, you can't just quit school and just think life's going on (benefits). I want them to realise they can't just take and be on dole, they've got to get a job."*<sup>26</sup>

3.16 Adult participation in learning can also provide a good role model for children:

*"When they see me seated and reading, it makes them concentrate more ... the atmosphere looks easier for you to learn. That's what we've trained them to do ... Because my learning time starts at six o'clock to eight o'clock so ... everyone is quiet, there is no noise all, the doors are closed, everyone is seated, so it makes it easier for them as well as us."*<sup>27</sup>

## The benefits for children of early years services

3.17 The full effects of more widely available early education, childcare and health services will only be seen as programmes such as Sure Start Local Programmes are rolled out nationally and the current cohort of children grows up. However, early evaluation evidence from current initiatives is encouraging:

- The Effective Provision of Pre-school Education (EPPE) project confirms existing evidence from the USA, that in general, high-quality pre-school education enhances children's development, providing a better platform from which to start school.<sup>28</sup>
- Early Excellence Centres have helped to identify and deal with children's special needs more effectively, leading to a reduction in the numbers of children on the child protection register and the numbers in the care of the local authority, as well as improving physical well-being.<sup>29</sup>
- Parents and siblings in our qualitative study noticed improved development in young children attending nursery, as the following quotes illustrate:

*"I think the main one [difference] is the nursery for Tyler ... getting him to mix with other children that was really helpful. [It was] getting away from me, [from] being stuck indoors with me all day. He was meeting other people and seeing other children, it has helped him a lot because he has learned a lot since he has been going to that nursery, it's been really good."* (Female, black, lone parent)

(Eldest son in the same household, on his younger brother, Tyler, attending nursery) *"He is very clingy to her, so that has to stop, which was quite hard for her, I think, leaving him in the nursery, howling down the nursery, and mum would go and he would be fine. He likes going to the nursery now ... it's good for him, he has to learn she can't always be there."* (Male, 18, black, lone parent household)<sup>30</sup>

- Interventions aimed at those at risk of offending as part of On Track have been well received. Following home visits, children's behaviour, school attendance and self-esteem are all reported to have improved. Moreover, parents have reported that their home management, confidence, family functioning, health and emotional well-being were all better, as was their ability to access other services.<sup>31</sup>

## The benefits of parenting classes and support groups

3.18 Parents in our case studies felt that being able to share experiences through a group environment was of considerable benefit to them and compared this favourably to intervention by social workers.

*"Parenting classes [are] just really to help me in Ben's behaviour ... because ... he can get really aggressive ... and [so] that's to help ... assist me in how to handle him ... Well, it gives me the chance to meet new friends, I have ... more time to myself because Tom is in the crèche and so no worries when you leave [him]. You could always talk about things that's bothering you and it won't go outside or anything ... I just feel it helps me ... social workers don't help me –they just do things you don't want."* (Female, 23, white, lone parent household)<sup>32</sup>

3.19 Parents from our case studies found that being able to share their problems made them realise that they were not alone in their problems and helped them cope better with their children's behavioural problems:<sup>33</sup>

*"I have learnt not to scream and shout in the house and they are not screaming back at me."*

*"I am so chuffed as things are much better now. I don't shout as much, and [child] listens more now."*<sup>34</sup>

3.20 However, early years services such as Sure Start Local Programmes do not reach all children from low-income families: they are currently only available within the 10% of most deprived wards. Children not living in the most deprived areas, who are nevertheless in need of support, remain not covered by the Sure Start programme. This issue is explored further in Chapter 5.

### Raising educational attainment

3.21 Central to preventing social exclusion has been the drive to increase educational attainment in core areas of the national curriculum. There have been better test and exam results at all key stages between 1997 and 2003. And 2004 data for Key Stage 2 shows the same rising trend. There have been absolute improvements for all the largest ethnic minority groups<sup>35</sup>, and progress in schools in disadvantaged areas where there have been targeted initiatives such as Excellence in Cities has been faster than elsewhere.<sup>36</sup>

3.22 However, for some areas and for some groups, progress has been slow, and their relative position has been slipping, as we go on to discuss in Chapters 4 and 5.

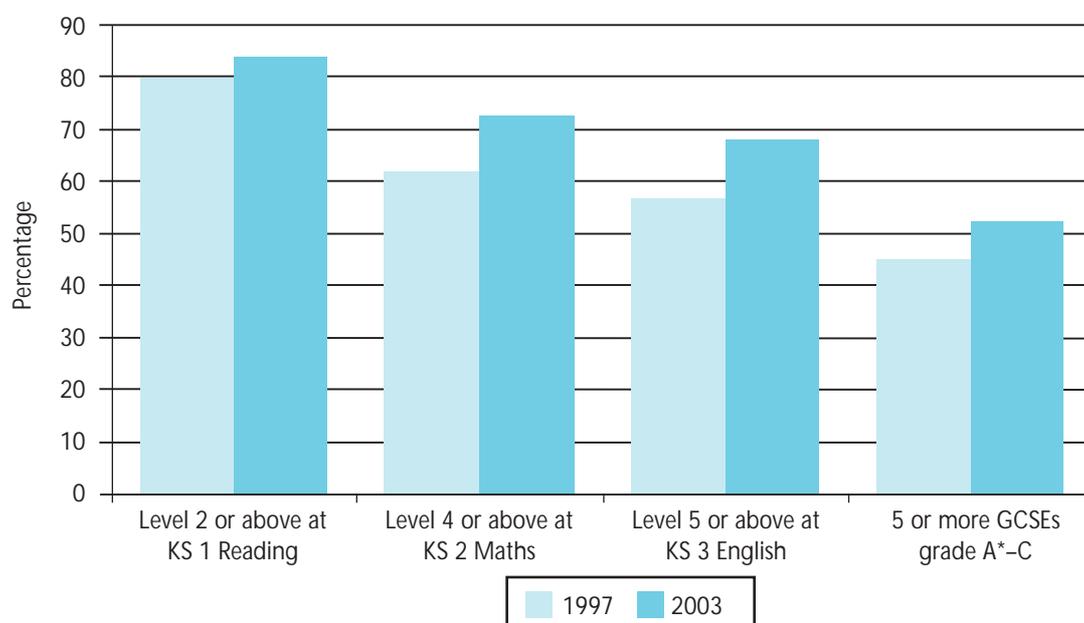
### Policies that have contributed to increased attainment

3.23 The key policies linked to progress are the National Literacy and Numeracy strategies, as well as initiatives targeted on more disadvantaged children such as Education Action Zones, Excellence in Cities, and Schools Facing Challenging Circumstances. Pilot Extended Schools also aim to promote inclusive education and community links.

### Improvements in educational attainment

3.24 There have been improvements in attainment at all Key Stages since 1997 (see Figure 4).

Figure 4. Educational attainment at Key Stages one to four, England and Wales, 1997 and 2003



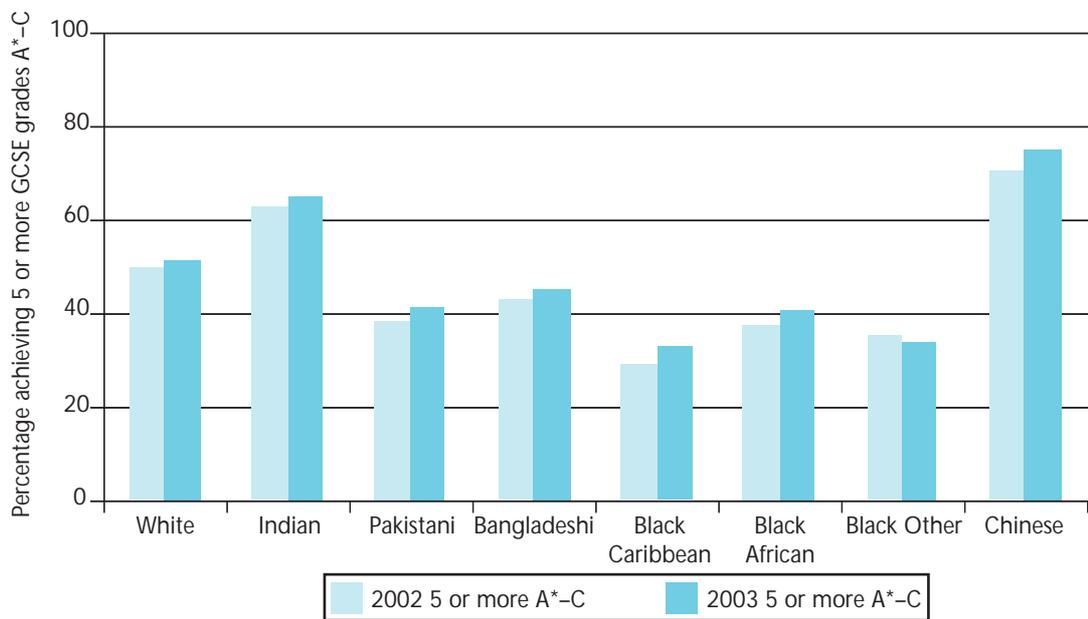
Source: Department for Education and Skills

- At Key Stage 1 (seven-year-olds), there have been improvements in reading, writing and maths. For example, the proportion of pupils achieving Level 2 or above in maths rose from 84% in 1997 to 90% in 2003.

- At Key Stage 2 (11-year-olds), there has been an increase in the proportion of pupils achieving Level 4 or above in English and maths between 1997 and 2003 – from 63% to 75% for English and from 62% to 73% for maths. 2004 data shows improvement on 2003 levels, with the figures rising to 77% and 74% respectively.<sup>37</sup>
- At Key Stage 3 (14-year-olds), there have been improvements in maths, English and science. The proportion of pupils achieving Level 5 or above in English rose from 57% to 68% in 2003.<sup>38</sup>
- The proportion of 16-year-old pupils gaining five or more GCSE A\*–C grades has increased from 46.3% in 1997/98 to 52.9% in 2002/03.<sup>39</sup>

3.25 There have also been absolute improvements in attainment among some ethnic minority pupils. For example, in 1996, about 25% of Pakistani and Bangladeshi pupils gained five or more GCSEs grades A\*–C, compared with 44% of all pupils. By 2002, this had risen to approximately 40% of Pakistani and Bangladeshi pupils, and 51% of all pupils (See Figure 5 for the latest change, between 2002 and 2003).<sup>40</sup>

Figure 5. Attainment of 5 or more GCSE Grades A\*–C by Ethnic Origin, 2002 and 2003



Source: Department for Education and Skills, 2002 and 2003

3.26 There has also been some progress towards closing the socio-economic attainment gap at Key Stages 1 and 2:

- The increase in pupils reaching the expected level for Key Stage 2 English in schools with high levels of free school meals (FSM) (more than 50% pupils entitled to FSM) between 1996 and 2001 was greater than the increase for pupils in low FSM schools.<sup>41</sup>

3.27 In areas where the Government has particularly targeted poor educational performance, there have also been successes. For example:

- In Education Action Zones, attainment in literacy and numeracy in primary schools rose at least as fast as, and sometimes faster than the national rate between 1998 and 2000.<sup>42</sup>
- 26% of pupils in Schools Facing Challenging Circumstances gained five or more GCSE grades at A\*–C in 2001/02; this rose to 29% in 2003.<sup>43</sup>

- Schools participating in Excellence in Cities (EiC) partnerships have improved at more than twice the rate of schools elsewhere, with average gains of 2.5 percentage points compared to 1.2 percentage points in non-EiC schools.<sup>44</sup>
- The number of schools where fewer than 20% of their pupils achieved five good GCSE grades has fallen from 361 in 1997 to 114 in 2003.<sup>45</sup>

3.28 While we have seen good progress in average educational attainment and some gaps are starting to narrow, some groups, such as pupils on Free School Meals and boys from some ethnic groups, are continuing to underachieve, and the gap between the top and the bottom achievers remains. We go on to discuss this in more detail in Chapters 4 and 5.

### Poor school attendance

3.29 Although educational attainment has generally improved, there has been no clear progress in improving attendance at school. The proportion of half-days missed through unauthorised absence between 1996/97 and 2002/03 has remained stable at around 0.7%.<sup>46</sup> The numbers of pupils permanently excluded from school has fallen from 12,298 in 1997/98 to 9,290 in 2002/03, although there have been a number of annual fluctuations during that period.

### Improving child health and reducing child health inequalities

3.30 Children's health is critical to their life chances, and many health inequalities in adults have their origins in early life. In some areas, there has been some clear progress in improving children's health, for example:

- Numbers of child road casualties, who are heavily concentrated among poorer children, are declining. There are currently 38% fewer casualties than in 1994–98<sup>47</sup> and the decline has been greater in the most deprived local authority areas. Establishing 20 mile per hour speed limit zones in areas with high levels of deprivation and high pedestrian casualty rates has cut child pedestrian accidents by 70%. In turn, this has made parents more willing to let children play in the streets.<sup>48</sup>
- Breast-feeding has increased from 66% of babies in 1995 to 69% in 2000. The sharpest increase has been among low-income mothers, with an increase from 50% to 62%. The Department of Health has been promoting breast-feeding via primary care professionals and has focused this on mothers in lower socio-economic groups. Local Sure Start programmes also offer varying degrees of specialist support for breast-feeding in deprived areas. However, the link between this positive trend and policy intervention is not clear.
- Under the National School Fruit Scheme, one million children are receiving free fruit at school every day. More than a quarter of these have eaten more fruit at home since their school joined the scheme and many parents think that the scheme has made them more aware of the importance of fruit for a healthy diet.<sup>49</sup>

3.31 However, there are also trends in child health that are of concern, particularly rising obesity and poor mental health. Children of parents in social class V have been found to be three times more likely to have a mental health problem than those in social class I – 14% compared with 5%.<sup>50</sup> Obesity, particularly in children, is rising and may drive future health inequalities. This issue is discussed in more detail in the chapters to follow.

### Summary of overall progress – children

3.32 In summary, progress towards meeting the Government's objective to reduce **child poverty** by a quarter by 2004/05 is good. There are likely to be further falls in 2004/05 as the impact of more recent policy measures is reflected in the data. However, the problem remains a priority for policy and Chapters 4 and 5 discuss further action required.

- 3.33 There has been an expansion in the availability and take-up of **early years services**. The early signs are that beneficiaries welcome these services, for the following reasons:
- They can improve parents' ability to move into employment, which can have benefits for all household members.
  - They aid children's cognitive and social development, particularly among disadvantaged children.
  - They could also help in narrowing the difference in educational attainment between disadvantaged children and others, but it is too early to determine the degree to which they will achieve or contribute towards this.
  - Qualitative evidence suggests that parenting classes and home visiting services are welcomed and seen as useful.
- 3.34 However, early years services are not available to all low-income families, in particular to those living outside of the most deprived areas. Chapter 5 goes on to discuss the importance of investing in early years and outlines the further action required.
- 3.35 There have been significant areas of progress in increasing absolute levels of educational attainment, particularly in primary schools, and also at GCSE level. There has also been faster improvement in some schools in disadvantaged areas than the average. A wide range of policies has contributed to this progress. However, school absences remain high, and, as discussed in Chapters 4 and 5, there are other aspects of educational attainment that have not shown such progress. These include the relative under-attainment among some ethnic minority pupils (for example, boys from Black-Caribbean and Black-Other backgrounds), among pupils in receipt of free school meals and those with special educational needs.
- 3.36 There have been some improvements in child health. There have been reductions in the number of child road casualties and a rise in the number of mothers on low-income who are breast-feeding their babies. However, health inequalities between children from families of different social class and from different income groups continue to present barriers to the life chances of socially excluded children. These issues are explored further in Chapters 4 and 5.

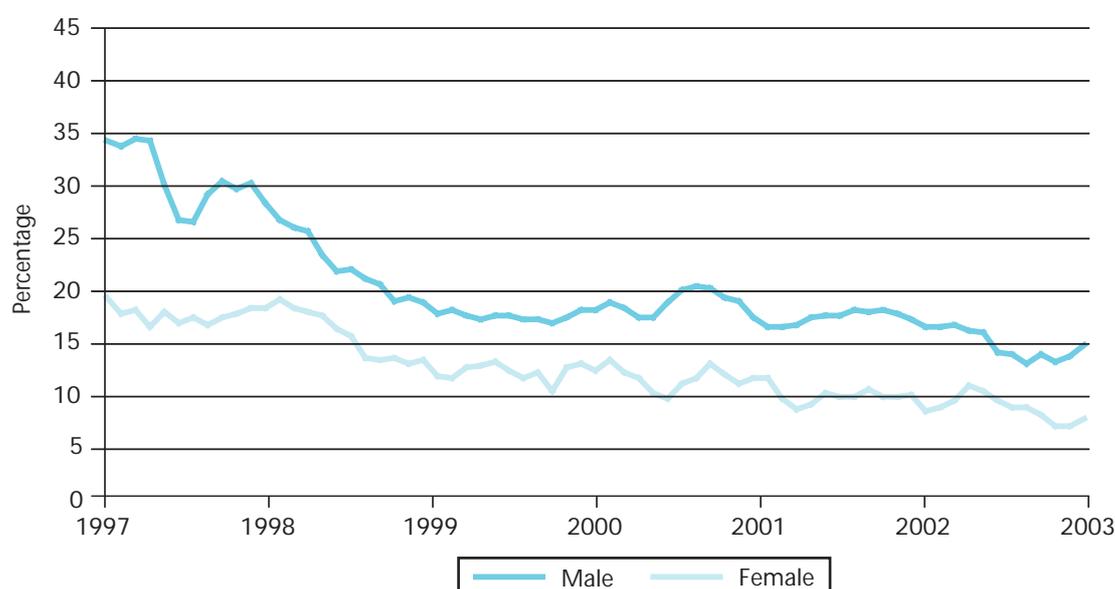
## The impact of policy on young people

- 3.37 Policy aimed at 13–24-year-olds has focused on improving education, training and employment opportunities. This is in response to the overwhelming evidence that young people who leave school with low levels of educational attainment are at higher risk of experiencing social exclusion throughout their later lives.<sup>51</sup>
- 3.38 In addition, attention has been directed towards preventing teenage conception and youth offending, which are both consequences of social exclusion but can also drive social exclusion from one generation to the next. More opportunities have been provided for vulnerable young people to develop protective factors such as self-motivation, resilience and confidence, which can compensate for poor family support, and help them negotiate the transition to adulthood more successfully.
- 3.39 There has also been progress in terms of increased participation in training and education, reduced youth unemployment, a fall in youth offending and rates of reconviction, and a reduction in teenage conceptions. However, 5% of children still leave school with no qualifications and the proportion of young people not in education, employment or training (NEET) continues to be 9–10%.

## Increasing youth employment and training

- 3.40 Unemployment and claimant count<sup>52</sup> figures show a continued fall in the number of young people who are unemployed. Unemployment among 18–24-year-olds fell from 13.1% in 1997 to 10.7% in 2003, continuing a longer-term downward trend from a peak in 1993. Long-term youth unemployment (for a year or more) has fallen; in 1997, those unemployed for 12 months or more formed a quarter of all 18-24 unemployed people, but by spring 2003, this had fallen to 12% (see Figure 6).<sup>53</sup> Similarly, the number of young people claiming Jobseeker's Allowance for more than six months fell from 177,500 in spring 1997 to only 41,500 in January 2004.<sup>54</sup>
- 3.41 The proportion of 19-21 year olds with a level 2 qualification or above has increased from 72.3% in 1997, to 76.1% in 2003.<sup>55</sup>

Figure 6. Long-term youth unemployment rate (18–24-year-olds), United Kingdom, 1997–2003.



Source: Labour Force Survey

Note: Youth unemployment rates refer to the proportion of all young, unemployed people who are unemployed for more than 12 months

## Policies that have contributed to increased youth training and employment

- 3.42 The Government has introduced a raft of new policies to increase young people's participation in learning, employability and opportunities for employment. These policies include Connexions, Education Maintenance Allowances (EMAs), the New Deal for Young People, and Modern Apprenticeships.

## Improvements in youth unemployment and employability

- 3.43 Some of these policies have yet to be rolled out nationally (for example, EMAs) and it is still too early to determine the full effects of others, but evaluations suggest that they have already contributed to reducing youth unemployment and increasing youth employability.
- The Connexions service reached full national roll-out in April 2003. Early indications are that it is increasing awareness of the options available to people in the transition to adulthood, providing practical help and support to enable young people to embark on new activities, and supporting them to return to school or to access home tuition. It has led to increased confidence, motivation and self-esteem among some vulnerable young people,<sup>56</sup> improved interpersonal skills, and helped instil a greater ability to control stress and anger and build

trusting relationships.<sup>57</sup> The service is also starting to have an impact on the overall scale of the problem it is addressing. Connexions was targeted to reduce the proportion of young people age 16–18 who are NEET by 10% between November 2002 and November 2004; a report by the National Audit Office found that it was on course to meet its objective.<sup>58</sup>

- Young people report that they value the holistic service Connexions provides, particularly the combination of personal and financial support, as the following case study illustrates:

Jed (16) went to Connexions when he became homeless after he and his mother had been evicted from their council property. He had become estranged from his mother, who was violent towards him. He had no money and wanted to find out about benefits and colleges. Connexions gave him £30 to tide him over, helped him to claim benefits and worked closely with a local homeless charity to find him a place to live. He felt that his experience with Connexions was very different to other agencies. The local authority housing department were not bothered about “what had happened with my mum [and] just wanted to know why I needed a flat”, whereas Connexions were prepared to listen. He felt that the personal support had been particularly useful, “otherwise there’s no one to give me that oomph”. He found it difficult to motivate himself, “cos that’s just the way I am ... I’ve had so much mess up with my life, it’s unbelievable”. He described Connexions as being one of the most critical contacts he had made in turning his life around.<sup>59</sup>

- Education Maintenance Allowances, where they have been piloted, have so far helped to raise participation in post-16 education among eligible people in Year 12 by 5.9 percentage points.<sup>60</sup> They have also contributed to improved family relationships, as young people become financially independent of parents.<sup>61</sup> Further gains are expected as the programme is rolled out nationally and from the review of broader financial support for 16–19-year-olds.

*“Without EMA, I probably would have ended up quitting college and getting a job because I didn’t have enough money to support myself.”<sup>62</sup>*

*“I didn’t have the best attendance at school, so I thought it [EMA] would make me stay on better... it has like, cos I’ve only missed one day since I’ve started college up to September.”<sup>63</sup>*

- The New Deal for Young People (NDYP) has contributed to a fall in long-term youth unemployment and it is estimated that long-term youth unemployment would have been almost as twice as high in March 2000 without NDYP.<sup>64</sup> And the following case study illustrates how NDYP has helped some particularly vulnerable people into training or work:

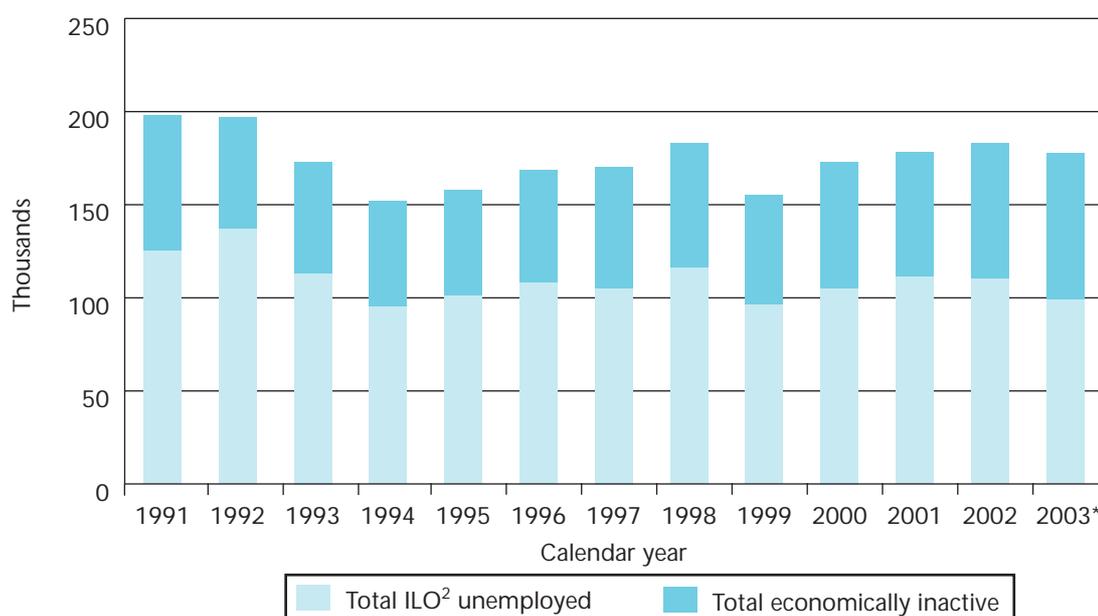
Mike is 20 and joined the New Deal for Young People (NDYP) as an early entrant because of his criminal record and homelessness. He also had a history of drug use. Mike had a lifelong ambition to work as a mechanic in a garage and, on joining NDYP, discussed this with his Personal Adviser (PA). Mike spent seven months on Gateway, meeting regularly with his PA, and then started as an apprentice mechanic at a local garage. Mike was extremely positive about the impact of NDYP upon his life. He appreciated the work experience he received ... and felt he had learned useful skills from ‘on the job’ training. He felt this option was the start of a ‘real career’ for him.<sup>65</sup>

- Modern Apprenticeships have increased skills training places<sup>66</sup> and the quality of training, particularly in sectors that had not previously undertaken apprenticeship training.<sup>67</sup> The apprenticeships are highly valued by employers as means of training young people in intermediate skills. The numbers of young people starting Modern Apprenticeships has exceeded the target<sup>68</sup> and there are now more than a quarter of a million (255,500) Modern Apprenticeship trainees, up from 75,800 in 1997.<sup>69</sup> Not only are numbers rising, but the completion and success rates are also improving.<sup>70</sup>

3.44 Although many of the drivers of social exclusion for young people are moving in the right direction, there are some outstanding issues of concern.

3.45 For example, since 1997, the proportion of 16–18-year-olds not in education, employment or training (NEET) has remained stable at around 9–10% (see Figure 7) and the UK continues to have one of the lowest levels of participation in post-16 education in Europe. NEET young people face increased risk of a range of exclusionary experiences, including drug use and poor employment and income prospects, so this is of concern. There are particular risks for some more vulnerable young people, for example, Black-Caribbean, Pakistani and Bangladeshi young people are more likely to be NEET than their white counterparts are.<sup>71</sup>

Figure 7. Number of 16–18-year-olds not in education, training or employment, 1991–2003



\* Provisional figure

Source: Department for Education and Skills

### Young people's health behaviours

3.46 A number of trends in young people's health behaviour are of concern for the future health of the population and pressure on the health service:

- British adolescents have begun to drink greater quantities of alcohol and now have one of the highest levels of alcohol use in Europe. In 2002, 24% of 11 to 15-year-olds had consumed an alcoholic drink in the past week.<sup>72</sup>
- Research has found that in 2001, adolescents were more likely to 'experiment' with smoking than in previous years. Around 40% of 12 to 13-year-olds and around 60% of 14 to 15-year-olds had tried a cigarette.<sup>73</sup>
- The prevalence of sexually transmitted infections (STIs) amongst adolescents is high and rising. As many as one in 10 females between the ages of 16 and 19 may be infected with chlamydia.<sup>74</sup>

### Reducing teenage pregnancy

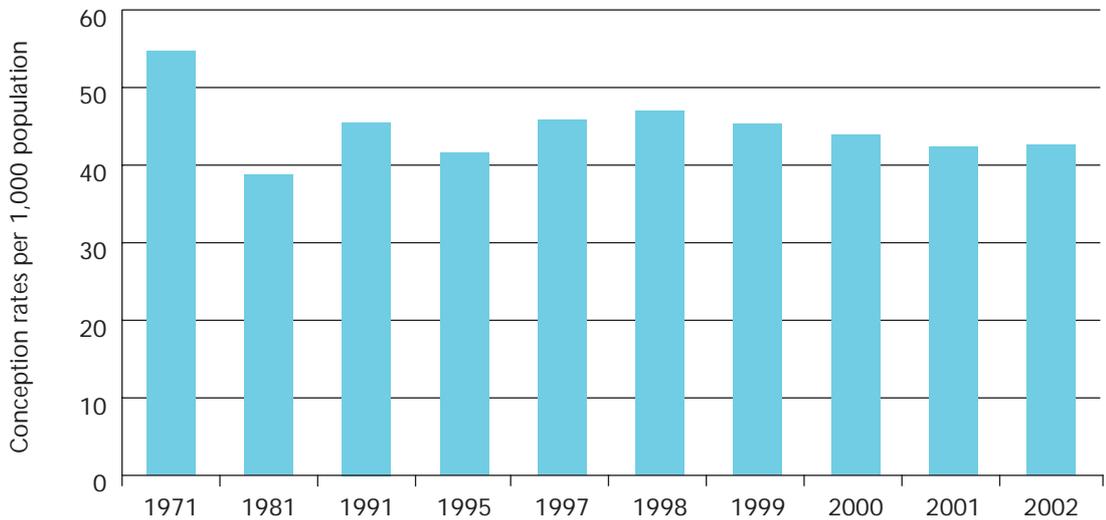
3.47 Conceptions among girls, both less than 18-years-old and less than 16-years-old, have fallen since 1998.<sup>1</sup>

1 The baseline year for the Teenage Pregnancy Strategy was 1998.

2 ILO = International Labour Organisation.

- 3.48 The Teenage Pregnancy Strategy aims to halve under 18 conception rates by 2010, and to increase the participation of teenage mothers in education, training or work.
- 3.49 There are encouraging signs of progress. Provisional data for 2002 shows that conception rates among girls under 18 have fallen by 9.4% since 1998 (see Figure 8).

Figure 8. Conception rate for girls aged under 18, 1971–2002



Source: Office for National Statistics. 2002 data is provisional

- 26.3% of teenage parents were in education, training or employment in 2003, compared with just 16% in 1997. There is evidence to suggest that, even if this does not lead to increased qualifications in the first instance, it can make young people more open to education in the future, as the following case study illustrates:

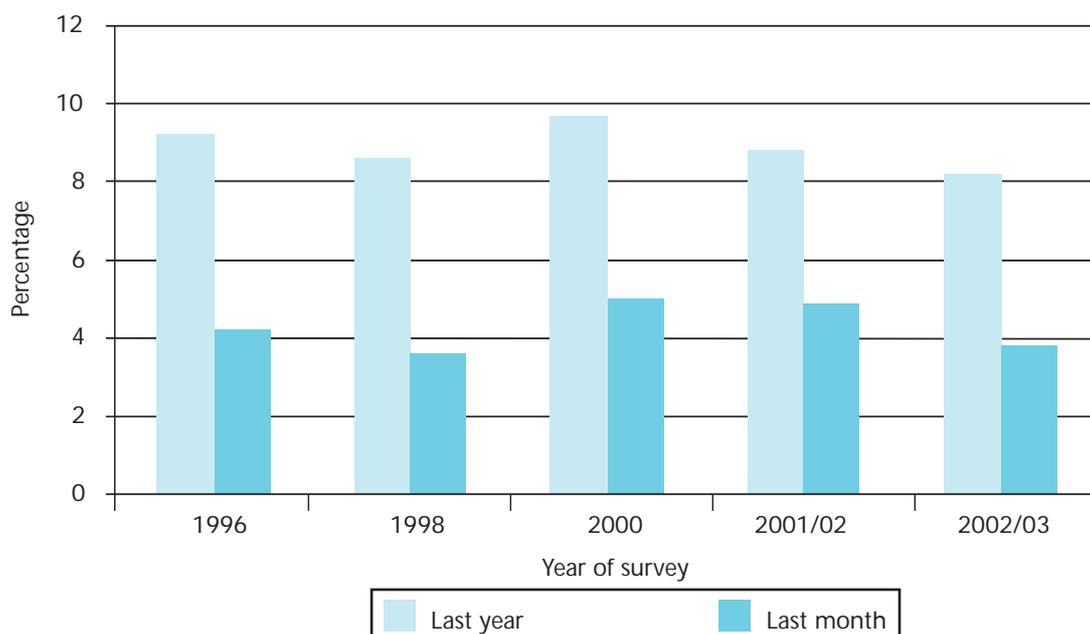
Sharon had not enjoyed a positive experience of school. Before leaving school, aged 14 because she was pregnant, Sharon had spent her time with a 'bad crowd'. Her attendance at school was poor. Sharon was referred to a teenage parent educational centre. There, she studied English and maths, and took part in sessions around parenting, health and budgeting. Sharon left the centre before she sat her exams. However, the skills learning helped equip her in her new role as a young, independent parent. She felt as though she had been treated as an adult at the centre, by workers who cared about her and her life. She described the experience of the centre as "one of the best things I ever did", as it left her feeling more positive about learning and more open to returning to education in the future.<sup>75</sup>

- Reintegration Officers are making significant improvements in the availability of alternative education provision, improving attendance of mothers in education and in the general support provided for young parents. They have also been shown to be effective in changing mothers' perceptions of education, and in improving their self-esteem and parenting skills.<sup>76</sup>
- Sure Start Plus is helping to reduce the social isolation of some young women, improving their self-confidence and enabling them to better access benefits, advice and support about housing, education, health and relationships.<sup>77</sup>

### Young people's drug use

- 3.50 The use of class A drugs has remained stable since 1998, with about 8% of 16–34-year-olds continuing to use them (see Figure 9). While use of ecstasy and amphetamines is declining, cocaine use is rising.<sup>78</sup>

Figure 9. Class A drug use amongst 16–24-year-olds, 1996–2002/03



Source: British Crime Survey

## Reducing youth offending

3.51 Youth offending rates have fallen since 1998 and there has been a reduction in juvenile reconviction rates.

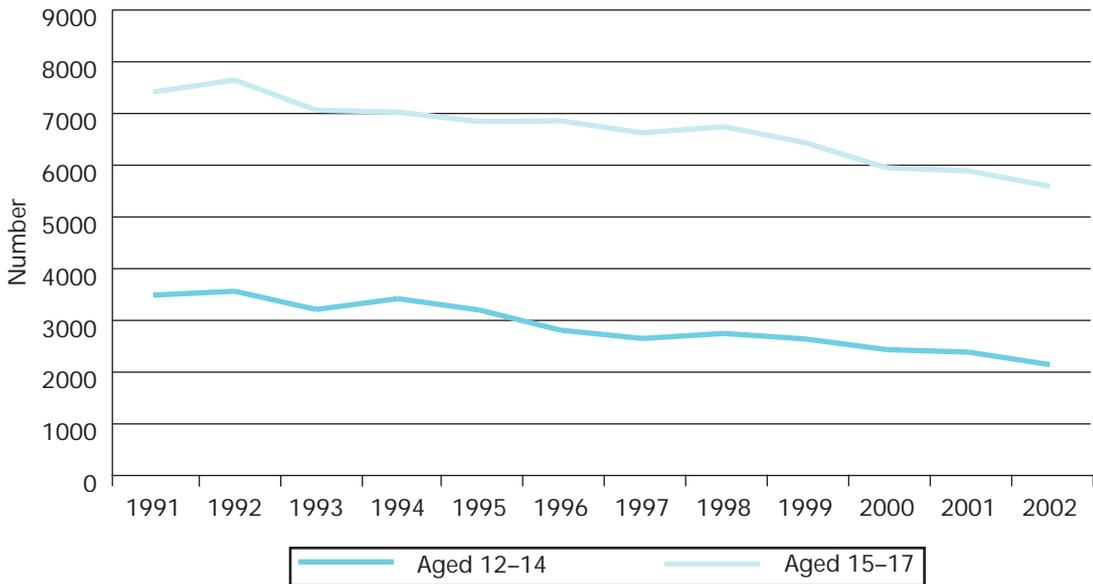
### Policies that have contributed to reducing youth offending

3.52 A wide range of policies have been put in place to tackle youth offending and, in 1999, the Youth Justice Board<sup>79</sup> was set up as a non-departmental public body to oversee the youth justice system. A number of key reforms were introduced to prevent offending by children and young people including, for example, the establishment of 155 multi-agency Youth Offending Teams and Youth Offender Panels. Other programmes, such the Youth Inclusion Programme (YIPs) and Youth Inclusion and Support Panels (YISPs) both offer support through multi-agency teams for those identified as being most at risk of offending, whilst the Intensive Supervision and Surveillance Programme (ISSP), has been used as an alternative to custody. There is also a range of programmes to provide purposeful activities for young people such as Positive Activities for Young People (combining Summer Plus and Splash), and Positive Futures.

### Reductions in youth offending

3.53 There has been significant progress. The number of 15–17-year-old male offenders per 100,000 population fell from 6,746 in 1998 to 5,594 in 2002 – the lowest in the last decade (see Figure 10).<sup>80</sup> Furthermore, reconviction rates for juveniles fell by 22.5% between 1997 and 2001.<sup>81</sup>

Figure 10. Found guilty or cautioned for indictable offences 1991–2002 (males aged 12–17 years, per 100,000 population)



Source: Criminal Statistics 2002

3.54 The new youth justice system, as overseen by the Youth Justice Board, is seen as having had range of positive impacts:<sup>82</sup>

- Young offenders are more likely to receive an intervention. In 2001, nearly one in four young offenders said nothing happened to them after they were caught by the police; by 2003, this was less than one in 10.
- At the end of phase one of the Youth Inclusion Programme, there was a substantial reduction – up to 65% – in arrest rates for the 50 young people most at risk in the programme.<sup>83</sup>
- The number of juveniles in custody has continued to drop significantly, while community-based punishments, such as ISSP, have increased. The number of prisoners aged 15 to 17 decreased by 13% between October 2002 and October 2003.<sup>84</sup>
- The ISSP approximately doubles the time spent by young offenders in purposeful activity compared to Detention and Training Orders,<sup>85</sup> and has been shown to have an impact on youth offending.<sup>86</sup>
- Splash schemes and Summer Plus Initiatives have also reduced levels of youth offending. For example, total crime in the areas that ran Splash fell by 7.4% between June and August 2002, compared with a 2.9% increase in the summer of 2001.<sup>87</sup>
- New measures, such as acceptable behaviour contracts, have been shown to be effective in reducing the number of anti-social behaviour acts committed by young people.<sup>88</sup>

3.55 The impact of these initiatives potentially goes beyond stopping and preventing offending. They also encourage young people to obtain more skills and qualifications and to enter employment – as the following quote and case study illustrate:<sup>89</sup>

*“Like if I never committed that crime then I wouldn’t be here now, and now that I am here now and I’ve got another chance, I’m going to have to use it to the best of my abilities to sort out my future and that’s basically what I’m doing ... that’s why, so basically I’m getting qualifications behind me, so I’ll be more of a bigger package for a job.” (Male, 16, black).<sup>90</sup>*

Nathan is 16 years old and lives with his mum. At the age of 14, he was temporarily excluded from school. A year later, he was permanently excluded and (in his words) “went off the rails”, often not returning home at night. His offending behaviour escalated and was brought to crisis point when he was arrested and found guilty of attempted robbery at the Crown Court. The Crown Court placed Nathan on an ISSP as an alternative to a custodial sentence. This involved intensive contact with advocates and support staff, an electronic tag and a 9pm curfew. Through the ISSP, Nathan has been introduced to Connexions. As a result, he has completed several short courses, including a life-skills course and has made enquiries about a college course in a vocational area. Although Nathan has stopped offending, he has breached his order for non-attendance. He has just found a job, is generally more positive about his prospects and feels he has changed as a person. The resulting improvements in family relationships have been a relief to him and his mum.<sup>91</sup>

- 3.56 There may also be further benefits as synergies grow between initiatives such as Connexions and Youth Justice Reforms, as they mature. There are already signs of this, for example, Connexions, in collaboration with Youth Offending Teams, were able to locate young people who had dropped out of school rolls. There is also a joint Youth Justice Board/Connexions target for 90% of young offenders to be in full-time education, training or employment by 2004.

### Summary of overall progress – young people

- 3.57 In sum, the wide range of policies the Government has put in place to increase participation in education and training among young people, and to increase their employability and employment is showing early positive results. Further progress is expected as current policies are expanded and embedded and those helped by them enter the labour market. Policies in the pipeline will also help, like the new developments emerging from the Working Group on 14–19 Reform and the Review of Financial Support for 16–19-year-olds.<sup>92</sup>
- 3.58 Significant progress has been made to tackle youth offending and the new approaches, which combine early preventative interventions, and swifter enforcement with greater support for rehabilitation, education, training and other activities, are having a significant and positive impact. However, there has been less progress on other problems – for example, there has been no clear reduction in the number of young people not in employment, education or training, and the prevalence of risky health behaviours remains high.

## The impact of policy on working age adults

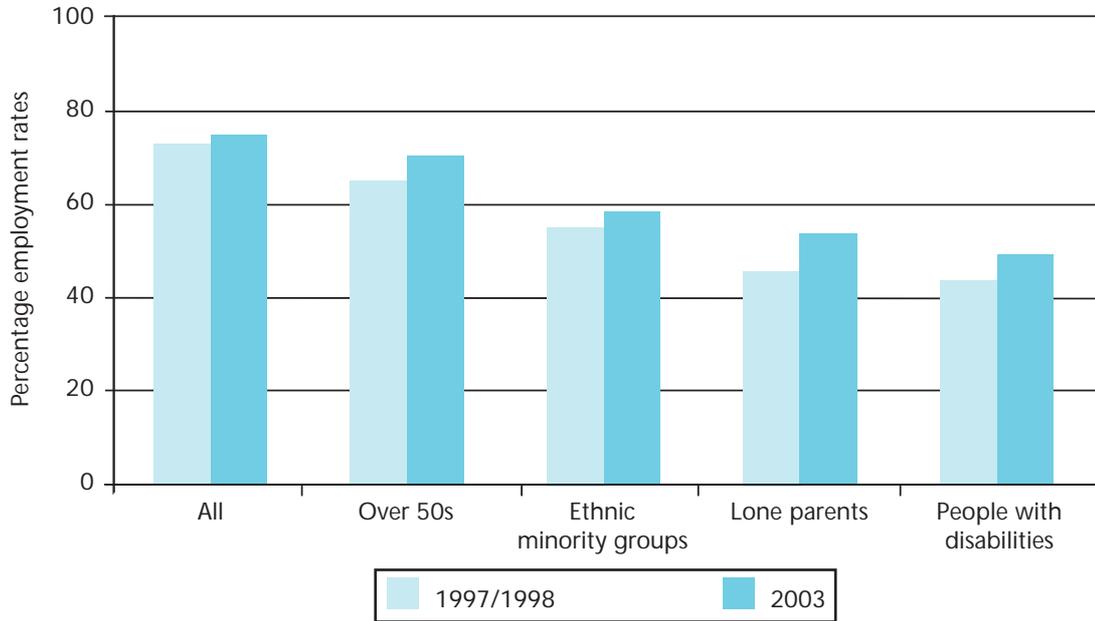
- 3.59 Policy aimed at working age adults emphasised increasing the number of people in work as the best means of escaping poverty and the risks of social exclusion, and improving the skills base of the nation’s workforce. There has been considerable progress in getting more people into work. There has also been significant progress in improving adult basic skills and progressing towards the target to help 750,000 people improve their skills by July 2004 and to reduce the number of people without level 2 qualifications by 2010. Working age adults have also benefited from the increased supply of early years services described earlier in this chapter, including parenting support groups.

### Increasing levels of employment

- 3.60 There has been a significant fall in unemployment, with larger than average increases in employment rates among some vulnerable groups and deprived areas. Moreover, there has been a fall in relative poverty and improvements in skill levels and employability. However, less progress has been made in reducing rates of economic inactivity. The issue of economic inactivity will be discussed in Chapter 4.

3.61 There are now 1.85 million more people in work than there were in 1997.<sup>93</sup> Employment rates have risen faster than the average among some particularly vulnerable groups, including among for those who are over 50, lone parents, and people with disabilities (see Figure 11).<sup>94</sup>

Figure 11. Employment rates for vulnerable groups, 1997/98 to 2003



Source: Labour Force Survey (data not re-weighted to post-Census population estimates)

- Lone parents have seen the largest proportionate rise in their employment since 1997.<sup>95</sup> In Spring 2004, the lone parent employment rate was 54.3%, nine percentage points higher than in 1997. Almost 277,000 more lone parents are in work.<sup>96</sup>

### Policies that have contributed to reducing unemployment

- 3.62 The main measures to increase employment are the range of New Deal Programmes and those designed to make work pay, including the National Minimum Wage, the Working Tax Credit and the Child Tax Credit. Active labour market initiatives have also been accompanied by an overhaul of the delivery of benefits and welfare services via the ONE pilot and, later, Jobcentre Plus.
- 3.63 The UK has experienced the longest sustained period of economic growth in recent history and rising demand for labour has played a critical role in increasing levels of employment.<sup>97</sup> It is difficult therefore to disentangle the role played by policy. Nevertheless, econometric modelling and evaluation evidence suggest that policies have played a critical role in increasing employment levels for some groups of workers, and in increasing families’ living standards.
- 3.64 It is estimated that about half of the rise in employment rates for lone parents is attributable to the effects of lone parent policies (especially the New Deal for Lone Parents and Working Families’ Tax Credit) and half to demographic change and other labour market factors. This increase in employment occurred in spite of significant rises in the level of support for non-working parents claiming income support.<sup>98</sup>
- 3.65 Policies aimed at helping lone parents into work have worked particularly well for some families as a package, as illustrated in the case study below. The case study also highlights the range of benefits those moving into work can experience, which include increased self-esteem and less depression, stress and anxiety.<sup>99</sup>

Sara (38) is a lone parent with two sons, aged 18 and three. She had spent long periods not working while bringing up her children and felt she had become, "scared to get a job, because I have always been stuck indoors, never meeting anybody".

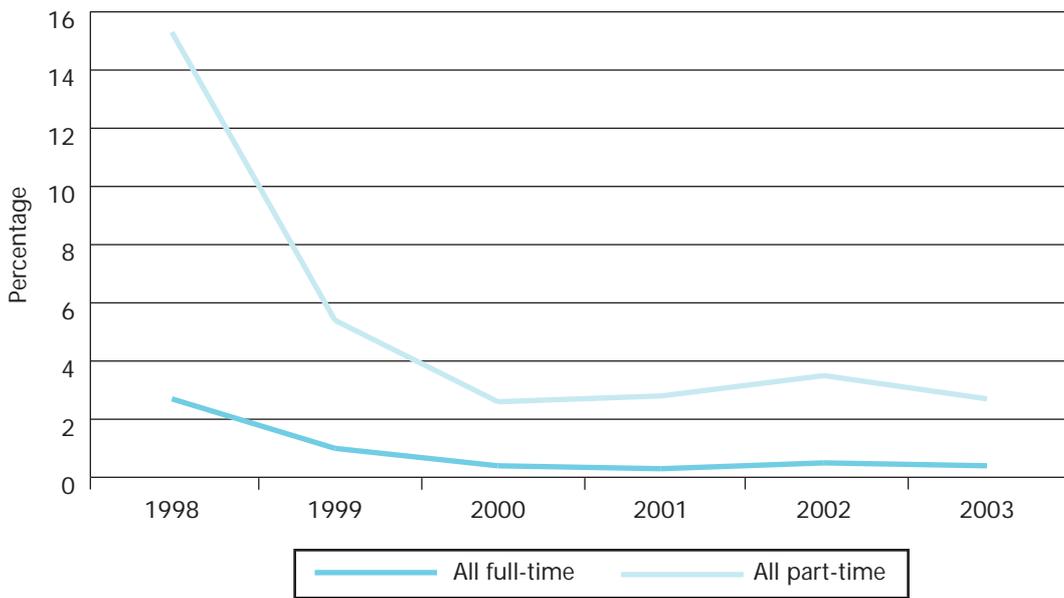
Sara wanted help to develop new skills. She met a Lone Parent Adviser at the JobCentre, who referred her to an IT course. Her Personal Adviser also found a nursery for her younger son, and helped her claim the money to pay for it. After Sara's course was finished, her personal Adviser continued to provide support as she looked for a job. This included carrying out 'Better-off Calculations' and explaining Tax Credits and Run-on benefits. Sara found the move from benefits to work was "less stressful" than she expected and she said she could not have moved into work without both the financial help she received, which covered most of her childcare costs, and the support from her PA.

Sara viewed these changes very positively. She was "really proud" of herself when she received the IT qualification. She had become more confident and had made friends on the IT course and in her new job. "I have met loads of women ... I have quite a few friends now. I look forward to going to work." She had cleared her debts and had been able to afford to decorate her flat for the first time in years.

Overall, Sara felt "things have turned out better than I would have hoped". She felt more positive about the future than she had for years and was now keen to go "up the ladder" in her job to see what opportunities that might bring.<sup>100</sup>

- By March 2004, 698,000 people had participated in the New Deal 25+. Of these, more than 178,000 had been helped into employment or self-employment at that date.<sup>101</sup> It has been estimated that almost 40% of those starting a job would not have done so but for ND25+.<sup>102</sup> It is estimated that about 120,000 people over 50 returned to work with the help on New Deal 50 plus, between March 2000 and March 2003.<sup>103</sup>
- From 1999 until March 2004, the Phoenix Development Fund supported over 90 projects, which have been involved in the creation of 8,100 new businesses and have helped over 8,900 existing businesses. The Phoenix Challenge Fund has allocated more than £40 million to more than 60 Community Development Finance Institutions (CDFIs) in the form of capital for on-lending to enterprises in disadvantaged communities and groups, revenue support and loan guarantees. More than 20 CDFIs have also been accredited for Community Investment Tax Relief purposes, and aim to raise between £80 million and £100 million from the private sector over the next three years.
- Reassuring people that moving into work will not threaten their housing or financial security during the early weeks of transition, has also been important. Many thought that without the job grant and benefit run-ons a move into work was not possible. For example, some people could not have afforded the petrol to get to work without these benefits.<sup>104</sup>
- The National Minimum Wage (NMW) has increased the wages of more than one million people<sup>105</sup> or some 6–7% of workers.<sup>106</sup> In spring 1998, 1.4 million jobs were paid below the NMW, compared with 260,000 in spring 2003 (see Figure 12).<sup>107</sup> Since 1997, when the NMW took effect, wages for the bottom earnings decile have grown at a faster rate than in the rest of the 1990s, when they lagged behind the better-paid deciles.<sup>108</sup>

Figure 12. Jobs below the National Minimum Wage, 1998–2003



Source: New Earnings Survey and Labour Force Survey

- Increased in-work benefits and tax credits have also raised income levels and played an important role in encouraging people into work. For example, the majority of lone parents who move into work do so with the help of tax credits.<sup>109</sup>

### In-work poverty

- 3.66 The benefits of moving into work can sometimes be limited if the work is of poor quality, low paid, or for too many hours. Some households do not always see themselves as clearly 'better off' after moving into work due to decreases in discretionary income and loss of entitlements to free services.<sup>110</sup> Feeling worse off as a result of moving into work can have negative effects on other areas of life, such as health.<sup>111</sup>
- 3.67 Many of the people who have moved into work following the New Deal require ongoing financial support – for example, 76% of lone parents moving into work between 2000 and 2001 received Working Families' Tax Credit to supplement their pay.<sup>112</sup> Despite clear improvements to the financial gains of moving into work since 1997, people receiving in-work benefits/tax credits can still face high effective marginal tax rates, and these can limit the returns from increased earnings, especially for second earners.<sup>113</sup>

### Indebtedness

- 3.68 Along with economic growth, there has been a significant increase in the level of unsecured debt, both in absolute terms, and as a proportion of income. There has been no increase in the number of people with debt, so the growth is explained by more borrowing among the same proportion of the population. In general, the burden of debt (in terms of the debt-to-income ratio) has increased most markedly for those with the lowest incomes. The concentration of debt among riskier borrowers<sup>2</sup> has also increased over time, despite the fact that the proportion of people reporting debt problems has declined. About half of these borrowers are in social class DE, 40% live in local authority rented accommodation and few have other assets.<sup>114</sup>

2 'Riskier' borrowers are classed here as the 10% of debtors who say that their debt is a very heavy burden.

3.69 In 2002, 13% of households were in arrears on one of their regular commitments and a further 7% considered themselves in financial difficulty, although not in arrears. Problems with debt disproportionately affect lone parents, tenants, larger families, those not in stable work, and those with long-term low-incomes.<sup>115</sup> High levels of debt repayments can significantly reduce levels of disposable income, thereby increasing deprivation, and can also have a range of other adverse effects, for example on mental health.<sup>116</sup>

### Building adult skills and increasing job readiness

3.70 Adults with better basic skills are more likely to be in employment, are more likely to be employed in 'higher' occupational categories and are more likely to earn good wages.<sup>117</sup> Employment programmes and specifically targeted initiatives are also increasing adult basic skills and job readiness. Progress is being made.

### Policies that have contributed to increased skills

3.71 A range of policies is aimed at improving skills among working age adults, including the Basic Skills Strategy (including Employer Training Pilots and Union Learning Fund), Work Based Learning for Adults and the New Deals. There are Public Service Agreement (PSA) targets for basic skills improvements, and to reduce the number of adults in the population who lack Level 2 qualifications (see Annex B).

3.72 In the two years since April 2001, just over 135,000 people entered Work Based Learning for Adults.<sup>118</sup> Between September 2002 and June 2004, over 64,000 adult employees signed up to learning that will lead to their first Level 2 qualification (relevant to their employment) and/or help with basic skills. In addition, the Union Learning Fund has increased the capacity of unions to engage low skilled workers who are often excluded from learning, and has helped to train some 7,000 active Union Learning Representatives to work with employers and employees to help the low skilled back into learning.<sup>119</sup>

3.73 Many participants on the New Deal programmes have gained new skills and qualifications.<sup>120</sup> The Skills for Life strategy co-ordinates activity across Government, to improve adult literacy and numeracy skills, including a specific focus on several priority groups including jobseekers and benefit claimants, prisoners and those supervised in the community, low skilled employees and other groups at risk of exclusion.

### Improvements in adult skills

3.74 There are a number of indications that adult skills have been improving:

- There has been a continued reduction in the proportion of working-age people without a qualification at NVQ Level 2 or higher – from 39% to 34% in 2003.<sup>121</sup> Similarly, the number of people in the workforce without a full level 2 qualification fell from 7.1 million in 2001 to 6.7 million in winter 2003/04.<sup>122</sup>
- There has been a 3.3 percentage point decrease in the proportion of people of working age with no qualifications since 1997. This is equivalent to 828,000 fewer people with no qualifications.<sup>123</sup>
- The Skills for Life strategy continues to improve adult basic skills and is on track to achieve the PSA target of 750,000 adults with improved literacy, language or numeracy skills by July 2004. To July 2003, an estimated 556,000 adults counted towards the target. Between the launch of the strategy and July 2004, a projected 2.3 million learners will have taken up an estimated 4.6 million learning opportunities.
- There has also been a trial programme of innovative delivery for basic skills learning, through a series of pathfinder activities, the aim being to attract new learners and enhance the effectiveness of the learning experience. The Pathfinder Extension Activities successfully

attracted a more disadvantaged group of learners, especially in respect of ill-health and learning difficulties. The activities helped improve the rate of course completion by 14% compared to traditional courses.<sup>124</sup> Most attendees say they learnt a 'great deal' (31%) or a 'fair amount' (44%).<sup>125</sup> A majority of learners went on to start new courses highlighting the importance of such courses as a first rung for learning.

- 3.75 Training and new skills for unemployed adults can widen job searches and enable people to get jobs that are more rewarding and better paid than those they have done previously, as the following examples illustrate:<sup>126</sup>

*"It helped me with widening my range of jobs I'm looking for ... different things that I wouldn't have tried before ... Like I was just looking for one thing and that was factory work ... it's sort of opened up more things."*

*One lone parent had always worked in low paid jobs such as cleaning and other work she was able to fit around her child's schooling. After completing a course in IT skills, she was able to get a job as a receptionist and administrator at a local charity, which used her new skills.*

### Improving soft skills

- 3.76 The development of so-called 'soft' skills, like having self-confidence and the ability to communicate well with others, is particularly important for some vulnerable people. Evaluations highlight the utility of acquiring such skills where they are absent, and bemoan the fact that they are not currently measured or monitored very often, since they could indicate progress towards getting a job or formal qualifications. For example, increased confidence can enable people to meet others and build relationships and social networks when they were not able to do so before.<sup>127</sup> One New Deal participant's confidence was so improved by the camaraderie on his work placement, that he joined his local tenants' association.<sup>128</sup>

- 3.77 In spite of not being routinely monitored, there is evidence of progress in developing people's soft skills and of one-to-one support being effective in building them:

- In one survey, 71% of employers noted beneficial effects on ND25+ participants, in terms of their increased self-esteem, acquisition of new skills, ability to do more responsible work and greater receptivity to training.<sup>129</sup> *"Just going there every two weeks and having her [the personal adviser] talking to me and giving me ideas. I think I got more confident in myself ... before, I used to be fidgeting and shy and everything."*<sup>130</sup>
- Participation in New Deal for Disabled People (NDDP) activities and building a positive relationship with an adviser is 'instrumental' in increasing motivation and morale, especially for those who have not been involved in any work-related activities for some time.<sup>131</sup>
- Work Based Learning for Adults is particularly effective at building confidence and motivation, as well as teamwork and communication skills, the ability to keep appointments and establish a work routine.<sup>132</sup> Evaluation evidence found a positive effect on participants' soft skills, particularly in terms of self-esteem and confidence, IT skills and qualifications. Most participants across the provision also showed an increase in labour market attachment.<sup>133</sup>

### Adult health behaviours

#### Smoking

- 3.78 Smoking is the single greatest cause of preventable illness and premature death in the UK, killing more than 120,000 people each year. There are currently 10.3 million smokers in England. The Government has a number of targets to reduce smoking prevalence, with a particular emphasis on reducing the social class gradient in smoking.

3.79 NHS smoking cessation services were launched in Health Action Zones in 1999/00, and became available everywhere a year later. The indications are that these services are having a positive impact and, in Health Action Zones, are reaching larger numbers of smokers.<sup>134</sup>

3.80 For example, in England, during the year 2003/04:

- Around 360,000 people set a quit date through NHS Stop Smoking Services.
- At the four week follow-up, around 204,900 said they had successfully quit, 57% of those who had set a quit date.<sup>135</sup>
- The services were expanding, treating 65% more smokers than in the previous year.

3.81 The longer-term impact of these interventions on overall smoking rates has yet to be seen.

### Diet

3.82 Cancer and coronary heart disease (CHD) account for 60% of all early adult deaths, and there are known social gradients in the prevalence of some cancers and CHD.<sup>136</sup> One of the main elements of the Government's strategy to prevent such deaths is to increase fruit and vegetable consumption, particularly for people with the lowest intakes, who include people on low-incomes, and particularly children. Five community-based '5 a day' pilot initiatives were established, to increase awareness and to promote the consumption of fruit and vegetables, and address inequalities. These pilots, which targeted over one million people, suggested that community initiatives could produce important changes in people's knowledge about, access to and intake of fruit and vegetables. Overall, the intervention was found to have had a positive effect among people who consumed the least fruit and vegetables and this is potentially important in terms of addressing inequalities in health.<sup>137</sup>

3.83 The New Opportunities Fund has since provided grants totalling £10 million, for community initiatives based in the 66 most deprived Primary Care Trusts, covering some six million people.

3.84 However, there are still large inequalities in objective health indicators, such as life expectancy or mortality. These health inequalities will be explored in Chapters 4 and 5.

### Reducing homelessness

3.85 The number of people sleeping rough has fallen by 70% since 1998 and rough sleeping is now at its lowest level since counts began. This has been achieved by more effective support for rough sleepers, through additional accommodation and intensive outreach work by Contact and Assessment Teams (CATs). CATs have been particularly successful in reaching those with long-term problems. More than 15% of those helped had been sleeping rough for years, and had not been helped by any previous measures. The effectiveness of the CATs is illustrated by the following quote:

*"I went to [a day centre] to get an address and they put me in touch with the CAT. They came to visit me on site to do an assessment and I got a bed that night. It caught me by surprise. I'm used to bureaucracy moving slowly, I was surprised."*<sup>138</sup>

3.86 The Rough Sleepers Initiative has also improved the access of rough sleepers to mental health services and substance misuse treatment.

3.87 The use of bed and breakfast (B&B) accommodation for housing homeless people is declining. In May 2004, the target to end the general long-term use of B&B hotels for homeless families with children was met. As at 31 March 2004, local authorities had achieved a 99.3% reduction, bringing the numbers of families placed in B&B for more than six weeks down from around 4,000 two years ago, to just 26. Of these, 23 had left their B&B within a month of the target date. In many of these cases, the families were in B&B waiting for the most suitable accommodation to become available. In these circumstances, delaying the move prevented the need for families moving twice in a short period of time.<sup>139</sup>

3.88 However, the number of households in other forms of temporary accommodation has been rising since 1997, reaching an all-time high of 95,060 in the fourth quarter of 2003. Homelessness is discussed further in Chapter 4.

### Summary of overall progress – working age adults

- 3.89 There have been a number of areas in adults' lives that have improved and those improvements can be linked to new policy approaches. The Government's investment in and innovative efforts to increase employment have resulted in more people entering work than would otherwise have been the case, including some for whom work was seen as difficult. The package of increased personal and financial support can clearly work well together. However, concerns remain about geographically concentrated pockets of unemployment, static rates of economic inactivity, and the number of people receiving incapacity benefits. These issues related to worklessness are explored further in Chapter 4.
- 3.90 Health inequalities also remain an important barrier for significant numbers of people on low-income, as Chapters 4 and 5 discuss in detail.
- 3.91 Progress is being made in building skills among unemployed people and other people of working age, so further gains in employment can be expected. Although progress has been seen among some vulnerable groups, there are concerns that it is generally the most job-ready who have so far been helped, and the task of helping more disadvantaged people may therefore now get more difficult. Chapter 6 discusses this in detail.
- 3.92 The rising levels of people in temporary accommodation, as well as issues related to crime, are also important issues that require further action, as discussed in Chapter 4.

## The impact of policy on older people

- 3.93 Policies have been put in place to tackle pensioner poverty, including fuel poverty, and to improve the social care available to them. In addition, there have been policies not specifically targeted at older people, but which have had an impact on their risk of social exclusion, for example initiatives aimed at reducing crime and tackling area deprivation.
- 3.94 Again, there are positive indications of progress including:
- A reduction in the proportion of pensioners living in absolute and relative low-income.
  - A reduction in fuel poverty among pensioners.
  - Some evidence of better access to some important services, and increased recognition of the need for independence.
  - A reduction in fear of crime among older people.

### Policies that have contributed to improvements for pensioners

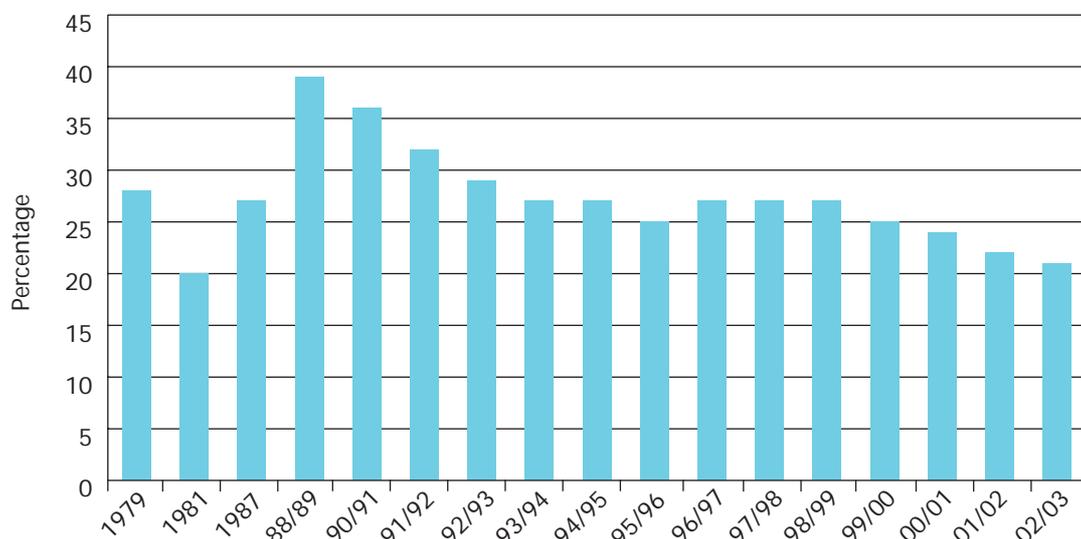
3.95 Policies that have contributed to these improvements for pensioners include the Minimum Income Guarantee (now Pension Credit), Warm Front, Care Direct, Direct Payments for Social Care, and a range of area-based and crime reduction initiatives including Neighbourhood Wardens, Locks for Pensioners and the Distraction Burglary Task Force.

### Reducing pensioner poverty

3.96 The Minimum Income Guarantee and related tax and benefit reforms have contributed to a fall in the proportion of pensioner households living in relative low-income (after housing costs) – from 27% in 1996/97 to 21% in 2002/03 (see Figure 13).<sup>140</sup> This means that 500,000 fewer pensioners are now living in relative low-income. Likewise, there has been a fall in absolute poverty (after

housing costs) from 27% of pensioners in 1996/97 to 9% 2001/02 – a reduction of 1.8 million people. Further falls in poverty are expected as the widened eligibility of Pension Credit, launched successfully in October 2003, works through to greater numbers taking up the benefit.

Figure 13. Pensioners living below 60% median income after housing costs, 1979–2002/03



Source: Households Below Average Income

- 3.97 Increasing incomes are also leading to continued reductions in material hardship and deprivation amongst pensioners and, for some measures of such hardship, the gap between the poorest 20% and the average appears to be closing.<sup>141</sup>
- 3.98 However, the proportion of the pensioner population in persistent low-income remained at 18% in 2001, stable since 1997.<sup>142</sup> Older people, particularly women, are most at risk of recurrent low-income over a long period. Two-fifths (40%) of single female pensioners were in the bottom 20% of income distribution for eight years or more between 1991 and 2001.<sup>143</sup>

### Reducing fuel poverty

- 3.99 The proportion of single older people in fuel poverty in England fell from 40% in 1998 to 22% in 2001, and from 19% to 8% for couple pensioners.<sup>144</sup> This has mainly been the result of increased incomes and reduced prices, but older people say that the Warm Front Programme and Winter Fuel Payments have also helped.
- Between June 2000 and September 2003, grants from the Warm Front programme helped more than 260,000 poor people over 60 years old in the private housing sector to improve the fuel efficiency of their homes. The average fuel saving is £150 per year.<sup>145</sup> Beneficiaries of the scheme report high levels of satisfaction<sup>146</sup> and many go on to receive other services, such as improved home security.
  - Older people in social housing are benefiting from Government action to bring all social sector homes up to acceptable standards of thermal comfort by 2010. For example, the percentage of local authority dwellings lacking thermal comfort fell from 48% in 1996 to 34% in 2001.<sup>147</sup>
  - The Winter Fuel Payments, made automatically to all pensioners, are helping to reduce anxiety about fuel bills.<sup>148</sup>

*“Well, I think it’s a nice sum to get. You think, ‘Oh I can have the fire a bit higher up’, or something like that, you know. But I think it’s very good.”*

### Improving older people’s access to some services

3.100 New and improved services show positive signs of encouraging greater access by older people, for example:

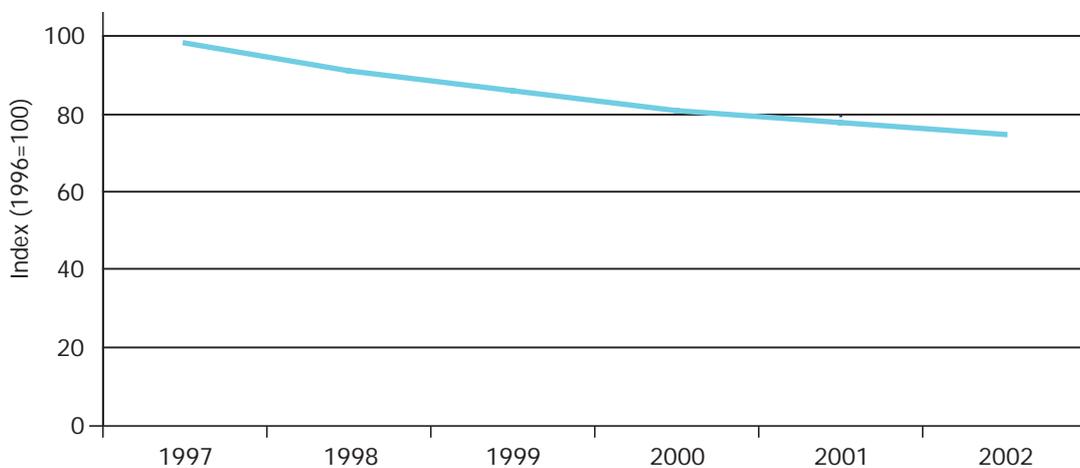
- The Care Direct pilots have been helping to provide older people with advice about a range of services that aim to help them to live independently. The pilots operated at near capacity, and significant sums of additional benefit have been secured for older people. Over 80% of callers to the service thought the service provided the help they needed.<sup>149</sup>
- Health Action Zones led to better co-ordinated and more responsive services for older people in the areas where they were piloted.<sup>150</sup>
- The Minimum Income Guarantee Application Line has been much appreciated by older people, the majority of whom prefer to use a telephone than visit the local Benefits Agency office.<sup>151</sup> This has been incorporated into the design of its successor, the Pension Credit Application Line, which aims to provide older people with a more identifiable and more accessible route to dealing with their pension and benefit enquiries.

3.101 In the social care field there have been a number of positive developments:

- More domiciliary care is being provided than ever before, and total home care contact hours were 14% higher in 2002 than in 1997.
- If the full range of community-based services is taken into account, such as day care, meals, respite care, direct payments, professional support, transport and equipment, as well as domiciliary care, the numbers helped by these services grew from 925,000 to 988,000 between 2000/01 and 2002/03.
- The system of direct payments for social care is starting to have an impact. Older people receiving direct payments report feeling happier, more motivated and having an improved quality of life than before using the system. There was a positive impact upon their social, emotional and physical health.<sup>152</sup>

3.102 However, despite these improvements, the number of older people using statutory home help and home care services has fallen (see Figure 14). In many areas, access to statutory social care services is increasingly restricted to those with the highest care needs. This may mean that there is a lack of effective provision for those with lower-level (but still essential) needs, in order for them to live independently.

Figure 14. Households receiving home help or home care (1996 =100), 1997 to 2002

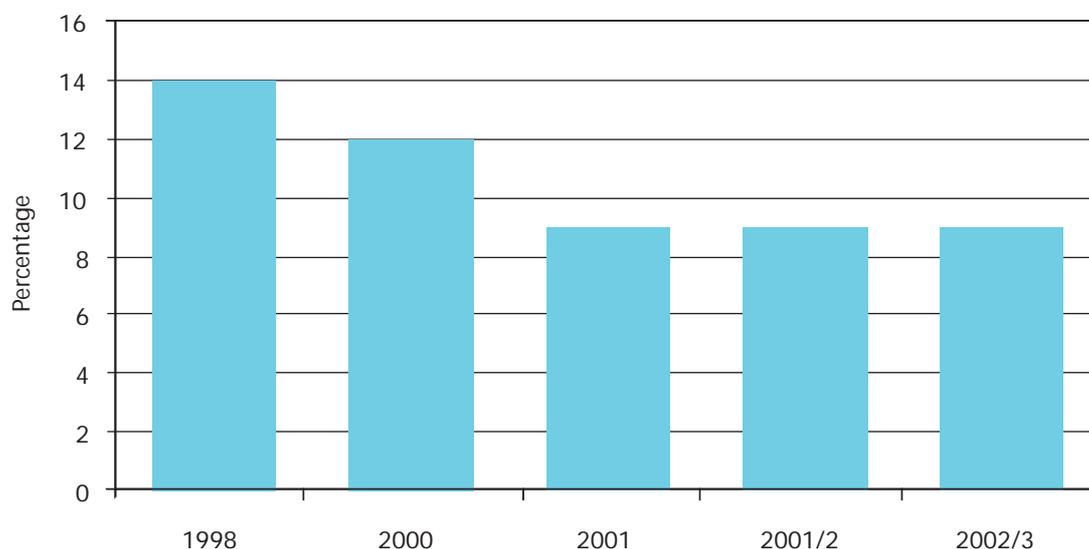


Source: Department of Health. Health and Personal Social Services Statistics

## Tackling fear of crime

3.103 There has been a reduction in fear of crime among older people. For example, in 2002/3, 9% of older women said their life was greatly affected by crime, down from 14% in 1998 (See Figure 15).<sup>153</sup>

Figure 15. Fear of crime among older women, 1998–2002/03



Source: British Crime Survey 2002

3.104 The reasons behind this trend are complex. However, older people have benefited from the general reductions in crime and Neighbourhood Warden Schemes have reassured older people in deprived areas by reducing crime and anti-social behaviour, encouraging community development and improving the environment. Older residents in areas with Neighbourhood Warden Schemes reported greater reductions in the level and number of worries about crime than in control areas.<sup>154</sup>

*"I can attend all sorts of social things around the village and I feel much safer, cos I know I'm going to be able to get home without being mugged."* (Older person commenting on the impact of Neighbourhood Wardens in Stockbridge village, Knowsley)

3.105 Older people have also benefited from the Distraction Burglary Task Force's initiatives, because older people are at the highest risk of being targeted by bogus callers.

## Summary of overall progress – older people

3.106 In summary, policies targeted at older people have particularly helped to improve the disposable incomes and living standards of the poorest pensioners. Policies have also started to address the problem of fuel poverty for older people – both by providing extra financial resources and improving the conditions of homes. In addition, there have been improvements in older people's access to some services that help to improve their independence. Likewise, there is some evidence that crime-related initiatives are helping to reduce their fear of crime. However, there are concerns that persistent pensioner poverty has not been reduced. In addition, social care reforms, in targeting the most needy, may have made the provision of lower-level support more difficult for other older people.

## The impact of policy on deprived areas

- 3.107 People at risk of social exclusion are disproportionately concentrated in deprived areas. For example, of the 10% of streets in the country with the highest rates of worklessness, 78% are in the 88 most deprived local authority areas.<sup>155</sup> So policies aimed at groups of people at risk of social exclusion will, therefore, help to improve deprived areas. However, specific efforts have also been made to help turn around the most deprived areas of the country. There has been a new emphasis on improving the performance of mainstream services in deprived areas.
- 3.108 Deprived areas have benefited from many of the absolute improvements seen across the country, and new measures to improve community capacity. In addition, there are positive indications of a narrowing of the gap between deprived areas and the rest of the country in a number of key areas, including employment rates, educational attainment, and teenage conceptions.

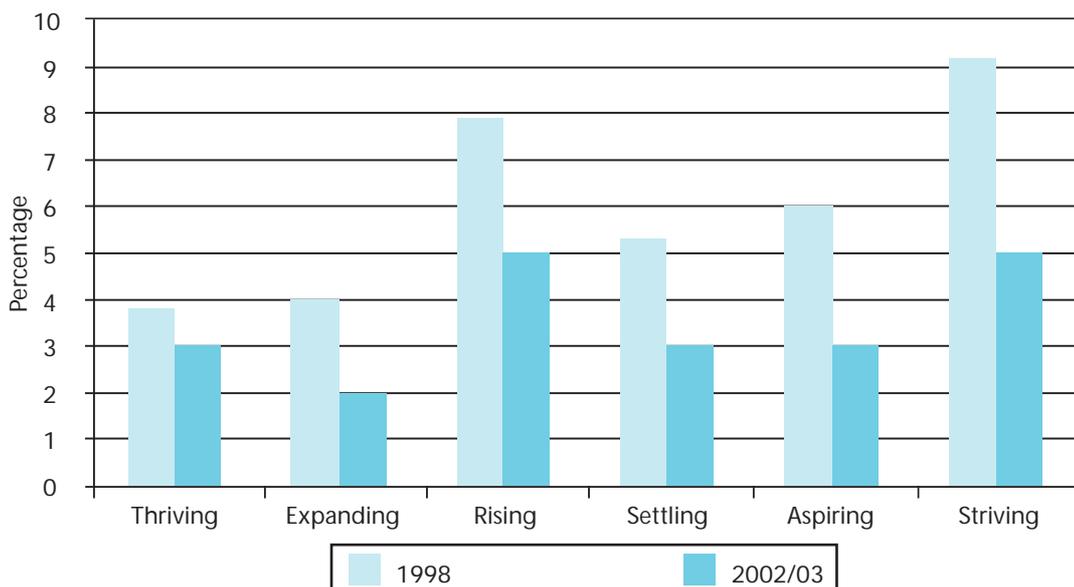
### Policies that have contributed to improved outcomes

- 3.109 Policies that have contributed to improving outcomes in deprived areas include the National Strategy for Neighbourhood Renewal. This strategy incorporates the Neighbourhood Renewal Fund, the New Deal for Communities, the Single Regeneration Budget, Local Strategic Partnerships and floor targets for mainstream services. Other initiatives, like Crime and Disorder Reduction Partnerships, Excellence in Cities, Health Action Zones, Job Action Teams, also focus on deprived areas.

### Improving deprived areas

- 3.110 Most deprived areas have benefited from many of the improvements in outcomes already discussed in this chapter, such as reduced unemployment and poverty. For example, half of the drop in the overall number of unemployed benefits claimants between 1995 and 2000, took place in the 20% of wards in the country that had the highest proportion of claimants in 1995.
- 3.111 In addition to these outcomes, deprived areas have also benefited from reduced crime. There has been a marked reduction in overall crime rates since 1997 – with a 25% reduction in all crimes against adults living in private households between 1997 and 2002/03.<sup>156</sup> The latest information shows this trend is continuing, with a further fall of 5% between 2002/03 and 2003/04.<sup>157</sup> Reductions in these crimes, such as burglary, have been seen in all areas, including the more deprived areas (see Figure 16). For example, the risk of being a victim of burglary has fallen from over 9% in 1998 to 5% in 2002/03 in those areas classed by ACORN as the most deprived.

Figure 16. Household victims of burglary by ACORN classification of area, 1998–2002/03



Source: British Crime Survey

3.112 New approaches have helped too. For example, project areas funded through the Reducing Burglary Initiative, saw burglaries decline by 20% compared with the pre-project period, and by 7% when taking into account burglary reduction in comparison areas.<sup>158</sup> Similarly, the Street Crime Initiative reversed a growth in robbery in the highest crime areas, leading to a 17% reduction in 2002/03 compared with 2001/02, with further reductions evident in 2003/04.<sup>159</sup>

3.113 There are also some positive signs from measures to create more active and cohesive communities:

- The proportion of people participating in their community rose by 6% between 2001 and 2003.<sup>160</sup>
- New forms of capital are being successfully used to increase the capacity and sustainability of community enterprises and organisations.<sup>161</sup>
- Where used successfully, Anti-Social Behaviour Orders have helped to rebuild the quality of life in communities, and cement good relationships between key agencies and the community.<sup>162</sup>

3.114 The New Deal for Communities (NDC) is leading to improved, and often unprecedented, levels of partnership building, community engagement and inter-agency working.<sup>163</sup> Residents and local stakeholders in many NDC areas say that they are starting to see better outcomes, including reductions in crime, a greater sense of community responsibility, higher aspirations for the neighbourhood, greater prospects for attracting business to the area, and a shift towards preventative measures to help tackle deprivation.<sup>164</sup>

3.115 Although it is too early to assess impact, pioneering programmes such as the Community Cohesion Pathfinders are developing new working practices to break down barriers and encourage greater social cohesion.<sup>165</sup>

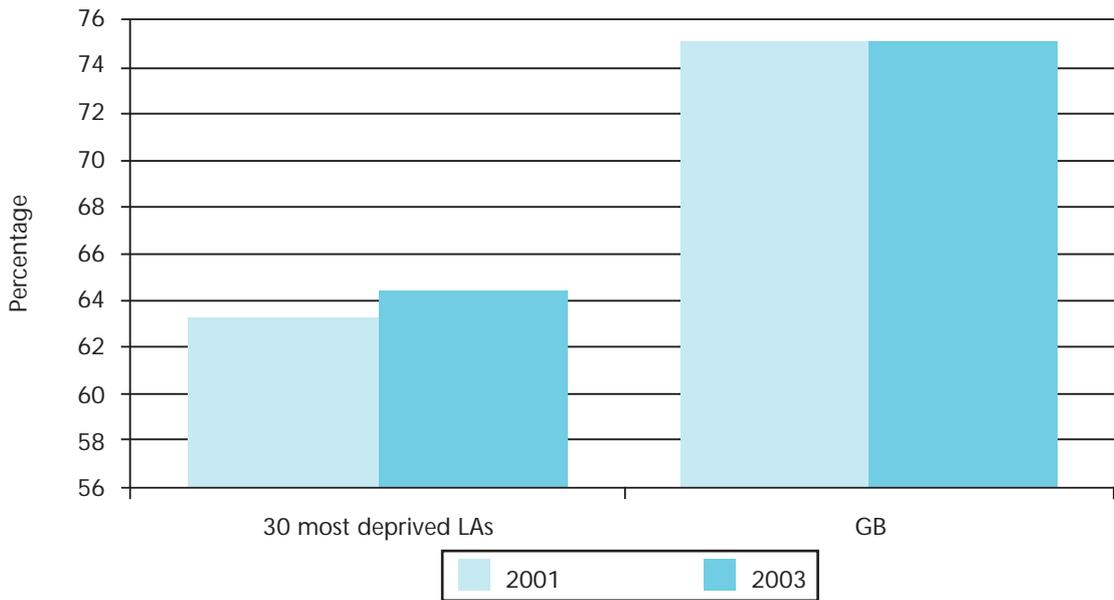
3.116 New systems of measurement and monitoring are now in place to monitor the longer-term progress of many of these new policy areas, such as anti-social behaviour and community cohesion.

### Narrowing the gap between deprived areas and non-deprived areas

3.117 It is too early to evaluate the impact of the National Strategy for Neighbourhood Renewal, but there are encouraging signs that the gap in various outcomes between the most disadvantaged local authorities and the average is narrowing. Examples of progress include:

- The difference between the average English employment rate and that among the 88 areas eligible for the Neighbourhood Renewal Fund has fallen from 5.9% in 1997/98 to 5.6% in 2002/03.
- The gap between the 30 local authorities with the poorest initial employment rates and the average fell from 12.3% to 11.2% between winter 2000 and summer 2003 (see Figure 17).<sup>166</sup>

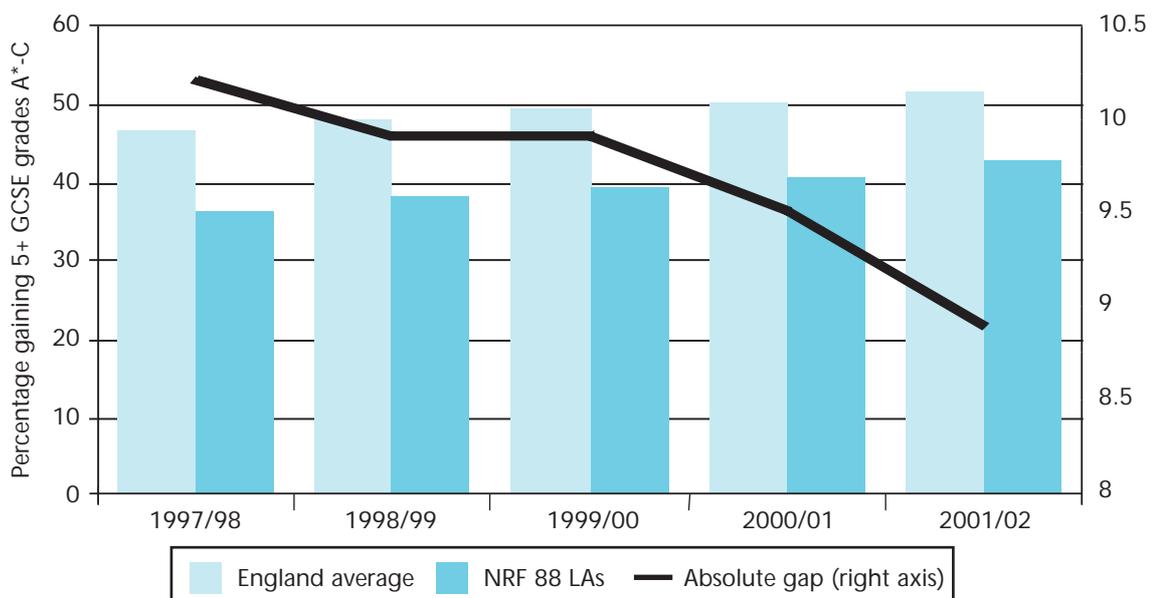
Figure 17. Employment rates, 2001 and 2003



Source: Labour Force Survey

- Between 2000 and 2002, employment rates among lone parents rose by 5.7% in the 88 areas eligible for Neighbourhood Renewal Funding, compared to only 2.3% in England as whole.<sup>167</sup>
- Of pupils in the 88 Local Authorities eligible for the Neighbourhood Renewal Fund, the gap between the proportion of them achieving 5+ GCSEs at A\*-C and the average for England has fallen from 10.2% in 1997/98, to 8.9% in 2001/02 (see Figure 18).<sup>168</sup>

Figure 18. Percentage gaining five or more GCSE grades A\*-C in the 88 most deprived local authorities, 1997/98-2001/02



Source: Neighbourhood Renewal Unit

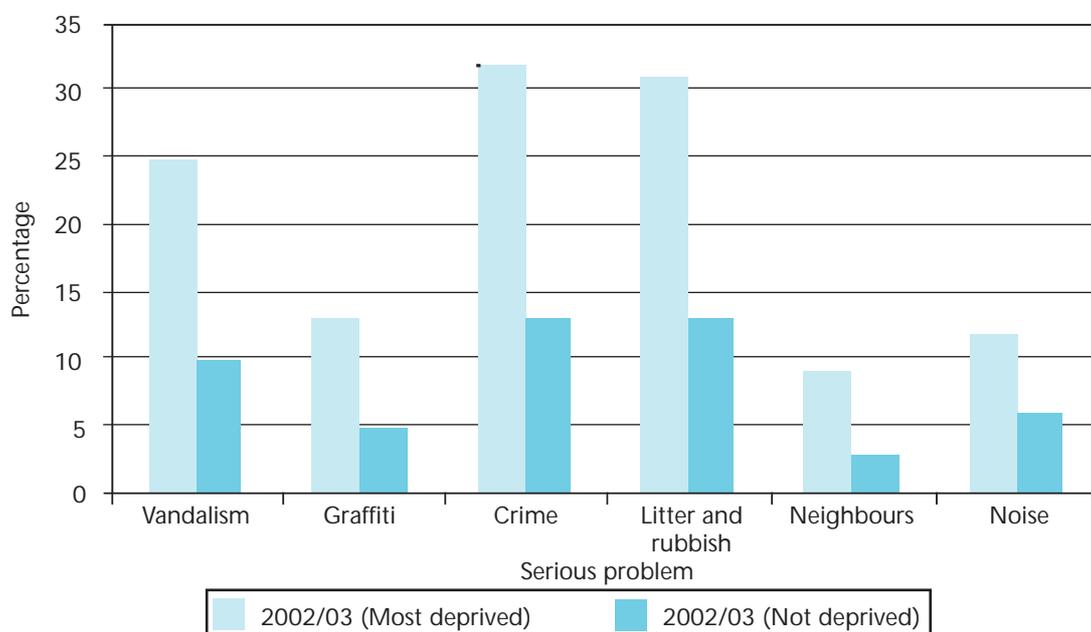
- Teenage conception rates in the 88 Neighbourhood Renewal Fund areas have fallen slightly faster than in England as a whole, with the gap between the two narrowing from 12.8% in 1996/98 to 11.8% in 1999/01.<sup>169</sup>

3.118 Likewise, between 1996 and 2001, most indicators in Single Regeneration Budget areas improved at a faster rate than the national trend. This includes employment rates, fear of crime, community involvement, and satisfaction with accommodation.<sup>170</sup>

3.119 However, these averages mask some further slippage in some geographical areas; in other areas of life, the gap between deprived areas and the rest is not closing. For example:

- Employment rates have fallen further in some of the local authorities with the lowest employment rates in 1998/99, such as Redcar and Cleveland, Nottingham, and Newham.<sup>171</sup>
- Likewise, rates of teenage pregnancy continue to rise in some of the areas with the highest pre-existing rates, such as Haringey, Islington and Southwark.<sup>172</sup>
- People living in the most deprived areas continue to perceive the most social problems and have the least satisfaction with their areas. In 2002/03, only 28% of people in deprived areas were very satisfied with their local area, compared to 52% in other areas (see Figure 19).<sup>173</sup>

Figure 19. People reporting a serious problem by area deprivation, 2002 and 2003



Source: Survey of English Housing

3.120 Small area (e.g. ward) level inequality has also increased on some key measures of inclusion. For example, although there has been a reduction in worklessness in most areas, the fall has been greater in better-off wards. The proportion of wards in England with worklessness rates at least twice the median ward rate increased between 1998 and 2001, from 17.5% to 18.7%, though it has been broadly stable since then.<sup>174</sup> The persistently high level of inequality partly reflects the continuing decline in staple industries, which has been concentrated in particular areas. Ward-level inequality has also increased on other indicators, for example, between 2001 and 2002, despite a fall of almost one million in the number of non-Internet users in the most deprived wards, the gap between the most deprived wards and the rest widened.<sup>175</sup>

### Summary of overall progress – deprived areas

3.121 In summary, although the impact of regeneration programmes is long-term (the National Strategy for Neighbourhood Renewal is a 20-year strategy), there is evidence from evaluations of more established programmes that regeneration programmes have led to improvements in deprived areas. There are already signs of above-average improvements across a range of indicators at the local authority level. However, challenges remain, and deprived areas continue to experience the

highest incidence of social problems, such as crime. This is addressed further in Chapter 4. In addition, even where there has been some narrowing of the gap at the local authority level, small area (e.g. ward) inequality has been increasing.

## Conclusion

3.122 There have been major gains since 1997, particularly in tackling some of the main drivers of social exclusion such as unemployment and child poverty. There has also been increased investment in and supply of early years services. Educational attainment has improved across the board, and it has improved fastest in deprived areas and among some ethnic minority groups of pupils. There have been significant reductions in long-term youth unemployment, youth offending and teenage conceptions. There are indications that adult basic skills are improving. The proportion of older people living in poverty has fallen. Policy has contributed significantly to these gains.

3.123 There has also been a narrowing of the gap between deprived areas and the average in a number of areas, including employment, attainment at GCSE level, teenage conceptions and fear of crime.

3.124 Further gains are expected:

- Programmes that are showing encouraging early signs will be rolled-out nationally and will become more established – like Connexions, Sure Start and the Education Maintenance Allowance.
- The impact of more recent measures, like the Child Tax Credit, will begin to manifest themselves in national data.
- Those currently experiencing improved early years services will become pupils, adults and parents and should have improved futures as a result.

3.125 However, there are a number of areas where we need to continue and accelerate the rate of improvement seen to date, because the scale of the problem is still significant. There are also a number of aspects of social exclusion which have not yet been fully addressed, and to which we might need to give renewed emphasis. The next chapter considers which of these areas we consider to be priorities, in addition to further progress on child poverty and early years support by focusing in more detail on:

- Educational under-attainment.
- Worklessness and economic inactivity.
- Health inequalities.
- Homelessness.
- Concentrations of crime.

# CHAPTER 4: Sustaining progress

## SUMMARY

- Now is not the time to relax our efforts, even in areas where progress has been impressive, because the scale of the problem remains large, and there is still much work to be done. For example, over a quarter of children and a fifth of pensioners are living in relative poverty (after housing costs), 5.2 million adults have poor literacy skills, and 46% of lone parents are not in work.
- In addition, there are areas in which less progress has been made, and which now need to be fully addressed if they are not to hold back further gains. We have identified five key problems that continue to drive social exclusion, and are holding back progress:
  - Low educational attainment.
  - Economic inactivity and concentrations of worklessness.
  - Health inequalities.
  - Concentrations of crime.
  - Homelessness.
- It will be important to monitor carefully the extent and pace of progress in tackling these drivers of social exclusion. Where progress is not being made, we need to review current policies, and actively consider new approaches. It will also be important to pay particular attention to ensuring that gaps between different social groups and areas are also clearly reduced.
- Where individuals have made progress, longer-term support may be necessary to ensure that they do not fall back into a state of vulnerability. For example, 40% of participants who get a job after participating in the New Deal for Young People and New Deal 50+ return to claiming JobSeeker's Allowance (JSA) within six months. Progress in other areas of life like giving up drugs, or turning away from crime, can also be easily undermined.

## Introduction

- 4.1 In the previous chapter, we outlined the areas of policy where progress has been made, and began to identify some of the areas where less progress is evident at this stage. This chapter builds on that analysis, by taking a more detailed look at how the progress made so far has impacted on the overall scale of the problem, and examining which of the main drivers of social exclusion are not yet improving.

## The scale of the problem remains large

- 4.2 As described in Chapter 3, there has been clear progress in tackling key drivers of social exclusion, such as reducing child and pensioner poverty and material hardship, reducing unemployment (especially long-term unemployment), reducing crime and youth-offending, and tackling poor

housing. However, there is more to do. Tackling child poverty and bringing more people into the labour market are as important as ever, and policy may need to do more in these priority areas to make further inroads.

- 4.3 However, even where clear progress has been made, it will be important to spread the benefits to more people and communities. There are still many people at risk of social exclusion – even in those areas where there has been improvement. These can be broken down by life stage as follows.

For children

- In 2002/03, 28% of children were living in relative low-income, after housing costs, and 21% before housing costs.
- In spring 2004, 16% of children were still living in workless households.
- More than 5% of children left school without any qualifications in 2003, and almost half did not get five grade A\*–C GCSEs.
- The picture among children in care is still very bleak, with 9% of children looked after for a year or more gaining five grade A\*–C GCSEs, and more than 50% leaving care aged 16 or over without any qualifications.

Among young people

- In January 2004, one in ten young people aged 18 to 24 was unemployed, of whom about 14% were long-term unemployed.
- In 2003, 24% of young people, and 34% of all adults did not have a level two qualification.
- The UK still has the highest teenage conception rate in Europe.

Among working age adults

- 5.2 million adults had literacy skills below level 1 in 2003.
- 46% of lone parents were not in work in spring 2004.

Among older people

- 22% of single pensioners experienced fuel poverty in 2001, and 21% of pensioners were in relative low-income in 2002/03.
- Despite progress in tackling fear of crime, 8% of older people said that their lives were greatly affected by crime in 2002/03, and around one-third of women aged 60 or over felt 'very unsafe' being out at night.<sup>1</sup>

For all communities

- A fifth (20%) of households were victims of a property crime in 2003/04, and 7% of adults were victims of a personal crime.<sup>2</sup>
- 7 million homes (33%) were classed as 'non-decent' in 2001, of which 2.2 million were occupied by vulnerable households.<sup>3</sup>

- 4.4 As well as remaining problems on individual dimensions of disadvantage, we know that the extent of persistent and multiple disadvantage remains a problem for a significant minority of people. For example, in 2001 there were more than 1.3 million households headed by someone of working age who were affected by deprivation in most or all of four dimensions measured: being out of work, having a poor education, or problems with housing or health.

- 4.5 There are existing policy developments working to achieve ambitious longer-term improvements in many of these areas. For example, by 2010, the Government is committed to:
- Halve child poverty.
  - Halve teenage conception rates.
  - Increase the employment rate of lone parents to 70%.
  - Bring all social housing into a decent condition.
- 4.6 Meeting these goals is crucial to the overall strategy to tackle social exclusion. In many areas, the lion's share of progress is yet to be achieved. In particular, it will be essential to keep up the drive against child poverty if social exclusion is to be effectively tackled in the longer term.
- 4.7 Sustaining progress is likely to become more difficult, because it has often been those with fewer disadvantages who (so far) have been helped the most. This means that case-loads are likely to become increasingly dominated by people who have problems that are more complex and who are therefore more difficult to help. This issue is discussed further in Chapter 6.
- 4.8 Sustaining progress in areas that have seen improvement will often require more of the policies that have proved successful so far. Delivery mechanisms may need to be adapted in order to reach out in a more effective way to people with the most disadvantages. Chapter 6 explains how policies can be adapted to reach out to the most disadvantaged members of society.

## Where progress has been slow

- 4.9 In the 1980s and early 1990s, there was a trend of rising disadvantage. As described in Chapter 3, the Government has made a significant contribution to bucking this trend. However, there are a number of areas where progress has been less good.
- 4.10 There are five key drivers of social exclusion where progress needs to be a priority if we are to make serious headway against social exclusion. These social problems continue to have a powerful effect on causing and reinforcing social exclusion. This is because they increase the risk of exclusion for a large number of people, affect people in a particularly acute way, or help transmit disadvantage between generations. The priority areas where there has been insufficient progress are:
- Poor educational attainment.
  - Economic inactivity and pockets of worklessness.
  - Inequalities in poor health behaviours and outcomes.
  - Homelessness (in particular, families living in temporary accommodation).
  - Concentrations of crime and poor living environments.
- 4.11 Chapter 1 explained how these problems can create and reinforce the risk of social exclusion. All five are important barriers to people's progress and life chances. The following section sets out the extent and nature of the drivers where there are continuing or growing problems. It also briefly states the policies and programmes already in place, or planned, to address these issues.
- 4.12 It will be important, however, to monitor carefully the extent and pace of progress in tackling these remaining drivers of social exclusion. In the event of progress not being made, it will be necessary to review the current suite of policies, and actively consider new approaches.

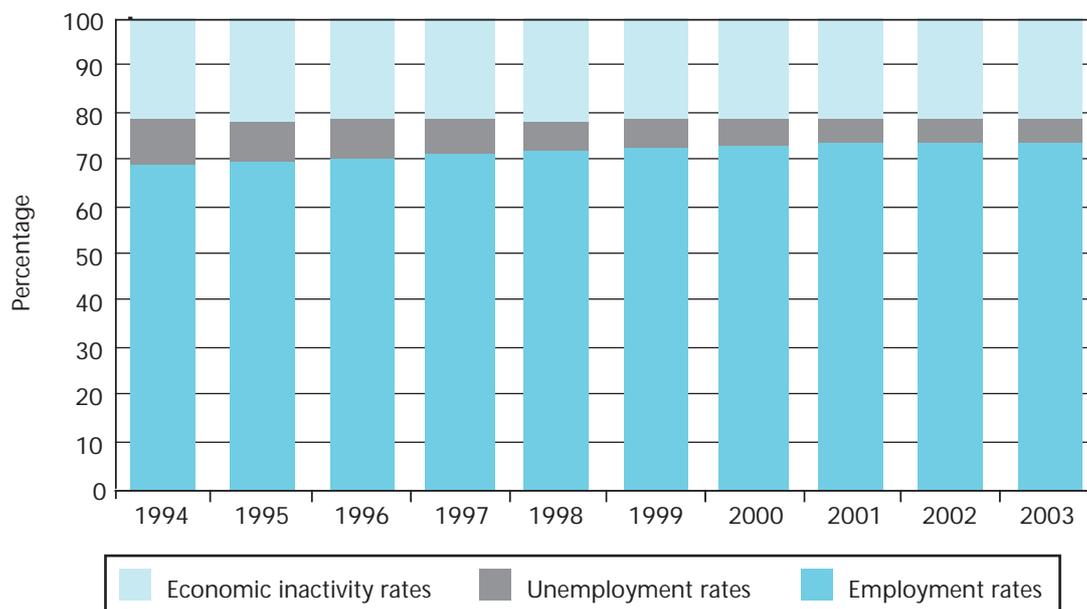
## Educational under-attainment

- 4.13 Low educational attainment continues to reinforce disadvantage and social exclusion throughout life. In particular, it blocks progress in the labour market for key groups and perpetuates disadvantage between generations. The way in which underachievement is passed between generations is explored more fully in Chapter 5, as are the initiatives that the Government is taking to address these particular problems.
- 4.14 In 2003, about a quarter of 16-year-old pupils failed to achieve one GCSE above Grade D level, and 5.2%<sup>4</sup> of all pupils achieved no educational qualifications at all. Earlier improvements seen in this indicator have not been sustained, and the proportion of 16-year-olds without any qualifications has remained virtually stable in recent years. Meanwhile, the penalty of having no qualifications or poor basic skills in a knowledge-driven economy has been growing.
- 4.15 Whilst average attainment has been increasing, the lowest achievers have not kept pace with these improvements and are therefore losing ground.<sup>5</sup> The gap between the lowest and highest attaining secondary schools, in terms of GCSE scores, grew nationally between 1993 and 2002.<sup>6</sup>
- 4.16 There are national targets to improve educational attainment, including floor targets to ensure that a minimum of pupils in all schools reach set standards. Current education policies include mainstream programmes such as the National Literacy, Numeracy and Key Stage 3 strategies, with their drive to raise standards for all, and targeted initiatives such as Excellence in Cities, designed to improve urban schools, and Aiming High, aimed at raising standards among ethnic minority groups. In addition, a new education and learning strategy for the next five years has recently been published. This identifies five guiding principles for reforming education services to tackle the link between social class and achievement in education:
- Greater personalisation and choice – people more able to contribute to building a better service with higher minimum standards and support.
  - Greater diversity of provision and providers – a real choice between institutions and providers, and more contribution from our partners.
  - High quality leadership and a skilled and committed workforce – helping front-line leaders set direction and develop their staff.
  - Freedom and autonomy for the front-line – simplifying the planning, funding and accountability systems.
  - Effective partnerships – sharing the responsibility for change between all parts of government, employers and voluntary partners.
- 4.17 There are also national targets to concentrate help on adults who left school with poor qualifications, for example by increasing numbers with Level 2 qualifications and basic skills. Further policy measures that will be part of this strategy are discussed in Chapter 5.

## Economic inactivity and concentrations of worklessness

- 4.18 Bringing people back into the labour market is one of the main ways in which the Government has helped reduce poverty. However, 16% of households still have no one in work, and geographical concentrations of people without work persist.
- 4.19 One of the causes of persistent worklessness is economic inactivity amongst some groups. Although unemployment has been falling, there are high and stable rates of economic inactivity. The number and proportion of people of working age who are economically inactive<sup>7</sup> has remained broadly constant since 1997 at about 22% of the population, or about 8 million people (see Figure 1).

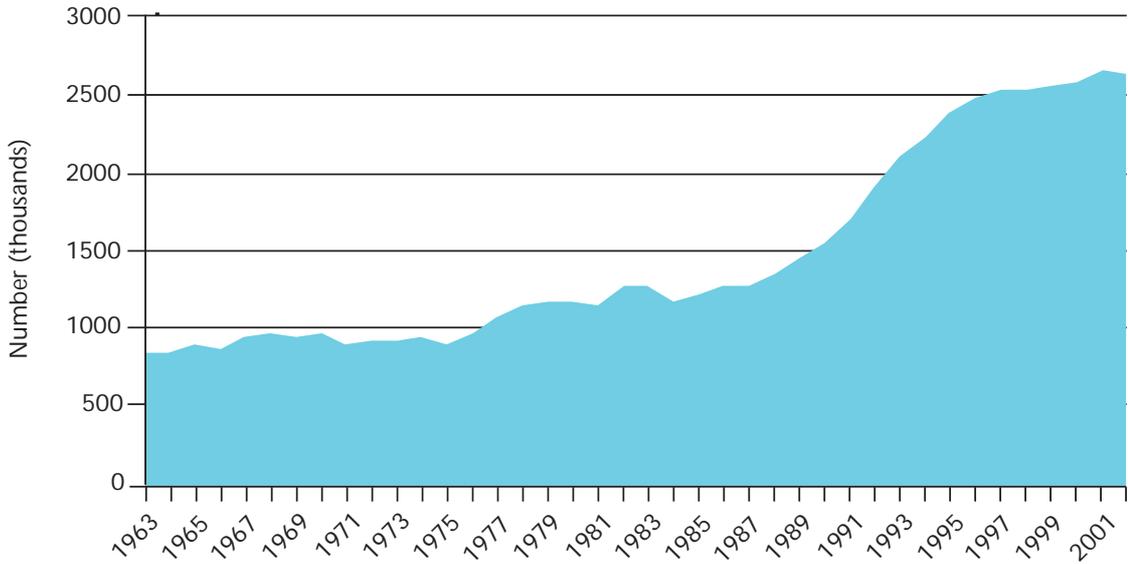
Figure 1. Economic inactivity, unemployment and employment rates (UK) (1994–2003)



Source: Labour Force Survey

- 4.20 Most inactive people are women, and the most common reason for their inactivity is family and care responsibilities. However, inactivity rates are very high among particular groups of the population including lone parents, people with disabilities or health conditions – particularly those with mental health problems – and people with low or no skills.<sup>8</sup> In addition, the proportion of women saying they are inactive because of sickness and disability has been gradually increasing since the mid-1980s. This is also the most common reason for men being economically inactive.
- 4.21 The stable level of economic inactivity is reflected in the large numbers of people claiming benefits because of incapacity. The number of working age people receiving incapacity benefits increased sharply between the late 1980s and the mid-1990s. Since then, it has risen more slowly, but remains high at almost 2.7 million<sup>9</sup> (see Figure 2). There are now more people claiming benefit on the grounds of incapacity than on the grounds of unemployment and lone parenthood combined.
- 4.22 For many years, it was mostly older men who claimed incapacity benefits. However, more young people and more women are now claiming them. In addition, there has been a significant increase in the proportion of claimants with a mental health problem. The number of people claiming incapacity benefit due to mental health problems has doubled since 1995.

Figure 2. Working age claimants and beneficiaries of Incapacity Benefit and Severe Disablement Allowance (1963–2002)



Source: Department of Work and Pensions

- 4.23 People with illnesses and disabilities tend to remain on benefit for a long period of time. Just over half (53%) of Incapacity Benefit claimants have been on the benefit for four years or more. In addition, the longer they remain on benefit, the less likely they are to leave – once people have been on the benefit for more than a year, the average duration of their claim is eight years.<sup>10</sup> Long periods of time out of work, compared with shorter episodes of unemployment, greatly increase the risk of poverty and material hardship, and other forms of social exclusion.
- 4.24 There are large regional and geographical variations in patterns of inactivity and worklessness. For example, a quarter of people aged 45–59 in Tyne and Wear are inactive, compared with one in ten in the South West and East of England.<sup>11</sup> Although there has been some narrowing of the gap in employment rates at the local authority level, inequalities have increased at the small area (i.e. ward) level. The rate of decline in worklessness has been greater in better-off wards, leaving behind a significant minority of neighbourhoods with stubbornly high rates of worklessness.<sup>12</sup> Analysis by the Social Exclusion Unit’s project on Jobs and Enterprise shows that worklessness varies even more at a very local level than between wards. In the worst tenth of streets, 30% of working age adults are on benefits (mostly Incapacity Benefit); this is 23 times higher than in the best tenth.
- 4.25 A number of labour market and fiscal policies and programmes have been put in place to help those on Incapacity Benefit into work – such as the disabled worker element of the Working Tax Credit and the New Deal for Disabled People. There are also national PSA targets to increase the employment rate for people with disabilities. The Pathways to Work pilots are testing a range of new provisions to support Incapacity Benefit claimants into employment. Furthermore, there are specific new measures to help those with mental health problems.<sup>13</sup> Planned changes to the Disability Discrimination Act (DDA) will also help: from October 2004, most excluded occupations will be covered by the DDA’s employment provisions for the first time.
- 4.26 The Government also has PSA targets to improve employment and to raise the level of enterprise in disadvantaged areas. *Building on the New Deal: Local solutions meeting individual needs* sets out how support for workless people will evolve, including greater freedom and flexibility for district managers to deal with the problems of particular areas. This will build on the experience from Action Teams for Jobs and Employment Zones, as well as lessons of the Working Neighbourhoods Pilots – which are testing ways of helping local areas with severe problems of unemployment and inactivity. Enterprise Areas also offer a range of measures to support business in deprived areas.

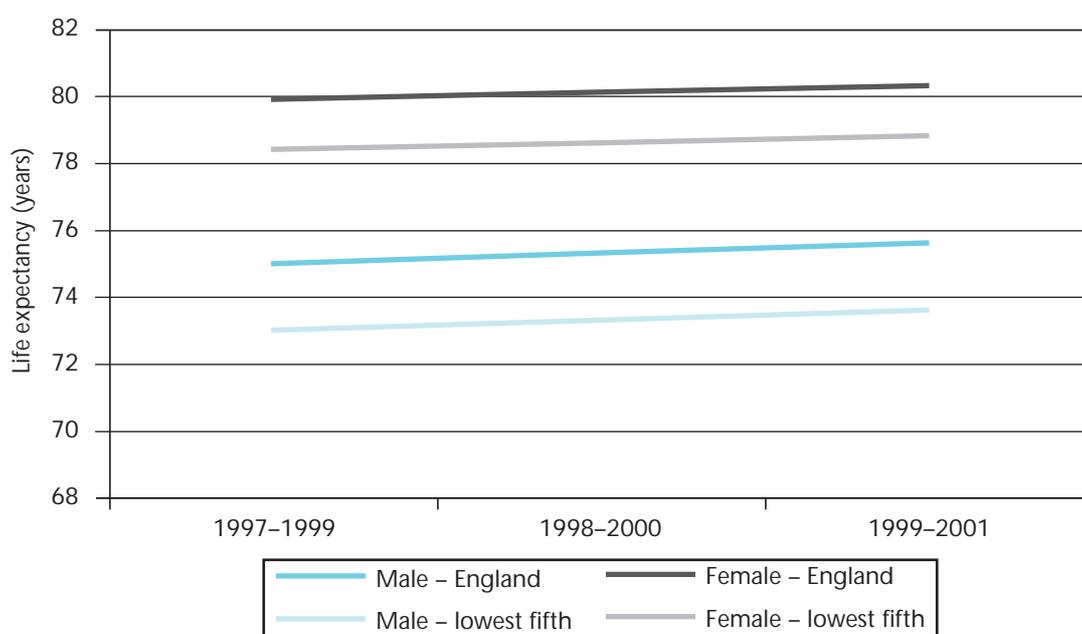
## Health inequalities

4.27 Despite aggregate improvements in objective health indicators, such as life expectancy or mortality, there are still large inequalities in health behaviours and outcomes between different socio-economic groups. Examples of these issues include:

- Inequalities in infant mortality slightly widened between 1997–99 and 1999–2001.<sup>14</sup>
- Babies born to parents from manual backgrounds continue to be more likely to have a low birth weight than those born to parents from non-manual backgrounds.<sup>15</sup>
- Over the 1990s, overall mortality fell and socio-economic inequalities decreased for women, but inequalities increased for men. Major falls in ischaemic heart disease, cerebrovascular disease (strokes) and respiratory disease among the higher social classes were not matched among lower social classes. This accounted for much of the growth in the gap in male mortality over this period.<sup>16</sup>

4.28 There are also wide geographical inequalities in health. The gap in male life expectancy between the lowest fifth of local authorities and the English average is two years (see Figure 3). Current figures suggest that this gap is not beginning to narrow.

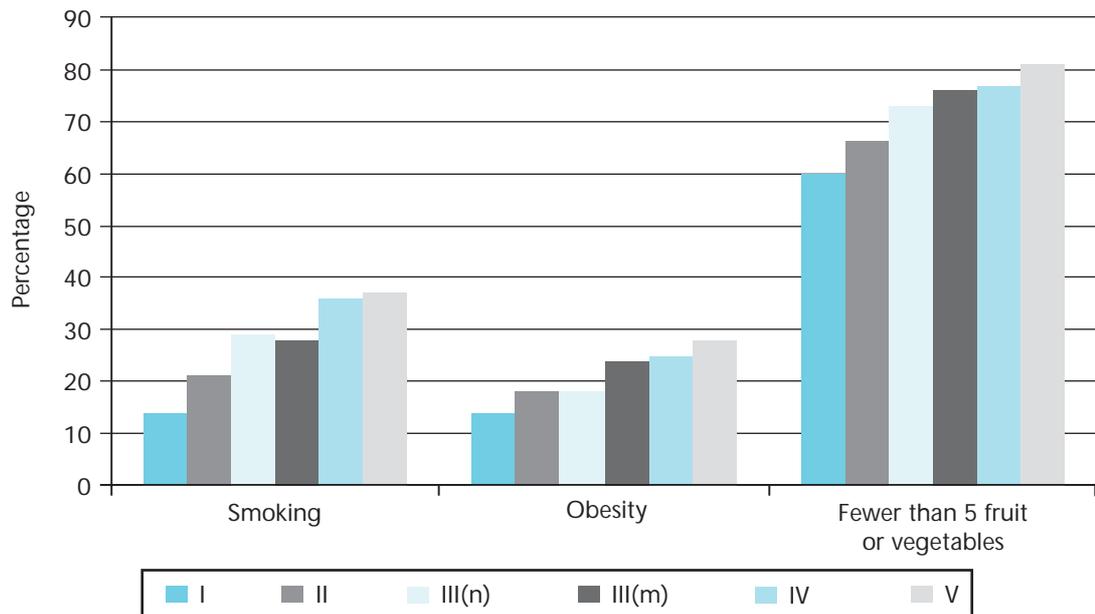
Figure 3. Life expectancy in the lowest fifth of local authorities, and England



Source: Government Actuary's Department/ONS

4.29 A wide range of factors and behaviours, such as smoking and poor diet, contribute to inequalities in health. These 'risky' health behaviours also show a steep social gradient. For example, it has been estimated that the social class gradient in smoking accounts for more than half of the difference in mortality among working age men between the highest and lowest social groups.<sup>17</sup> These health risk factors continue to be persistently concentrated in more disadvantaged groups (see Figure 4).

Figure 4. Health risk factor prevalence by social class, females (%)



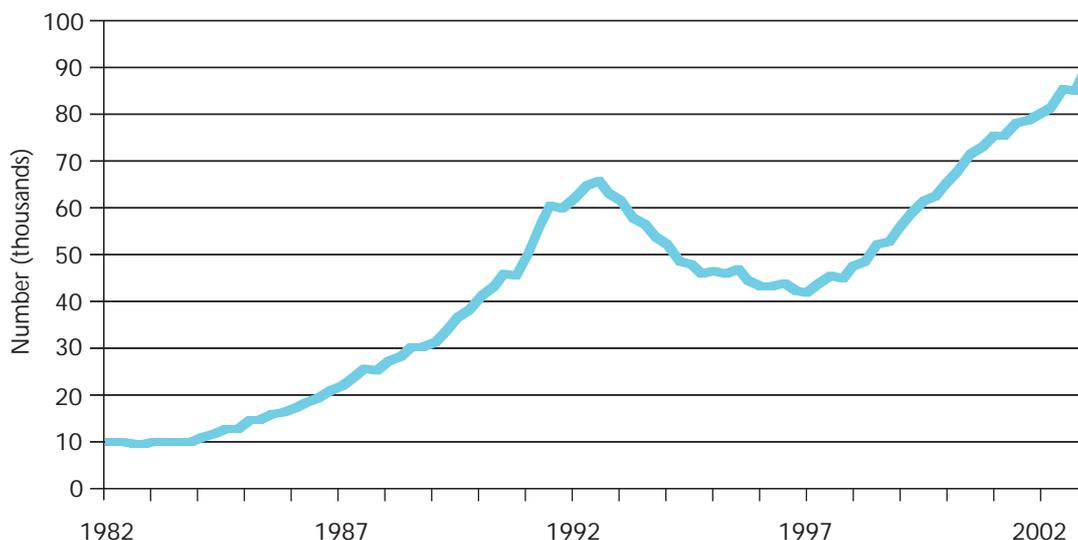
Source: Health Survey for England 2001

- 4.30 The self-reported physical health position of those in the bottom fifth of the income distribution deteriorated in both absolute and relative terms between 1996 and 2001.<sup>18</sup> As with physical health, there has been no reduction in the proportion of the population reporting mental health problems.<sup>19</sup> Common mental health problems, such as depression and anxiety, which affect 15% of population at any one time, are much more prevalent among some groups of the population than others, such as those who have two or more physical illnesses (33%), or who are unemployed (25%).<sup>20</sup>
- 4.31 Reversing health inequalities is a long-term process, and marked changes are not expected until 2030. Existing targets are set for health inequalities to be reduced by 10% by 2010. The Government has recently launched a national public consultation – ‘Choosing Health?’ – which asks what needs to be done to improve the nation’s health and tackle health inequalities. The new Healthcare Commission has recently pledged to put health inequalities at the top of its agenda.<sup>21</sup> In addition, a new national strategy has recently been put in place to improve support and services for people with mental health problems.<sup>22</sup>

### Homelessness

- 4.32 Whilst there have been successes in helping rough sleepers and those in bed and breakfast accommodation, which were outlined in Chapter 3, there has been a growth in the number of households accepted as homeless by local authorities and those placed in temporary accommodation under the homelessness legislation. From the late 1970s until the early 1990s, homelessness rose. It then fell, but has risen again over the last six years. It is now close to the peak levels seen in the early 1990s, with 137,000 households accepted as homeless in 2003/04.
- 4.33 The number of households placed in temporary accommodation has been rising too – reaching an all-time high of 97,290 at the end of March 2004 (see Figure 5). The largest absolute increases in use of temporary accommodation have been in London, but there have been significant increases in homelessness acceptances in other regions, including Yorkshire and the Humber. These statistics only cover those accepted as being homeless under the existing legislation, but they do serve as an indicator of broader housing need.

Figure 5. Number of households in temporary accommodation under Homelessness legislation, 1982 to 2003, England



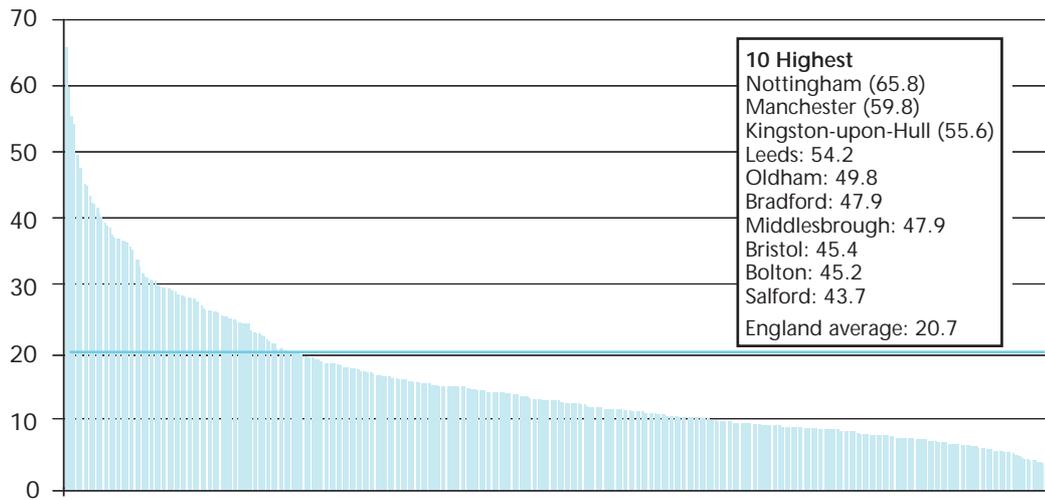
Source: Office of the Deputy Prime Minister

- 4.34 A range of factors is likely to have contributed to the growth in homelessness. Key economic and structural trends include the reduced affordability of buying or renting in the private sector, together with reductions in the building of new social housing. There are also fewer existing social renters moving out of their homes, so fewer homes have been available for letting in the social sector. In most cases of homelessness, the loss of a home is accompanied by personal problems. Trends in these personal factors, including family and relationship breakdown, leaving prison or other institutions, also affect rates of homelessness.<sup>23</sup>
- 4.35 In 2002, *More Than a Roof: A report into tackling homelessness*, set out the Government's new approach to tackling homelessness. The report placed an emphasis on tackling the personal problems that can cause homelessness alongside action to improve housing supply.
- 4.36 In addition, the homelessness legislation has been strengthened to provide stronger protection for a wider range of vulnerable groups. Following the Homelessness Act 2002, all local authorities now have homelessness strategies in place that set out how they will seek to prevent homelessness and ensure that accommodation and support are available for anyone who is homeless, or at risk of homelessness, in their area. Extra funding – £260 million between 2002/03 and 2005/06 – has already been made available to assist local authorities and voluntary sector agencies as they implement these strategies and meet other Government objectives on homelessness. With the introduction of Supporting People, annual funding of £1.8 billion in 2003/04 and 2004/05 is delivering housing-related support services to help more than a million people. These services help vulnerable people to sustain tenancies and other settled residencies.

### Concentrations of crime

- 4.37 As explained in Chapters 1 and 3, people living in the most deprived areas continue to experience the highest incidence of social problems, such as crime and anti-social behaviour. Despite aggregate reductions in crime rates, crime is still significantly higher in some areas than it is in others. For example, the 37 Crime and Disorder Reduction Partnerships (10% of all CDRPs) with the most recorded robberies accounted for 62% of all recorded robberies in England and Wales in 2002/03.<sup>24</sup> The levels and rates of other crimes, as well as the perceived level of disorder, vary widely across the country (see Figure 6 for an example). As with other indicators of social exclusion, crime also varies widely within CDRP areas, and concentrations of crime can be very marked at the small area level.<sup>25</sup>

Figure 6. Burglaries per 1,000 households 2002/03



Source: Graph shows recorded crime by Crime and Disorder Reduction Partnership Area, Home Office (England)

- 4.38 High-crime areas tend to be those that are deprived in other ways too. Three-quarters of the most deprived local authority areas (67 out of 88) are also defined as high-crime areas. There are indications that the gap between the 94 highest crime areas and the rest has begun to narrow since the introduction of a Home Office target on this in 2003.<sup>26</sup> Given the overlap between high crime and deprived areas, it is probable that the gap between the 88 most deprived local authority areas and the rest has also started to narrow, after a period of being broadly stable between 1998/99 to 2002/03.<sup>27</sup>
- 4.39 Crime and drug problems are identified and tackled in every local area by integrated partnerships made up from Crime and Disorder Reduction Partnerships (CDRPs) and Drug Action Teams – a combination of police, local authorities and other organisations. Existing targets set out to narrow the gap between the highest crime CDRP/DAT areas and the rest, as well as reduce the overall levels of crime and drug problems.
- 4.40 Targeted initiatives have been put in place to tackle crimes that are concentrated in high-crime areas, such as the Street Crime Initiative. In addition, Neighbourhood Wardens are proving effective at helping to reduce crime, and the scheme is being expanded. The Criminal Justice Interventions Programme (CJIP) seeks to tackle offenders who commit crimes to pay for drug habits, through effective referral to treatment accessed through the criminal justice system, and there are new powers and funding now available for local communities to deal with anti-social behaviour. The Neighbourhood Renewal Fund also directs extra resources towards tackling crime in deprived areas.
- 4.41 In summary, the five key drivers outlined here continue to create and reinforce social exclusion. Although we have made some progress, they represent major barriers to progress and lead to continued inequalities in outcome that can then be passed from one generation to the next. Significant further progress in these areas will help to reduce the scale of the problem remaining, and to reduce unfair inequalities in opportunity for different groups in society. However, we also need to make sure that we give priority to tackling the drivers most strongly associated with intergenerational disadvantage and in the next chapter, we turn to an assessment of progress made in this area.

## Preventing those who have made progress from falling back

- 4.42 As well as tackling areas we have not yet fully addressed, it is important to ensure that those who have made progress do not fall back into being at risk of social exclusion. This is perhaps most clearly illustrated by the many people who have moved into work, but are in low-paid, precarious jobs and at risk of becoming unemployed again.<sup>28</sup>

### Sustaining employment after moving into work

- 4.43 We do not yet know how long many of the jobs gained under employment programmes are sustained, but there is some evidence to suggest that moves into the labour market may not be long-lasting. On the New Deal for Young People, for example, some 40% of those who get a job return to Jobseeker's Allowance (JSA) within six months.<sup>29</sup> Similarly, of those participants who leave New Deal 25+ for a job, 22% have been found to return to JSA within 13 weeks.<sup>30</sup>
- 4.44 The barriers vulnerable people face when attempting to get a job can continue to pose problems for them, even after they move into work.<sup>31</sup> For example, there is a strong relationship between early return to JSA and lacking any qualifications.<sup>32</sup> Currently, little if any support is provided to people once they enter employment and some studies suggest more support is needed to help ensure people can sustain their jobs.<sup>33</sup> In addition, low rates of pay can lead some people to return to benefits in order to be able to manage financially,<sup>34</sup> and people may not have found a job that is appropriate to them. This can affect the likelihood of job retention, as illustrated by the example below:

Erica had chronic asthma, which affected her ability to work for long periods. Her adviser had found her work as a meal supervisor in a nursery. The job was for 16 hours a week, which she found 'too much' and she felt it was affecting her health. She was suffering from back and chest pains, which she attributed to the strenuous nature of the job.<sup>35</sup>

### Progressing in work

- 4.45 The jobs being done by previously unemployed people may not offer opportunities to progress. There is considerable persistence in low pay from one year to the next. More than 48% of males in the bottom 10% of the income distribution in 1993 were still there in 1994, and only 20% actually moved up the earnings distribution. Most of those who do progress tend not to progress to any great extent. Virtually nobody from the bottom 10% moves beyond the median earnings level.<sup>36</sup>
- 4.46 Over the last few decades, workers with only low-level skills have faced – and are likely to continue facing – reduced labour market prospects.<sup>37</sup> Limited access to learning opportunities reinforces this pattern. Those lacking initial qualifications are less likely to benefit from training in work or from adult education outside the workplace.<sup>38</sup> In 2003, only 5.3% of employees with no qualifications had received job-related training in the previous four weeks, compared with more than 22% of those with degrees.<sup>39</sup>

### Fragile progress in other areas of life

- 4.47 Progress made as a result of other programmes by people with multiple disadvantages can also be fragile, and significant numbers drop out. For example, only 39% completed their full Modern Apprenticeship programme<sup>40</sup> and only 29% of those drug users leaving their treatment programmes were successful completions.<sup>41</sup> The following case study illustrates how progress through training can be easily undermined:

Steven had been in and out of hostel accommodation since leaving Local Authority Care. On joining New Deal for Young People, Steven expressed an interest to his Personal Adviser in doing carpentry work. He also talked to him about his difficulties with reading and writing. After about a month on Gateway, Steven started at the local college on a full-time education and training (FTET) course in joinery. He left this course after about a month or so or, because he felt the pace of the course was too fast, and he was not capable of reading a lot of the material that accompanied the course.<sup>42</sup>

- 4.48 The evaluation of Education Maintenance Allowances found that sustaining the commitment to education is often more problematic for multiply disadvantaged people than achieving their initial participation. Faced with ongoing personal issues and financial pressures, students can find it difficult to complete courses that they have begun.<sup>43</sup>

## Conclusions

- 4.49 This chapter has shown that there is still a lot of work needed, in order to sustain the achievements we have already seen. The priority areas for future action are both in areas where there has already been progress, and where there has been less progress to date. In both cases, the key priority is to tackle those drivers where there is a strong intergenerational link, especially child poverty. The key drivers of social exclusion are continuing to have powerful effects on life chances and opportunities, even where we have made progress.
- 4.50 We have also highlighted five aspects of social exclusion that have not improved markedly since 1997, and should be a priority for action: educational under-attainment, economic inactivity and concentrations of worklessness, health inequalities, homelessness, and concentrations of crime. In many of these priority areas, there are existing policies in place or recent announcements indicate where new policy approaches and funding are in the pipeline. It will be important, however, to monitor the extent and pace of progress in tackling these remaining drivers of social exclusion. In the event of progress not being made, it will be necessary to review the current suite of policies, and actively consider radical new approaches.
- 4.51 Sustaining progress, whether in education, employment or other areas of life, is often more problematic for people with multiple disadvantages than achieving their initial participation. Therefore, there must also be a new focus on follow-up support, to ensure that initial successful outcomes are not undermined.
- 4.52 Chapter 8 outlines how the next phase of government policy will take forward this agenda to sustain progress.

# CHAPTER 5: Equalising opportunity

## SUMMARY

- The Government has made promoting equality of opportunity a priority and progress has been made towards achieving this goal. However, evidence suggests that, in the UK, children's life chances are still strongly affected by the circumstances of their parents. The social class a child is born into, the socio-economic position of their parents, parental involvement in crime, and parental levels of education and health are still major determinants of a child's life chances and mean that social exclusion can pass from generation to generation.
- The Government has introduced a wide range of policies, that seek to improve life chances. Some of the most important factors that influence a child's life chances are education and skills, child poverty, financial assets, the family and the development of social capital, discrimination, and ill-health in childhood. The relative importance of these factors is not fully understood, although education and child poverty are often highlighted as being amongst the most important. These different influences may interact with each other in complex ways. Concentrating effort on reducing inequality in these areas is likely to yield the greatest results in promoting equality of opportunity and preventing the transmission of social exclusion from one generation to the next.
- Policy has made progress in reducing inequality in income and educational attainment and promoting greater equality of opportunity. For example, some recent education initiatives have had success in reducing the gap between the most disadvantaged and the rest. Targeted initiatives like Excellence in Cities have led schools in the most disadvantaged areas showing faster improvements in educational attainment than schools elsewhere. The reduction in the number of children living in relative poverty since 1997 and the break in the long-term trend towards greater income inequality have also been major contributions to promoting more equal life chances.
- However, tackling intergenerational disadvantage by promoting greater equality of opportunity remains a key challenge for policy. Educational inequalities in the United Kingdom remain some of the widest in Europe. Other trends are also working against equality of opportunity. The possession of assets strongly influences life chances and there is evidence that wealth is becoming concentrated in fewer hands.
- There is powerful evidence that the early years of life are the most effective time to intervene to improve the chances of the most disadvantaged groups. Policies such as Sure Start, which has been established in deprived areas, therefore have the potential to tackle disadvantage at its root and prevent social exclusion from being passed from one generation to the next. However, the effectiveness of such policies in boosting the life chances of children from disadvantaged backgrounds will only be fully evident in the long term.
- The importance of early years development in influencing life chances provides a vital lever for future policy aimed at promoting equality of opportunity. The weight of evidence increasingly supports the focus on early intervention across a range of areas including education, health, and support to parents.

- However, continued support throughout childhood is also important in promoting life chances for the most disadvantaged, particularly at important transition points which can shape an individual's subsequent opportunities, for example entry to secondary school, or the move from education to the labour market. Early years intervention needs to be supplemented by targeted support, to promote the life chances of the most disadvantaged children and young people throughout compulsory education and into young adulthood.

## Introduction

- 5.1 In Chapter 1, we outlined how poverty and social exclusion can be passed down from one generation to the next. Child poverty, educational underachievement, asset inequality and social capital were identified as important factors in the transmission of intergenerational inequality. Many of the policies described in Chapter 2 have been directed at providing more equality of opportunity and ensuring that inherited disadvantage does not damage long-term life chances. This chapter looks at how successful policies have been in meeting these objectives and asks what more could be done to improve relative life chances.
- 5.2 Life chances are the opportunities open to individuals to improve the quality of their lives and those of their families. Whilst individuals make conscious choices about their future and the kind of life they want to lead, evidence suggests that, in the UK, children's life chances are still strongly determined by the circumstances of their parents. Their parents' social class, economic position, criminal record, level of education and health are still major determinants of a child's life chances.
- 5.3 The Government has made supporting children a priority because the experience of poverty and social exclusion in childhood can exert a powerful influence over the rest of an individual's life. Limited opportunities are not just experienced by those suffering the most extreme disadvantage; people within relatively strong communities not traditionally seen as excluded can also experience disadvantages that cascade down the generations.
- There is a significant association between parental income and children's education and subsequent earnings. Children growing up in low-income households are likely to earn lower wages as adults.<sup>1</sup>
  - In Manchester, boys can expect to live almost eight years less – and girls almost seven years less – than their contemporaries in central London's wealthiest boroughs of Kensington, Chelsea and Westminster.<sup>2</sup>
  - Boys with fathers who have been convicted of a criminal offence are more than twice as likely, compared to the population at large, to be convicted of an offence themselves.<sup>3</sup>
  - The likelihood of becoming a teenage mother was almost ten times higher for a girl whose family was in the lowest social class in 1999 compared to a girl from the highest social class. The daughters of teenage mothers are far more likely to become teenage mothers themselves.<sup>4</sup>
  - The death rate for the babies of teenage mothers was 60% higher than for babies of older mothers and they are more likely to have low birth weights.<sup>5</sup>
  - Only 15% of young people from unskilled social backgrounds begin higher education by the age of 21, compared with 79% of young people from a professional background.<sup>6</sup>
  - An estimated one-third to two-thirds of children whose parents have mental health problems will experience such difficulties themselves.<sup>7</sup>

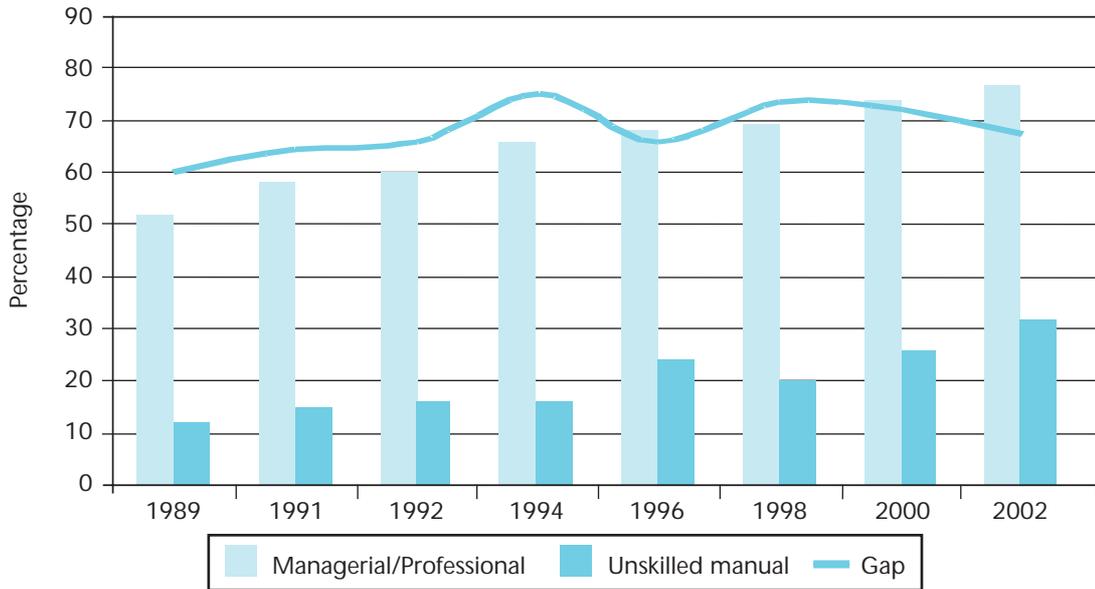
## The factors influencing life chances

- 5.4 Some inequalities that determine social outcomes may be beyond human control – such as inherited intelligence and sheer luck – but not all barriers to opportunity are. Some of the most important influences on a child's life chances are:
- Education and skills.
  - Child poverty.
  - The family and the development of social capital.
  - Financial assets.
  - Childhood health.
  - Discrimination.
- 5.5 The relative importance of these factors is imperfectly understood, although education and child poverty are often highlighted as being amongst the most important. These different influences may interact with each other in complex ways, with issues such as child poverty potentially exacerbating a range of other problems.
- 5.6 Persistent inequality in these fields can result in the transmission of disadvantage from one generation to the next. The opportunities available for children born into poverty and social exclusion remain far fewer than those open to children from more privileged backgrounds. In the following sections, we look at progress in these areas before asking what else could be done to promote a fairer deal.

### Improving educational attainment

- 5.7 As set out in Chapter 1, education plays a crucial role in explaining social outcomes and is especially important in accounting for long-range social mobility.<sup>8</sup> The drive to raise educational attainment by a combination of mainstream and targeted programmes has therefore been an important element of the concerted attempt within policy to interrupt a known pathway from childhood to adult disadvantage. The results so far show that the combination of initiatives has produced across the board improvements in attainment at all ages and we have reviewed these in Chapter 3.
- 5.8 However, despite the overall improvements in educational attainment, the UK continues to have one of the widest socio-economic gaps in educational attainment in Europe.<sup>9</sup> Parental social class and educational attainment have a powerful influence over children's achievement at school.
- The Youth Cohort Study gives differences in GCSE/GNVQ achievement by social class and parental education. Despite the overall improvement in GCSE results since 1997, only 32% of students with fathers in 'routine' occupations achieved five or more GCSE grades A\*–C (or equivalent) in 2002, compared to 52% of those with fathers in 'intermediate' occupations, and 77% of those with fathers in 'higher professional' occupations.<sup>10</sup>
  - 71% of students with at least one parent with a degree achieved five or more GCSE grades A\*–C (or equivalent) in 2002, compared to 60% of those with at least one parent with A-levels, and 40% of those with parents without A-level qualifications.<sup>11</sup>
  - The absolute attainment gap between higher and lower social classes rose during the 1990s, and has been broadly stable since 1998 although there are indications that it has recently started to narrow (see Figure 1).<sup>12</sup> Between 2000 and 2002, the proportion of children from unskilled, manual backgrounds achieving five or more GCSE grades A\*–C rose by eight percentage points from 24% to 32%, whilst the rate for children from higher professional backgrounds rose by only three points, from 74% to 77%.<sup>13</sup>

Figure 1. Educational attainment (5 GCSEs A\*-C) by social class



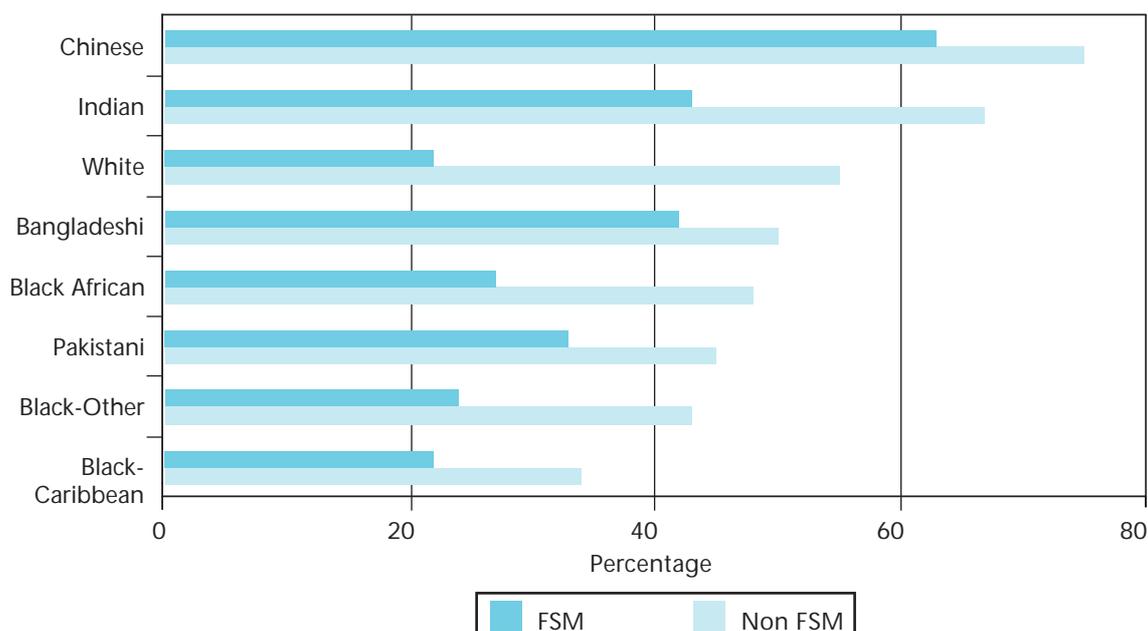
Source: Youth Cohort Study

- 5.9 The likelihood of entering higher education is still strongly influenced by social background. The expansion of higher education in the 1990s mainly benefited the higher social classes. Although the proportion of children from unskilled parents who entered higher education rose from 6% to 13% between 1991/92 and 1998/99, there was a greater increase amongst children of professional parents, 55% of whom entered university in 1991/92 compared to 72% in 1998/99.<sup>14</sup> The proportion of undergraduates from social classes IV and V (partly skilled manual and unskilled manual occupations) fell slightly from 10.9% of all undergraduates in 1997 to 10.4% of undergraduates in 2001.<sup>15</sup>
- 5.10 Children in care have much lower educational attainment than their peers do. In 2003, just 9% of young people in year 11 who had spent one year in care gained five or more GCSE grades A\*-C. 43% did not even sit a GCSE or GNVQ examination. Just 1% of children in care go to university. The outcomes for this group have been similar since 2000. At least some of this poor achievement is explained by other disadvantages – for example, 27% have statements of special educational needs, compared to 3% of all children. However, even taking into account these factors, children in care as a group do significantly worse than their peers. Many children in care miss significant amounts of schooling, with 12% having missed 25 or more days and 1% being permanently excluded.<sup>16</sup>
- 5.11 Growing up in a low-income household often has damaging consequences for a child’s educational attainment.
- Children receiving free school meals (FSM) – the best available indicator of pupils’ poverty – do consistently worse in all subjects, at all key stages. In 2003, 55% of non-FSM pupils attained five or more GCSE grades A\*-C, compared with only 24% of FSM pupils.<sup>17</sup>
  - FSM pupils in schools with low proportions of FSM pupils make better progress than non-FSM pupils in high-FSM schools. This suggests that social segregation is an important driver of educational underachievement.<sup>18</sup>
- 5.12 Ethnic origin also appears to be an important influence upon educational attainment and life chances. Different ethnic groups perform very differently in national exams. Indian and Chinese pupils outperform their white counterparts, but Black-Caribbean, Pakistani, Bangladeshi, and Gypsy/Roma pupils are, on average, performing less well. Over time, Black, especially Black-Caribbean, pupils have seen least improvement in their educational attainment. For example, in 1996, Black, Pakistani and Bangladeshi pupils reached a similar level of attainment – with about 25%

achieving five or more GCSE grades A\*–C. By 2003, the proportion for Black pupils had grown to 36%, but for Pakistani and Bangladeshi pupils, the figures had reached 42% and 46% respectively.<sup>19</sup>

- 5.13 On average, boys also perform less well than girls and there is a complex interplay between gender, ethnicity and class. For all ethnic groups, pupils eligible for free school meals have a lower level of attainment, but the gap between free school meal pupils and others is greatest among White pupils. Of all ethnic groups, the lowest proportion of pupils attaining five or more GCSE grades A\*–C is amongst Black-Caribbean and White pupils eligible for free school meals (see Figure 2).<sup>20</sup>

Figure 2. Pupils gaining five GCSEs A\*–C by ethnic group and whether they receive free school meals (FSM) 2003



Source: National Pupil Database

- 5.14 The picture among those who gain no GCSE passes is even more stark. 17% of white boys on free school meals gained no GCSE passes in 2003, the highest of any group. This compares with 12% of FSM boys from Mixed and Black-Other backgrounds and 11.5% of white FSM girls.<sup>21</sup>
- 5.15 Future education policies will build on the successes achieved so far. We have opened up opportunity at every stage of life, but we have not yet broken the link between social class and achievement. No society can afford to waste the talent of its children and citizens.
- 5.16 The education and learning strategy for the next five years, recently published by DfES, has identified five guiding principles for reforming education services and these were outlined in Chapter 4.
- 5.17 Within this framework, tailored support will be offered to each group of children and learners, in order to raise educational attainment for all and make further progress on tackling social exclusion. The tailored support will cover:
- Early Years – one-stop parental support through Children’s Centres, more joining-up between education and childcare, more services brought together for children and families through Children’s Trusts.
  - Primary Education – real progress for every child in reading, writing and maths, more chances for sport, music and language learning, better relationships between schools, and with parents.

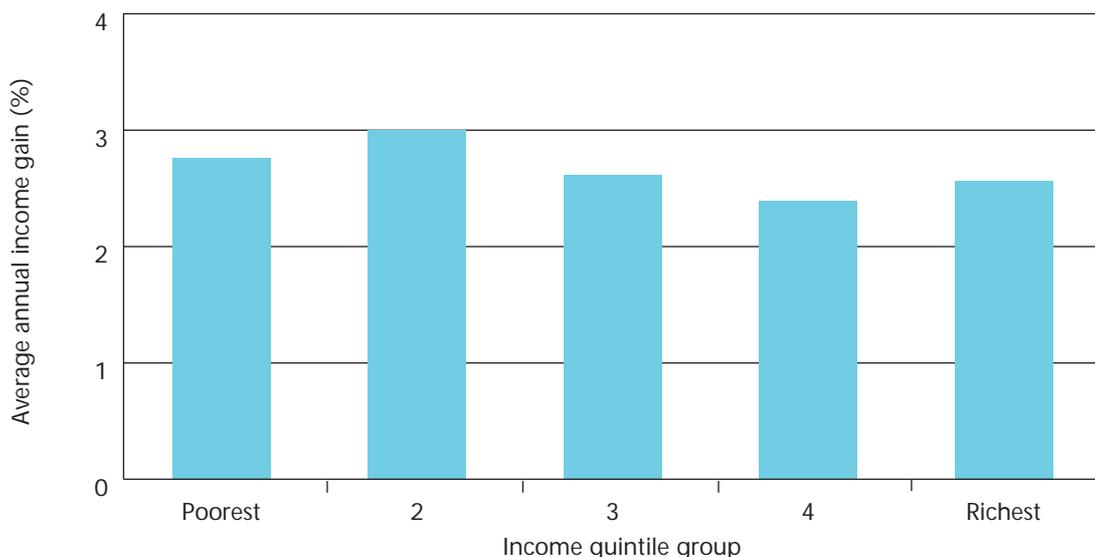
- Secondary Education – more individual teaching of pupils, in a broad and rich curriculum, more state-of-the-art facilities, with schools active at the centre of communities, building a culture of learning: with better choices at 14, closer links with employers, more advice and support.
- Adult Skills – high quality courses for all, with free basic skills tuition and Adult Learning Grants, employers working more closely with course providers, better funding, targeted at driving up standards.
- Higher Education – access for anyone with potential to benefit, better and fairer funding mechanisms for courses, more emphasis on flexible and vocational learning opportunities, support for world-class research.

5.18 The Pupil Level Annual Schools Census (PLASC), introduced in 2002, when matched to attainment data to create the National Pupil Database, allows the achievement of ethnic minority and socio-economically disadvantaged pupils to be monitored in a consistent way. This will be a valuable tool in targeting policy at these groups.

### Tackling child poverty

- 5.19 Research into the factors influencing children's life chances shows the importance of the Government's drive to reduce child poverty. From analysis of the Birth Cohort Studies, there is now powerful evidence that childhood poverty and disadvantage are transmission mechanisms affecting life chances and underpinning intergenerational mobility. An example of this is shown in the analysis of the National Child Development Survey by Gregg and Machin.<sup>22</sup> They found that childhood poverty is strongly linked to poorer economic and social outcomes, such as low-income and the likelihood of being unemployed for long spells at age 23 and 33. Hobcraft also demonstrated the importance of childhood poverty, net of other factors, in determining adult social exclusion.<sup>23</sup>
- 5.20 Even after controlling for differences in educational attainment, which we have seen are likely to disadvantage those from some social classes and ethnic minority groups, low-income in childhood is still associated with low-incomes in adulthood. By the age of 26, young adults from the 1970 British Cohort Study who had been brought up in a household with an income below half the average experienced an earnings penalty of 9%, even after controlling for educational attainment.<sup>24</sup>
- 5.21 Given the importance of early years development and, in particular, childhood poverty in influencing relative life chances, trends in income inequality and the prevalence of child poverty over the last 30 years will have a powerful effect upon overall inequality of opportunity within society. Between the late 1970s and the mid/late 1990s, the proportion of children living in relative low-income households increased, to the extent that children replaced pensioners as the group most likely to live in households with less than half the median income. This also increased inequality of opportunity for children.
- 5.22 The historic pledge to end child poverty is the clearest example of the Government's commitment to provide more equality of opportunity, by tackling the root causes of many inequalities that find their origins early in life. The Government's strategy to end child poverty was set out in *Opportunity for All* and the 2001 Pre-Budget Report document *Tackling Child Poverty: Giving Every Child the Best Possible Start in Life*.<sup>25</sup>
- 5.23 As we have described in Chapter 3, child poverty has fallen and there are now 1.85 million more people in work. There has been much more equal growth across the income distribution since 1997, in a period characterised by strong overall growth (see Figure 3). This has helped to stabilise levels of income inequality and, without the changes made by the Government, levels of income inequality would undoubtedly be higher.<sup>26</sup> If sustained, this improvement in living standards for households with children should bring significant future benefits and prevent some of the well-documented scarring effects of poverty from affecting future generations.

Figure 3. Real income growth by quintile group, 1996/97–2002/03



Source: Family Expenditure Survey/Family Resources Survey

- 5.24 However, despite the recent falls in the number of children living in households below 60% of median income after housing costs, in 2002/03, 28% of children still lived in such households. Although this is lower than the peak of 34% seen in 1996/97, it is significantly higher than has been the case in the past. In 1979, only 14% of children lived in relative poverty after housing costs.<sup>27</sup> In addition, the United Kingdom still has a high rate of income inequality, with the total incomes of those in the richest fifth five times higher than those of the poorest fifth.<sup>28</sup>
- 5.25 Other issues closely associated with income poverty can also have a damaging impact on children’s development and future opportunities. For example, children born into poverty are also far more likely both to be victims of crime and to be offenders themselves.<sup>29</sup> In turn, involvement in crime increases the likelihood of poverty and social exclusion.
- 5.26 Poverty is also associated with poor housing; 38% of children of low-income parents are still likely to live in non-decent homes.<sup>30</sup> Inadequate or overcrowded housing can mean less space for play and homework, more stress on children and parents, mental and physical health problems, and lower educational attainment.
- 5.27 The Government has therefore set a target for all social housing to be in decent condition by 2010. By the end of 2004, £18 billion will have been invested in existing council and housing association homes and the number of houses in the social rented sector classed as non-decent has fallen by 1 million since 1997. Between 2004 and 2006, a further £7 billion investment is planned in existing homes.<sup>31</sup>
- 5.28 The problems associated with poor housing can be particularly marked for children of homeless families, as we described in Chapter 1.<sup>32</sup> The rise in the incidence of homelessness in recent years may therefore be having a detrimental effect on the long-term life chances of a significant minority of children. Chapter 4 outlined what the Government is doing to protect vulnerable groups from homelessness. Spending Review 2004 made a renewed commitment to tackling the problem of families with children living in temporary accommodation.
- 5.29 In December 2003, the Department for Work and Pensions published the new long-term measure of child poverty, which consists of three tiers. They are relative low income, absolute low income, and material deprivation and low income combined.<sup>33</sup> The Child Poverty Review was announced in

Budget 2003, to feed into policy development for the 2004 Spending Review and beyond. The Child Poverty Review was published in July 2004, and has set out the further welfare reform and public service changes required to halve child poverty by 2010 and to eradicate it by 2020.<sup>34</sup>

### The family and the development of social capital

- 5.30 The relative importance of social capital in explaining differences in life chances may be increasing over time. Whilst education remains probably the most important determinant of life chances, there is evidence to suggest that other factors are becoming increasingly significant. Social and people skills, personal style, familiarity with certain forms of culture, and other 'soft' skills have become more important to employers, driven by the growth of service sector employment. Many of these skills are associated directly with social class background rather than formal educational attainment. This might explain the increase in the variance of earnings at any particular level of educational attainment.<sup>35</sup>
- 5.31 The networks and contacts that constitute social capital can be highly effective means of finding a job. Extensive and diverse social networks can provide valuable information and other support. A number of studies have shown that more unemployed people find employment through friends and personal contacts than through any other route.<sup>36</sup> Yet, such social networks tend to be more characteristic of the professional classes than lower social classes. Sociability amongst the lower socio-economic classes tends to revolve around close contacts with kin and a small set of friends, all of whom are relatively closely connected with each other ('bonding social capital'). By contrast, the professional classes have extensive if weaker ties with, for example, former colleagues, acquaintances and friends of friends ('bridging social capital'). Parents from higher social classes can give their children access to these networks of weak ties, improving their opportunities in the job market. This option is less easily available to parents from lower social classes.<sup>37</sup>
- 5.32 A lack of such influential social networks may help to explain why individuals living in neighbourhoods of concentrated disadvantage are even more unlikely to escape poverty than their individual characteristics would suggest.<sup>38</sup> Trends towards social polarisation and segregation may be exacerbating this problem. Internal migration patterns may mean that those who have never worked, young unemployed people, people living in council accommodation, and people who are economically inactive are increasingly living in the same areas and becoming more segregated from those who are working.<sup>39</sup>
- 5.33 Over the long-term, social connections have become less intense and more transient. There is evidence of a general decline in social trust and a widening gap between the 'well-connected' professional and managerial classes, and those in lower socio-economic classes. In 1959, working class people belonged to 62% as many formal associations as middle class people. By 1990, this had fallen to 45%.<sup>40</sup>
- 5.34 There is evidence to suggest that a lack of 'bridging social capital' is one of the barriers to labour market achievement experienced by some ethnic groups. Qualitative research has suggested that black and other ethnic minority professionals feel that they lack the networks that enable them to enhance their careers and that they are at a disadvantage compared with their white colleagues because access to professional social connections was not intrinsic in their upbringing.<sup>41</sup>
- 5.35 Social capital is not always of benefit to an individual. Norms and values may be transmitted that actively increase the likelihood of an individual suffering from social exclusion:
- Educational underachievement is often linked to the presence of social capital that encourages truancy and discourages achievement.<sup>42</sup>
  - Social networks can be powerful channels that can encourage unhealthy behaviour such as smoking and drug taking.<sup>43</sup>

- 5.36 The risk of criminality can also be affected by the nature of an individual's social connections. For example:
- Children whose parents behave aggressively or violently in the home are more likely to become aggressive or violent as adolescents themselves.<sup>44</sup>
  - Men with friends or relations who had been in trouble with the police are more than three times as likely to be offenders themselves.<sup>45</sup>
  - Prison sentences typically reinforce an individual's criminal connections at the same time as disrupting ties to mainstream society. This 'criminal capital' facilitates crime in just the same way as other forms of social capital facilitate other actions.<sup>46</sup>
- 5.37 As discussed in Chapter 1, involvement in crime can increase the risk of social exclusion. Young offenders are disproportionately likely to experience educational underachievement, mental health problems, teenage pregnancy and poor employment prospects.<sup>47</sup> This is one of the reasons why the Government is increasingly focusing on early intervention measures, to try to prevent offences being committed in the first place, or to divert young offenders away from career criminality. These measures include Youth Inclusion and Support Panels (YISPs), Youth Inclusion Projects (YIPs) and the Intensive Supervision and Surveillance Orders (ISSPs).<sup>48</sup>
- 5.38 A number of other Government policies, particularly those aimed at Neighbourhood Renewal, seek to develop the social capital of disadvantaged groups. The New Deal for Communities targets improvements in its five main themes – crime, health, poor job prospects, education, housing and the physical environment. It also seeks to develop social capital in deprived areas by involving the community in the decision-making process and empowering local people. Investment to strengthen the support available to the voluntary and community sector also has a role to play in creating Active Communities.

### Asset inequality

- 5.39 Over the twentieth century as a whole, the distribution of wealth became more equal. In 1911, it is estimated that the wealthiest 1% of the population held 70% of the UK's wealth. By 1936–38, the proportion of wealth held by the top 1% had fallen to 56%, and the statistic fell again after the Second World War to reach 42% in 1960. Further falls were recorded during the 1970s and 1980s, reaching a low of around 17–18% during the second half of the 1980s. Since then, there has been an increase once more, with proportions of 22–23% recorded during the period 1997–2001. In 1982, the least wealthy half of the population owned 9% of personal wealth. By 2001, this had fallen to 5%.<sup>1, 49</sup>
- 5.40 The proportion of households with no savings has increased. In 1997, one in ten households had no form of savings at all (including housing, pensions and life assurance, and all liquid savings apart from current accounts). This figure had almost doubled since the beginning of the 1980s.<sup>50</sup> However, this problem is particularly serious for those with low-incomes – 46% of those on household incomes of less than £200 per week had no financial savings at all (excluding housing and pensions, but including current accounts).<sup>51</sup>
- 5.41 Housing plays an increasingly significant role in the distribution of wealth. The total net wealth of British households has risen in recent years. This has mainly been driven by a rise in the value of homes. The real value of the residential buildings in the UK has more than doubled – from £1,196 billion in 1996 to £2,575 billion in 2002.<sup>52</sup> However, over the same time period, the number of owner-occupied dwellings in the UK has only increased by 9% – to 17.9 million (or 70% of all dwellings).<sup>53</sup> Home-ownership is much less common amongst those with limited financial assets in the first place, so the impact of gains in the housing market has not helped to offset the pre-existing inequalities in financial assets.<sup>54</sup>

<sup>1</sup> It should be noted that these wealth estimates are based on inheritance and capital transfer taxes, rather than direct measurement through sample survey. As such, they cover only marketable wealth.

- 5.42 In addition, the growth in house prices means that home-ownership (and therefore growth in assets) is increasingly dependent on access to significant assets made available by parents or other family members. The average deposit of first-time buyers has grown from £4,800 in 1996 to £26,800 in 2003 – as a percentage of the purchase price, this represents an increase from 9% to 23%.<sup>55</sup>
- 5.43 The Child Trust Fund and Saving Gateway are aimed at improving the assets of lower-income groups, by encouraging saving and developing the savings habit, and allowing children from less well-off backgrounds to share some of the opportunities available to their wealthier peers. There have been a number of other relevant policies to encourage savings and asset-building, such as Individual Savings Accounts, Stakeholder Pensions and State Second Pensions, and Basic Bank Accounts and Universal Banking Services.
- 5.44 In the housing field, there are also new policies to encourage low-cost home ownership amongst key workers. The new Key Worker Living Scheme, introduced in April 2004, will make £690 million available to help key workers in London, the South East and the East of England. The scheme helps key workers such as nurses or teachers to buy a home, upgrade to a family home or rent a home at an affordable price. For example, shared ownership allows key workers to buy at least 25% of a newly built property and pay a reduced rent on the remaining share. Equity loans of up to £50,000 are also available to help key workers buy a home on the open market or a new property built by a registered social landlord.<sup>56</sup>

### Promoting childhood health

- 5.45 As we have seen in previous chapters, there remain wide inequalities between different social groups in the UK, in terms of health. The roots of these health inequalities often lie in childhood, and the problem is frequently passed from one generation to the next.<sup>57</sup>
- 5.46 It is unclear how developments in recent years are likely to affect the intergenerational transmission of ill-health. Whilst some trends, such as the decline in child poverty, might suggest a reduction in health inequalities in childhood, other factors suggest the opposite to be true. The socio-economic gap in levels of infant mortality widened slightly between 1997–99 and 1999–2001 and the gap in birth-weights between different social groups has persisted.<sup>58</sup> These trends might suggest an ongoing disparity in the prospects for future good health of babies born into different social classes.
- 5.47 As described in Chapter 4, supporting families and children is a key theme within the National Strategy for Tackling Health Inequalities. Reducing child health inequalities is a priority theme of the National Service Framework. The target for reducing the prevalence of women smoking in pregnancy, breast-feeding support within Primary Care Trusts and Sure Start programmes, and the reform of the Welfare Food Programme will all be positive measures to tackle health problems that disproportionately affect children from deprived backgrounds and damage their prospects for good health in adulthood.
- 5.48 The Government's current public consultation, *Choosing Health?*, invites public debate on what needs to be done to improve the nation's health and to tackle health inequalities. The subsequent White Paper will develop a cross-government programme of action to take this forward.

### Tackling discrimination

- 5.49 The Government has strengthened the legislation against discrimination on the grounds of race or ethnicity with the Race Relations Amendment Act 2000. This legislation placed a general duty upon public authorities to actively promote racial equality. The duty requires public bodies, in carrying out their functions, to have due regard to the need to:
- Eliminate unlawful racial discrimination.
  - Promote equality of opportunity between persons of different racial groups.
  - Promote good relations between persons of different racial groups.

- 5.50 Since 1995, the gradual extension of the Disability Discrimination Act has provided disabled people with greater protection from discrimination in the fields of employment, education and other service provision. From October 2004, the Disability Discrimination Act will be further extended. Service providers will have to consider making changes to physical features that make it difficult for disabled people to use their services.
- 5.51 For the future, a new Commission for Equality and Human Rights is planned to combine the Commission for Racial Equality, the Disability Rights Commission and the Equal Opportunities Commission and build on the work of those organisations to combat discrimination. The commission would also take responsibility for new laws outlawing workplace discrimination according to age, religion and belief, and sexual orientation. The new commission would provide institutional support for human rights for the first time through its duty to promote human rights and its power to intervene as a third party.

### Supporting children and families

- 5.52 The early years of life offer the most important opportunity to intervene to prevent unacceptable inequalities developing later in life. Policy has targeted this opportunity with the establishment of Sure Start in 524 local programmes, targeted on deprived areas, and the expansion of nursery education to nearly all three- and four-year-olds as part of the National Childcare Strategy.<sup>59</sup> Findings from the Effective Provision of Pre-school Education study, suggest that combining early years education and care with the right pedagogical input, leads to improvements in cognitive and social/behavioural outcomes. Disadvantaged children in particular can benefit significantly from such quality pre-school experiences, leading to better intellectual and social/behavioural outcomes for those children.<sup>60</sup>
- 5.53 The Government has introduced a number of policies intended to provide support and advice for parents. Spending Review 2002 announced a Parenting Fund of £25 million to help voluntary and community sector parenting organisations. The Family Support Grant is an annual grant to support parents with their parenting skills. The Youth Justice Board has also implemented a Parenting Programme. Parents with a child that has become involved with the Youth Justice System may be offered the opportunity to voluntarily attend a parenting programme by the local Youth Offending Team (Yot), if they consider that it would be useful. However, if voluntary participation cannot be achieved, a Parenting Order can be sought by the Yot, which compels the parents/carers of a child at risk to attend.
- 5.54 Recent budget announcements have pledged significant extra funding of £669 million for the Sure Start programme, the largest part of which will be spent on providing Children's Centres in the 20% most deprived wards in the country by 2007–8. Recent measures also include the intention to increase childcare provided within schools, and to expand the types of childcare that are eligible for support through the childcare element of Working Tax Credit.
- 5.55 We can see that the policies planned and already introduced have made an important start on combating some of the fundamental drivers of intergenerational disadvantage, although it is too early to see the full impact of many of these policies. Moreover, there is still a long way to go in meeting the challenge of improving life chances and more could be done to sustain the progress made and to tackle areas such as health and housing where we are not seeing enough progress.

### What more could be done to reduce inherited disadvantage?

- 5.56 By definition, many of the policies introduced since 1997 to prevent inherited disadvantage from damaging life chances can only be evaluated fully in the long term. Although further benefits can therefore be expected from existing policies in the years to come, policy will need to continue to tackle the drivers that are most likely to transmit social exclusion from one generation to the next, i.e. child poverty, educational attainment, asset inequality, social capital, health inequalities and discrimination.

- 5.57 Research suggests that the timing of policy interventions targeted at these drivers is vital and that there are a number of key periods in a child's life that influence their subsequent outcomes. The Government's strategy for breaking cycles of deprivation, set out in *Opportunity for All*, rightly focuses on these key periods, highlighting the importance of effective nurturing in the early years, a school system that promotes opportunities, and effective support in the transition from school to further and higher education, and from education to work. Policy will need to continue to target these three periods (early years, in school and at the transition from school) and also the other key transitional moments in life, such as entry to primary school or the move from primary to secondary school. Future policy to promote life chances will therefore need to focus on early intervention, continued support for the most disadvantaged children throughout the school years, and support during the main transition points.

### Early intervention

- 5.58 Early intervention to provide a better start in life remains the best lever for tackling long-term social inequality. The weight of evidence increasingly supports the focus on early intervention across a range of areas including education, health, and general support to parents. The Sure Start model, backed by significant extra investment, continues to be rolled out, providing universal availability within targeted areas. Increasing the reach of the kinds of services that we know are successful in helping disadvantaged children should continue to be a priority for policy. Such holistic support for children and parents will also be complemented by continued efforts to tackle child poverty.

### Continued support for the most disadvantaged children throughout the school years

- 5.59 Despite the importance of the early years (from pregnancy and birth through to entry to primary school) for subsequent life chances, focusing on this period alone is unlikely to be enough to prevent social exclusion from passing from one generation to the next. A number of the inequalities that affect life chances continue to widen over the years of compulsory education. For example, the gap in educational attainment between children on free school meals and other pupils continues to widen at each key stage.<sup>61</sup> There is evidence to suggest that poverty during the period of adolescence (from 11–15) affects crucial expectations and attitudes towards school, health, and household formation and brings the risk of unemployment and early child-bearing.<sup>62</sup>
- 5.60 Support provided in the earliest years needs to be maintained if progress made is to be continued through primary school and beyond. This is particularly true for the most disadvantaged children. Early years education and support for parents to provide the right learning environment for their children, will continue to be a vital component of tackling the origins of underachievement. However, targeted support within the school system and accountability for addressing low attainment among some pupils will also be crucial to promoting opportunity.
- 5.61 Early experience of volunteering and associational activity appears to be highly predictive of community engagement in later life. Evidence suggests that relatively short periods of associational involvement provide as much stimulus to trust and community engagement as longer periods.<sup>63</sup> The encouragement of such volunteering throughout childhood therefore has the potential to boost social capital and enhance the opportunities available to deprived children.

### Support during important transition points

- 5.62 Birth cohort data show a fall in intergenerational income mobility when comparing children born in 1958 with children born in 1970.<sup>64</sup> This means that poverty in childhood was more likely to lead to poverty in adulthood for those born in 1970, compared to those born in 1958. Part of the reason for this trend towards greater intergenerational transmission of inequality is the changing nature of the transition to adulthood. This transition is an increasingly longer and complicated one, with a greater need for family support during the process. Family background is becoming more, not less, important in helping children and young people to become independent – for example by setting up home, getting work or supporting a family.<sup>65</sup>

- 5.63 It is important that policy should support those children who might find it most difficult to negotiate such transitions successfully. Clearly, the benefits of the Child Trust Fund, intended to provide assets to smooth the path of young people into adulthood, will not be felt for a generation. In the meantime, new policies are being developed to help young people in their transition into adulthood. The Government is committed to ensuring that young people reach the age of 19 with the skills they need to succeed in today's economy, so they can achieve independence.
- 5.64 To achieve this, there is a long-term commitment to a radically reformed qualification structure, together with a single, coherent system of financial support.<sup>66</sup> Independent advice and guidance will also be crucial, to allow young people to take advantage of new opportunities. This support is especially important to disadvantaged youths, who are likely to receive least advice. It will be essential that parents and carers also have access to relevant advice and information, in order to inform the support they offer their children.<sup>67</sup>

## Discrimination

- 5.65 As well as providing support at key moments throughout childhood and youth, to prevent early disadvantage from being transmitted into adulthood, policy also needs to continue tackling discrimination, which can harm an individual's life chances at any stage of the life course.

## Conclusions

- 5.66 A number of trends in recent years, in particular the decline in the number of children living in relative low-income households and the break in the long-term trend towards greater income inequality, hold out the prospect of greater equality of opportunity for today's children. However, the long-term consequences of these developments will only become evident as these children grow up. Policies are in place to improve the life chances of the least advantaged but, as the full effectiveness of such policies will also not be evident until later in children's lives, it is difficult to evaluate their success in boosting life chances at this point in time.
- 5.67 Although the signs are encouraging, many people are still significantly disadvantaged by their social background. There are still many children in relative poverty, and educational attainment gaps remain. Furthermore, other trends, such as signs of increasing social polarisation and segregation, may be detrimental to attempts to increase equality of opportunity. There is evidence to suggest that the importance of childhood experiences in shaping adult outcomes has increased over the past few decades.
- 5.68 The challenge of promoting greater equality of opportunity by reducing the impact of inherited disadvantage on life chances remains one of the most significant areas for future policy to tackle social exclusion. There is still a great deal of work to be done if the life chances of the next generation are not to be determined by their social background.
- 5.69 Government will need to focus on the further development of policies that have been shown to be most effective in encouraging equality of opportunity. The importance of tackling child poverty and providing early years support remains undiminished. This support needs to be sustained beyond the early years of disadvantaged people's lives into their school years and at key transition points thereafter. Education remains the most effective route out of inherited disadvantage. There therefore needs to be a continued emphasis on targeting policy at the most disadvantaged pupils, in order to narrow the gap with their peers. Tackling health inequalities, including providing support during pregnancy and in the very early stages of life, will also form a vital component of the ongoing strategy to promote more equal life chances.
- 5.70 The priority areas identified in Chapter 4 are important ways of improving life chances. If the drive to prevent unequal life chances is to be sustained, continuing to tackle child poverty and to support families in the early years are also priorities for the future.

# Chapter 6: Reaching the most disadvantaged

## SUMMARY

- One important element in sustaining progress will be to do more to meet the needs of more severely or multiply disadvantaged people. This chapter summarises progress made in helping those who are most marginalised and some of the reasons that explain this. It also explores how we might meet the challenge of doing more for more disadvantaged people.
- In many areas where progress has been made, those who are relatively less disadvantaged and easier to help have often been the ones to benefit most, leaving behind those who are more disadvantaged. The most disadvantaged people tend not to use services and benefits as much as others do, nor do they benefit as much from them when they do. The evidence for this is clearest among the New Deal employment programmes, where people with severe or multiple disadvantages are least likely to participate or to get jobs as a result of participating, but there is a similar pattern of uneven progress in other fields.
- The 'most disadvantaged' is a generic term concealing a complex pattern of need across different age groups. They include children with behavioural problems and special needs, and those lacking family support, people who are very poor and persistently poor, people who are very old, especially those living alone with a disability, lone parents, those dependent on alcohol or drugs, homeless people, and those who have a criminal record. However, policies consistently find it hard to have a positive effect on three broad, overlapping groups of people:
  - People with physical and mental disabilities or chronic health problems.
  - Those who lack skills or qualifications, both formal qualifications and broader basic and life skills.
  - People from some ethnic minority groups, including asylum seekers and refugees.
- Unless policy is able to address the needs of these and other people who are at the lowest end of the income, skills and health distributions, the overall risk of social exclusion may be reduced, but people in most need could be left further behind. However, it is probably the severity and specificity of the multiple needs each very disadvantaged person faces that make it so difficult for some current public services to help them.
- The uneven reach of many services and benefits so far means that the most disadvantaged are being left behind and caseloads are becoming increasingly dominated by them. This points to the importance of increasing our understanding of why progress has so far been so uneven and adapting policies and delivery mechanisms accordingly.
- Current ways of delivering services can make it difficult for disadvantaged people to take them up or benefit from available provision. Services may not be accessible, may not be perceived as appropriate or may not meet client needs. Service deliverers may lack the flexibility, time and resources to meet the needs of more disadvantaged

- Since 1997, we have learned a lot about delivery approaches that work best for people with multiple disadvantages. We need to apply these lessons more widely to make policies work better for those who need them most. A client-centred approach is critical, with individually tailored help and support that can address different sets of multiple needs through a single telephone number or a one-stop shop. Having personal advisers who help individuals understand what services and benefits are available and can negotiate access to a range of them has been successful in developing a more client-centred approach. However, personal advisers need to have flexibility, be able to call on a range of support, have the skills to identify clients' needs and work out how best to deal with them, and be able to build up a trusting and collaborative relationship with clients.
- There is still scope for services to become more relevant, accessible and appropriate to the most disadvantaged people. User involvement in the design and delivery of services, and closer working with voluntary and community groups can help make them more relevant. Increased devolution and delegation – one of the four principles of public service reform – is also important, to give service providers the flexibility to design and develop services around local needs. Services also need to be available at times and locations that clients can access and services need to be culturally appropriate and free of stigma.
- Some progress has been made in all these areas, but the lessons we have learned so far could be used much more widely to improve services' ability to effectively tackle the needs of very disadvantaged people.

## Introduction

- 6.1 In assessing progress in tackling social exclusion, it is important to consider how well policies have helped those who are the most marginalised. Many policies and initiatives have proved more helpful to those who have been easier to reach. This is what often happens in the early stages of any policy, but it may explain why people from some ethnic minority groups, disabled people or people with chronic health problems and those with low or no skills appear consistently to be left behind.
- 6.2 A major challenge for government is how to do more to meet the needs of severely or multiply disadvantaged people. In adapting policies and delivery mechanisms, it is important to increase understanding of why some policies have so far failed to do this and to learn lessons from policies and services which have developed effective ways of delivering to the most disadvantaged and apply these more widely. This chapter describes:
- The evidence that some groups are being left behind by recent policy.
  - Which groups in particular are being left behind.
  - Some of the reasons why the most disadvantaged have been left out of progress in tackling social exclusion.
  - Options for improving service delivery to groups not currently benefiting.
- 6.3 The chapter concludes that if people who are the most disadvantaged continue to be left behind, social exclusion may become less prevalent but it could also become more extreme. Policies and programmes need to be adapted to improve their reach to avoid this happening. The chapter considers options for service delivery that may help more disadvantaged people to benefit from current services and benefits.

## Services often fail those who need them most

### Those with multiple disadvantages are less likely to benefit from many current programmes

- 6.4 Some social exclusion policies have been targeted at the most disadvantaged – for example the Rough Sleepers Initiative and the Teenage Pregnancy Strategy. Beyond specific initiatives such as these, progress in tackling social exclusion has often been made by those who are less disadvantaged and easier to help. The evidence for this is clearest for the New Deal employment programmes where people with severe or multiple disadvantages are less likely to get a job as a result of participating. They include those:
- With poorer educational qualifications and skills.
  - Who have been unemployed longer.
  - Without recent work experience.
  - With poor health or disabilities.
  - From an ethnic minority background.<sup>1</sup>
- 6.5 In addition, older people are less likely to get a job from current employment programmes. 40% of New Deal participants who are over 50 years of age have returned to claiming benefits, compared to around 12% of the 25–49 age group.<sup>2</sup> The New Deal for People over 50 years old is most effective for its younger clients.<sup>3</sup>
- 6.6 There is uneven progress among other employment programmes. For example, the proportion of all leavers from work based-learning for young people in 2000-01 who gained a job was 74% of white young people and 50% of ethnic minority young people.<sup>4</sup>
- 6.7 There is a similar pattern even in employment programmes targeted at areas or groups facing high and persistent levels of worklessness. For example, Employment Zones and Action Teams for Jobs have been less effective for the most disadvantaged groups of people and areas.<sup>5</sup> Asylum seekers, refugees and clients with language problems are least likely to enter employment as a result of Action Team for Jobs activity.<sup>6</sup> Among Employment Zones, there is a hard core of clients who face significant personal barriers and whose needs are insurmountable within the 39 weeks available on the programme.<sup>7</sup>
- 6.8 As progress is made in reintegrating the easiest to help into the mainstream, caseloads are becoming increasingly dominated by those with multiple or severe disadvantages. An example of this is that in April 1999 it was estimated that the number of 'most disadvantaged' clients enrolling on ND25+ was 9%. In April 2001, it had grown to 12% and by April 2002 had increased to 20% of those on the programme.<sup>8</sup>
- "Targets are unrealistic for New Deal 25+, especially with the type of clients that we're dealing with, because all the best employable people are gone and all we're left with now are the ones with the problems and barriers."<sup>9</sup>*
- 6.9 There is also some evidence of this pattern in other fields. For example, while the number of dwellings that fail the decency standard has fallen since 1997, the 900,000 that are still unfit are, on average, more expensive to repair now and fail to pass the threshold of decency due to more than one factor.<sup>10</sup> It has also been suggested that the youth justice system is less effective for the most serious and persistent offenders, whose lives are often complex and chaotic.<sup>11</sup>
- 6.10 Therefore, it is becoming increasingly important to understand why those with more disadvantages are not being helped – where this is the case – and to adapt policies and delivery mechanisms to ensure that they are better served in the future.

## More disadvantaged people do not use services and benefits as much

- 6.11 In some cases it is clear that more disadvantaged people are not using services and benefits as much as other people do:
- Although more than one million extra childcare places have been created since 1997, more disadvantaged people use them less. For example, 87% of white parents used some form of childcare in 2002, compared to 81% of black parents, 70% of Asian parents and 71% of other ethnic minority groups.<sup>12</sup> Low-income families are also less likely to use formal sources of childcare.<sup>13</sup>
  - Take-up of some means tested benefits is low among some of the most vulnerable groups. Only about 50% of families eligible to claim disability benefits do so. The most socially disadvantaged families are the least likely to apply.<sup>14</sup>
  - Between 24% and 32% of pensioners did not claim the Minimum Income Guarantee in 2000/01. Those less likely to claim are single, female, from ethnic minority groups, older pensioners (over 75), and those with disabilities.<sup>15</sup>
  - People with multiple disadvantages are less likely to take part in voluntary employment programmes. Only 9% of lone parents participate in the New Deal for Lone Parents (NDLP) and only 7% of disabled people in the pilot stages of the New Deal for Disabled People (NDDP). Participation is positively associated with readiness for work and higher levels of education and skills.<sup>16</sup> It is the healthiest and highest qualified lone parents, with the shortest claim histories, who are most likely to participate in NDLP.<sup>17</sup>
  - When members of disadvantaged groups are ill, they are less likely to go to the doctor at all, or may present at a later stage in their illness. If they do see their GP, they are less likely to be referred to secondary or tertiary care and less likely to receive treatment and they are less likely to access prevention services in the first place.<sup>18</sup>

## Services and benefits may not yet be appropriate for the most disadvantaged

- 6.12 In some cases, it is clear that less use of services among disadvantaged people is related to appropriate services not being available. For example:
- Parents of disabled children are less likely to use childcare services and the specialist services required by this group can be difficult for parents to find.<sup>19</sup> There is also insufficient childcare for those with special needs.<sup>20</sup>
  - There is limited childcare provision for (often low-paid) parents who work atypical hours, and organisations that have sought to provide such services have faced problems finding staff to work at these times.<sup>21</sup>
  - Women and members of ethnic minority groups are less likely to access drug treatment services, and there is uneven provision for users of particular drugs (e.g. crack cocaine).<sup>22</sup>
  - Key financial support measures work less well for older people. For example, take-up of Council Tax Benefit is 61–68% amongst pensioners, compared with 81–89% among non-pensioners.<sup>23</sup> Furthermore, pensioners account for just 4% of expenditure of Social Fund budgeting loans, despite forming 37% of all people eligible to apply.<sup>24</sup>
- 6.13 Many people are returning to key programmes time and time again, which suggests the programmes are not meeting the needs of their participants in a sustainable way:
- On 30 June 2003, there were 28,030 participants in Employment Zones, of whom 11,500 were returning for a repeat spell.
  - At the end of March 2003, 22% of NDYP participants had returned for a second or subsequent time.<sup>25</sup>
  - A third of people who join ND25+ have been through it at least once before.<sup>26</sup>

## Some people are not benefiting as much from neighbourhood renewal

- 6.14 Although there is little clear evidence about who actually benefits from initiatives targeted at disadvantaged areas,<sup>27</sup> some people seem to benefit less from such programmes than others. Older people in particular can be susceptible to exclusion in areas experiencing economic decline and high population turnover. There is some evidence that older people have not been fully included in the development of regeneration policy and practice.<sup>28</sup> Older people tend to be the longest-standing residents, with strong feelings of identification with the local area, and also having most dependence on the immediate locality for shops and services. Compared with younger age groups, they are most likely to perceive deterioration in the local community, and to have the lowest levels of trust in regeneration partnerships.<sup>29</sup>
- 6.15 Some disadvantaged people are also not benefiting from policies which are targeted on disadvantaged areas, because they live outside those areas,<sup>30</sup> as a mother whose son had special educational needs, describes:

*"I saw a pamphlet [in the GP surgery] and I picked it up and it showed me the map of the Sure Start area, and we're just outside of it. And I've had other people mention Sure Start to me and it would have been fantastic... I think the community paediatrician is looking into whether or not we might still be able to access some of the facilities because of the need."* (Mother, 30, mixed ethnicity, low-income household).<sup>31</sup>

- 6.16 The uneven reach of services and benefits means that as the easiest to help move on and make progress, the harder to help are left further behind, which poses challenges for policy and delivery. The fact that very disadvantaged people are not receiving benefits and services that have helped others contributes to the persistent inequalities described in earlier chapters. Particular ways of delivering services have proved to be effective for the most disadvantaged. This provides some lessons that could be applied much more widely which are reviewed later in this chapter.

## Groups of people being consistently left out

- 6.17 In addition to those groups mentioned above, three broad, overlapping groups of people seem to be left out and, as discussed earlier, are likely to be at risk of enduring or increased poverty in future. They are:
- People with physical or mental disabilities or chronic health problems, together with their carers.
  - People with poor skills and no qualifications.
  - People from some ethnic minority groups.

### People with disabilities or health problems and their carers

- 6.18 The risk of being on a low-income is higher for people with a disability – and their actual living standards may be lower still because of their additional living costs. Of adults with a disability, 29% live in a low-income household, compared with 22% of all individuals. For households containing either a disabled adult or child(ren), this rises to 43%.<sup>32</sup>
- 6.19 People with disabilities remain disadvantaged according to a wide range of indicators.
- In spring 2003, disabled people had an employment rate of only 49%, compared with an employment rate of 81% of those not disabled.<sup>33</sup> Although the gap in employment rates has narrowed in recent years, there are still more than one million disabled people who say they want to work.<sup>34</sup>

- Disabled people are more than twice as likely to have no educational qualifications as non-disabled people. Of disabled people of working age, 30% have no qualifications whatsoever, compared to only 12% of working age adults without a disability.<sup>35</sup>
  - Use of information technology is lower amongst working age people with a health problem or disability, even allowing for the older age profile of this group.<sup>36</sup>
- 6.20 Employment rates and other disadvantages vary significantly according to the type and severity of disability. People with mental illness, learning difficulties or psychological impairments are less likely to be found in employment than people with physical impairments, the former having an overall employment rate of only 24%.<sup>37</sup>
- 6.21 Many disabled people are at risk of exclusion because of discrimination. In the 2003 Disability Attitudes and Awareness Survey 37% of disabled respondents felt that disabled people were not treated fairly by employers and 22% reported experiencing harassment in public in relation to their impairment.<sup>38</sup>
- 6.22 Disability is highly associated with age. Older people, particularly those over 75, are the most likely to suffer from ill-health or disability. In addition, older people are most likely to suffer from multiple disabilities.
- 6.23 Those who provide care for elderly or disabled friends and relatives are also disadvantaged. There are six million carers in the UK – 12% of the adult population. Many of these combine paid work with their caring responsibilities, including 200,000 people who combine full-time employment with more than 50 hours of unpaid caring work a week. Of carers providing more than 50 hours care a week, 20% are suffering from poor health themselves, twice the rate of the non-carer population.<sup>39</sup>

### People with poor skills

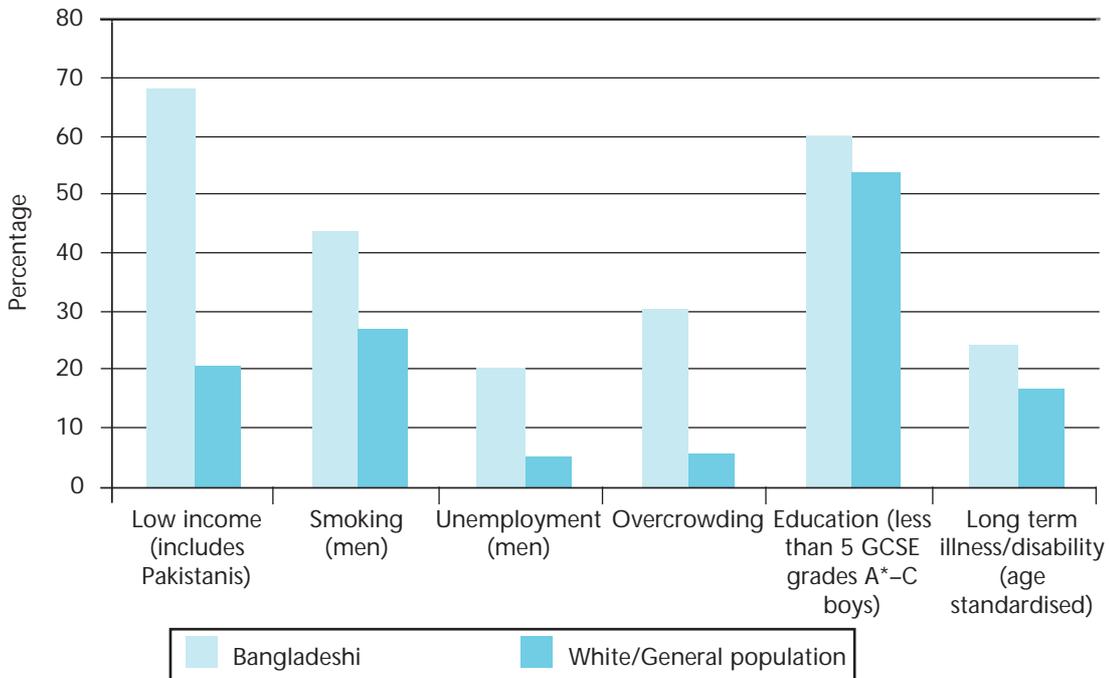
- 6.24 In the labour market, people with poor skills and few qualifications fare much worse than those with good qualifications.
- Although those with low qualifications are a smaller group than they were, those without qualifications are falling further behind. In 2003, employment rates for those with the lowest qualifications was 51% and the gap between them and the average was 24% (an increase from 21% in 1997).<sup>40</sup>
  - There has been increasing economic inactivity amongst less skilled people. Less than half of all women without formal qualifications are now in work, and one-third of men without formal qualifications are inactive. Those without skills have only benefited meaningfully from economic growth in the areas with the highest employment rates.<sup>41</sup>
- 6.25 A lack of qualifications, and, to a lesser extent, vocational experience, is often the primary barrier for young people progressing in life. As many as 41% of all disadvantaged young people, and up to half of care leavers feel a lack of qualifications is the main barrier to them achieving their goals.<sup>42</sup>
- 6.26 Poor qualifications and skills also constrain economic growth. Despite the improvements outlined in Chapter 3, the UK still has significant skills shortages at intermediate levels, with a high proportion of workers having low skills: 39% of the UK workforce has low skills, compared to 13% in Germany and 9% in the US.<sup>43</sup> Productivity per hour worked is 20% lower in Britain than in Germany, and our poorer literacy and numeracy skills account for two-thirds of that shortfall.<sup>44</sup> This skills shortage is partly a result of historical failure in the education system, with too many of today's adults failing to reach their educational potential when young. Chapters 4 and 5 highlight the key actions underway to improve the skills of young people.

6.27 People without formal qualifications often also lack good basic skills. Of those without any qualifications, 43% are classified as having poor basic skills, compared with just 12% of those with five GCSEs at A\*-C.<sup>45</sup> Although there has been clear progress in improving the provision of basic skills training, people without basic skills are still least likely to benefit from many programmes. In addition, many of the most disadvantaged are hard to attract to learning groups,<sup>46</sup> or do not complete training courses.<sup>47</sup> Those without basic skills also tend to have much poorer access to basic services, such as bank accounts, transport<sup>48</sup> and information technology.<sup>49</sup>

### People from some ethnic minorities

6.28 People from some ethnic minority backgrounds are disproportionately at risk of social exclusion. Black-Caribbean boys are more likely to be excluded from school than other pupils, and Pakistani, Bangladeshi and Black-Caribbean boys perform less well at school than white, Indian or Chinese pupils. There are many other areas in which people from ethnic minority groups experience higher degrees of risk than others. For example, Bangladeshis are much more likely to experience low-income, unemployment, overcrowding and long-term illness or disability than their white counterparts, and Bangladeshi men are also more likely to smoke (see Figure 1).

Figure 1. Indicators of disadvantage: Bangladeshi (and Pakistani) groups



Source: ONS Social Focus in Brief in Ethnicity, 2001 Census

6.29 Other examples of disproportionate disadvantage among some ethnic minority groups include:

- Employment rates for people from all ethnic minority groups are 58.3%, compared to an overall rate of 74.9%. There has been no reduction in the gap between ethnic minority employment rates and the average since 1998.<sup>50</sup>
- Young, black adults were seven times more likely to be in prison in 2001 than their white counterparts.<sup>51</sup>
- South Asians living in the UK have a higher premature death rate from coronary heart disease than average.<sup>52</sup>
- People from ethnic minority backgrounds are six times more likely to be detained under the Mental Health Act than white people.<sup>53</sup>

- Gypsies and Travellers are amongst the groups most at risk of low educational attainment. In 2003, 22% of Roma Gypsy pupils and 17% of Irish Traveller pupils in England obtained no GCSE passes, compared to 6% amongst the population at large.<sup>54</sup> Ofsted estimates that in England around 12,000 Gypsy and Traveller children of secondary school age, are not registered at school.<sup>55</sup>
- In a recent representative poll conducted by MORI in England, more than one-third of the adults who took part admitted to being personally prejudiced against Gypsies and Travellers. This was greater than the levels of prejudice reported towards lesbians and gay people, other ethnic minorities and people with disabilities.<sup>56</sup>

- 6.30 Smaller ethnic minority populations (like Somalis and Kurds) also face a range of disadvantages, although these are not usually captured in national data or larger surveys. These and other groups of refugees tend to face particular and acute barriers to participating in mainstream activities, including few language skills; discrimination in the labour market and lack of access to basic services.<sup>57</sup> The implications are clear; for example, only 29% of refugees work, compared with almost 60% of other ethnic minority people. English language and literacy is seen as the largest barrier to work by refugees. Refugees are less well paid than their ethnic minority counterparts: refugees' hourly earnings in 2001 were on average only 79% of those of other ethnic minority people.<sup>58</sup>
- 6.31 In summary, this section has highlighted three groups of people who consistently emerge as having poorer outcomes, and for whom many services struggle to adapt their provision. There are other groups at risk of social exclusion, but these groups are also those who may be growing in number or face a higher risk of poverty in the future, as we suggest in Chapter 7. It will be important that services take account of the different needs of these groups to ensure that they are able to benefit from the full range of available support.

## Why are services and policies not reaching the most disadvantaged?

- 6.32 A key reason why some groups are not benefiting from policies and services is the way these policies and services are delivered. Current delivery mechanisms can make it difficult for disadvantaged people to take up or benefit from available provision. In the past, for example, children's services and education have been too compartmentalised. Services have not been joined-up and funding has been too fragmented. Children and learners, as well as other adults in need, have not had their needs addressed in ways that fit their specific case. Over the years, various governments have tried to make improvements, but too many of the changes have been organised in a top-down way. The result has been to restrict the innovation and the entrepreneurial flair of front-line staff such as good headteachers or nursery managers.

### Services can be difficult to access

- 6.33 Many people do not use services because they do not know about them, or realise their eligibility to use them. Lack of information is a major reason why people do not take up benefit entitlements, particularly older people, people from ethnic minority backgrounds, and those with learning difficulties or mental health problems.<sup>59</sup>

*"It's taken me years to get ... anything – I never knew a thing, I didn't know what my entitlements were."* (Female, 42, African, mental health problems)<sup>60</sup>

- 6.34 Complex claim forms and application processes also discourage take-up<sup>61</sup> or can prevent people receiving their full entitlement.<sup>62</sup> Such complexities again create particular obstacles for people with limited basic skills or disabilities such as mental health problems, or whose first language is not English.<sup>63</sup>

- 6.35 Inflexible rules regarding where and when services are available present another problem. Services that require disadvantaged people to attend a series of different appointments in different locations are less likely to be effective for people with chaotic lifestyles.<sup>64</sup>
- 6.36 Physical access to services can also be an obstacle. People without cars may find it more difficult to reach services, especially in rural areas where public transport networks are less dense.<sup>65</sup> A recent survey also found that 24% of disabled respondents experienced difficulty getting on and off buses and trains.<sup>66</sup> Many disabled people also find it difficult to use some services because of inappropriate building design, for example steps at the entrance.<sup>67</sup>
- 6.37 There is evidence that some people from ethnic minority backgrounds face difficulties accessing services. For example, people from ethnic minority backgrounds are more likely than white people are to find physical access to their GP difficult. They face longer waiting times in GPs' surgeries, feel that the time spent with them was inadequate and are less satisfied with the outcome of consultations.<sup>68</sup> Service providers have also commented on how the male dominance in some ethnic minority communities can make contact with female members of these communities difficult.

## Stigma

- 6.38 Some services that are targeted at vulnerable people are seen as stigmatising – only for those who have problems – which can discourage take-up.<sup>69</sup> Means-tested benefits and services are seen as particularly stigmatising. For example, 20% of children in the UK entitled to free school meals do not claim them.<sup>70</sup> In addition, some older people and people from ethnic minorities see receiving benefits as a form of charity.

*"I do not like to take money and so we did not go for it... I said that I do not want charity." (Female, 66, Pakistani)<sup>71</sup>*

## Services not being sufficiently client-centred

- 6.39 Some public services have failed to reform and are therefore not client-centred. Families interviewed in our case study work reported dissatisfaction with housing services, which were not seen as responsive to their needs or integrated with other services. Housing staff were perceived as not listening or being unsympathetic. Social workers were also perceived negatively by some people:

*"I just can't get on with social workers. Since I was a kid... I just do not like them because they like treated me like dirt... loads of time I've had no choice. It's, 'oh no, you do not do that or you lose your kids' sort of thing. Yes, that's the attitude I get from them. I'm not saying they're all bad... but the ones I've had, well, that's the sort of attitude I've been getting from them, that if you do not do this 'bye-bye kids' like." (Female, 23, white, lone parent)<sup>72</sup>*

## Lack of one-to-one support

- 6.40 As discussed later in this chapter, the provision of one-to-one support is important in helping disadvantaged people access and benefit from policies and services – and failure to provide this can lead to poorer outcomes for disadvantaged people. When people do not build a positive relationship with a personal adviser or other service provider, they may fail to benefit from a service or cease to use it.<sup>73</sup> In the New Deal for Partners, lack of follow-up from advisers often leads to contact with the programme 'petering out'. This is because clients who have been out of work for long periods often lack the confidence to contact advisers themselves.<sup>74</sup> Compulsory work-focused interviews for partners of all new benefit claimants were introduced in April 2004 to give partners the same level of support as offered to lone parents.

## Providers have not always had sufficient time, resources and skills

- 6.41 An inability to locate or call on relevant support or specialist services can prevent policy delivering its intended outcomes for more disadvantaged clients. For example, lack of provision on some New Deal programmes has forced some personal advisers to refer their clients to whatever is available, rather than the support they really need.<sup>75</sup> Some programmes, like Employment Zones and the New Deal for Disabled People, have faced a lack of capacity among local partners to deal with the problems of some of their clients.<sup>76</sup>
- 6.42 Delivering high quality advice and counselling to clients is time consuming and requires committed resourcing.<sup>77</sup> The demands placed on advisers can be considerable.<sup>78</sup> One survey found that 42% of Sure Start Plus advisers thought their caseloads were too large and nearly a third thought they did not receive sufficient supervision and support.<sup>79</sup> Lack of support can affect the retention and continuity of staff.<sup>80</sup>

*"It's such a stressful job and so under-resourced that people do not stay. And they've [clients] got all of that, so you know even if they make a bit of a bond with you, well you're going to \*\*\*\*\* off in six months. And you are, that's the truth."* (Service provider, London)<sup>81</sup>

- 6.43 Lack of training can add to the pressures of the Personal Advisers' role. Acting as a broker in putting together more tailored-made and relevant packages for individuals is also a new way of working and some advisers still feel they do not yet have the breadth of skills and knowledge to provide an integrated support service.<sup>82</sup> Others do not feel adequately qualified or resourced to deal with particular problems, such as serious basic skills deficiencies or mental health problems.<sup>83</sup>

## Targets and incentives

- 6.44 The focus of some policies upon 'hard outcomes', like getting qualifications or a job, means that the intermediate steps that vulnerable people need are often missed. These targets can also mean that service deliverers' incentives are skewed towards helping those who can be helped more easily into a job or training.<sup>84</sup> For example, Jobcentre Plus Personal Advisers felt that some targets tend to work against the client-centred approach, by encouraging staff to place clients into unsuitable and unsustainable jobs.<sup>85</sup> This can damage clients' confidence when they are rejected by employers.

## The risks of compulsion and sanctions

- 6.45 The increased focus on individuals' rights and responsibilities in many of the policies to tackle social exclusion, has had mixed results.<sup>86</sup>
- 6.46 There is some evidence that the risks of social exclusion can be increased when people fail to meet their responsibilities and incur penalties, by creating hardship, debt and rent arrears. This can affect both the sanctioned individual and their co-habitants.<sup>87</sup> Sanctions are also often incurred unintentionally and vulnerable people may be more likely to incur them.<sup>88</sup> For example, a recent study exploring the impact of sanctions on offenders' compliance with Probation Orders and Community Sentences, found that some offenders had lost benefit because of 'difficulty remembering appointments' or 'having a bad memory', which were often linked to drug use. Offenders also had low levels of basic literacy, which made it difficult to understand letters notifying them of appointments.<sup>89</sup>

## How can we improve delivery to disadvantaged groups?

### Individually tailored packages of help and support

6.47 Having a single person who, on an ongoing basis, can discuss with clients their needs and the options available to them, and help them gain access to the most relevant support, has been an effective component of delivery of many policies that have demonstrated success and users value this contact. This is because disadvantaged people may find it hard to trust strangers, be less aware of services available and find it difficult to navigate their way around and access them.

### Build trust and collaboration via one-to-one personal relationships

6.48 A trusting, supportive relationship with an adviser or other service provider is crucial if people are to speak openly about the difficulties they face and their needs are to be accurately assessed. Building trust between vulnerable people and their personal advisers can also help people feel more confident about taking up services and other help. A number of processes have been identified as being important in building trust:

- From the clients' perspective, being listened to properly is crucial. This type of support is particularly important for vulnerable people who may lack other support networks. Participants on the employment New Deals and Connexions recurrently comment on the importance of this.

*"Connexions, everyone's like they really want to listen to you, they've really got time for you... Even if it's like lunchtime, they will go through their lunch hour to talk to you." [How did that make you feel?]"... there is someone out there that is thinking of me, that wants to help me... From then, I just started being happier and happier, the smile on my face is just getting bigger and bigger and bigger." (Male, 16, white)<sup>90</sup>*

- A collaborative approach, which helps develop competencies and confidence among clients, as well as a sense of ownership of the planned programme of activities, can also be important in building up a positive and effective relationship. Project workers in the Neighbourhood Support Fund complete action plans 'with young people', rather than 'on their behalf'.<sup>91</sup> Similarly, Sure Start service users value the fact that the service is not prescriptive and does not tell them what to do.<sup>92</sup>

### Continuity in personal advisers is important

6.49 Being able to retain the same Personal Adviser, or other support worker, can be important. This is not only to build trust, but also so that support can be tailored to individuals as they develop. For example, participants in the New Deal for Disabled People who build up an ongoing individual relationship with an adviser are more likely to report increased self-confidence than those who have not had regular contact or see different advisers on different occasions.<sup>93</sup>

6.50 It is important that staff changes are carefully managed to minimise disruption to clients. Some services have developed 'extended handovers', for example, new advisers can sit in on meetings between a client and their old adviser before taking over.<sup>94</sup>

6.51 Continuity for clients is also improved if good customer information systems are in place, so that clients do not have to provide the same information repeatedly. The Connexions service is developing a customer information system designed to improve the information that is held, used and shared by partnerships about young people.<sup>95</sup>

## Having the flexibility to respond to different needs

6.52 Greater flexibility allows providers to individualise the support given to clients and to adapt provision to meet specific needs. The flexibility and autonomy given to personal advisers has been central to the positive impacts in Welfare to Work initiatives.<sup>96</sup> The Adviser Discretion Fund, introduced in July 2001 in the New Deal, is a good example of such flexibility. It gives advisers £300 to make discretionary payments to participants for one-off costs such as clothes or tools, which are necessary to move into work. Providers welcome being given discretion, as it allows them to resolve some of the barriers their clients face much quicker than before.<sup>97</sup> From April 2004, a District Manager Discretion Fund has been introduced, which widens the principle and allows managers to expend funds in a discretionary manner.

## The availability of a range of benefits and support

6.53 The ability of Personal Advisers to respond to multiple needs is critically dependent on being able to secure access to training, childcare, employment advice, information about benefits and other resources, through third party local providers. Acting as a broker for clients in dealing with multiple barriers to work has proved particularly effective for some groups such as lone parents.<sup>98</sup>

*"I found her really, really good because she sorted out working families tax credit, how much I would be entitled to and child minding fees. She also got some funding because income support had run out ... and I had to work a month in hand so I didn't have any money ... we went through the form together for family tax credit to make sure I had filled it in properly and she said 'yes', everything was fine and she sent it off." (Mother, 30s, white, lone parent household)<sup>99</sup>*

## Supporting advisers to identify and meet clients' multiple needs

6.54 Personal advisers and other support officers need access to adequate support and training to help them develop relevant skills and knowledge.<sup>100</sup> Evidence suggests that the retention of staff requires clarity of line management, supervision, career development opportunities, appropriate training plans, and regular appraisals.<sup>101</sup>

6.55 Ways of providing support to advisers might also be further developed. One suggestion is to develop a new type of professional who specialises in helping clients with complex needs. This initiative could ease some of the burdens on Personal Advisers.<sup>102</sup> These new professionals would have knowledge of all mainstream and specialist services and act as a 'service navigator', working with clients to develop a sustained pathway of help and care.<sup>103</sup>

## Relevant, accessible and appropriate services

6.56 It is important to make all services relevant and accessible to people who use them. However, this can often be more difficult to achieve for those with multiple disadvantages. There are, however, a range of techniques and good practice that can make this work – such as user involvement, and putting extra effort into outreach and co-locating services.

## User involvement

6.57 Involving intended beneficiaries in the design and delivery of services can increase the relevance, appropriateness and (thus) efficacy of the services. Involving users as co-producers, partners, evaluators and funders also offers opportunities to develop the skills and capacity of service users and communities.<sup>104</sup>

6.58 However, we need to draw more widely on existing good practice<sup>105</sup> around how we can effectively involve harder to reach groups such as children and young people.<sup>106</sup> Vulnerable clients may find it difficult to participate in traditional consultation methods such as questionnaires or meetings and are unlikely to be effective respondents, advocates or campaigners for change, unless

they have help in making their case. Wider availability of one-to-one personal support could play an important role here, assisting people to play a meaningful role. Providing feedback on how people's views have been used is also important in sustaining people's motivation to take part in future initiatives.<sup>107</sup>

## Delegation

- 6.59 The case is clear for delegating service design and delivery to the lowest level possible. The principle of delegation has been emphasised as one of the key principles of public service reform. As well as ensuring front-line providers have discretion in delivery, local level design is also important if services are to meet local priorities and preferences. If necessary and appropriate, central government can set outcome targets, while local people decide how best to achieve them.<sup>108</sup> There is also an important role for the centre in sharing best practice, to ensure that lessons from successful interventions can be adapted for other circumstances.

## More one-stop-shops, co-location of services and gateways

- 6.60 Offering different services on the same premises makes it easier for people with multiple needs to access them. It means that they do not have to spend time and money travelling to multiple locations to address all their needs. This can be particularly valuable in isolated rural areas where the greater distances involved can increase mileage costs and time expenditure. Co-location can also overcome reticence about using new services because if people are in contact with one agency, other services located on the same premises can seem less threatening. For example, one Sure Start project running a group with substance misusing families, found that attending the group made it easier for some families to begin to use other services based in the same building.<sup>109</sup>
- 6.61 Providing gateways to wider support that is not co-located has also been found to be effective – and for similar reasons. For example, those who have received help from Sure Start, Connexions and the New Deal for Lone Parents have commented on the way in which they provided smooth access to a range of help.<sup>110</sup>

## Delivering services where people want them

- 6.62 The effectiveness of outreach work in engaging vulnerable people with services is repeatedly highlighted in evaluations.
- 6.63 In addition, it can be easier to engage vulnerable groups through delivery in non-traditional settings. For example, people who have had negative experiences at school are likely to be more receptive to learning in an environment and atmosphere that does not remind them of a classroom.<sup>111</sup>
- 6.64 Delivering services through organisations with prior expertise and existing relationships with vulnerable clients can also increase accessibility. For example, the pilots for the New Deal for Disabled People gained credibility in the eyes of clients through the involvement of disability organisations.<sup>112</sup> The voluntary and community sector can play a crucial role in the delivery of services to very disadvantaged people. Statutory sector partners often gain from the voluntary or community sector organisations' more detailed knowledge about where local needs lie.<sup>113</sup> The long experience these partners can bring to bear, of working with different types of disadvantaged people and gaining access to hard to reach people who, for example, lack trust in officialdom, can be invaluable.<sup>114</sup>
- 6.65 Services also need to be physically accessible. The Disability Discrimination Act has recently been strengthened: from 1 October 2004, service providers in the public, private and voluntary sectors will all be legally obliged to alter the physical features of their premises if it would be unreasonably difficult for disabled people to use their services.<sup>115</sup>

- 6.66 Service providers feel that clients with multiple needs and chaotic lifestyles need support outside office hours and that services need to adapt to this.<sup>116</sup>

### Increasing awareness about eligibility and what is available

- 6.67 A myriad of means of raising awareness is being tried. This includes using local events such as roadshows in local shopping centres,<sup>117</sup> mobile information units,<sup>118</sup> supermarkets and public houses<sup>119</sup> and using the ethnic minority press. However, increasing awareness by word of mouth has been reported to be the most effective way of reaching disadvantaged groups as people are more likely to be influenced by those they trust, or see as being 'like them'. For example, the Neighbourhood Support Fund and Connexions have found that using existing clients to tell others about their services is the best way of raising awareness about their services.

*"We have taken young people with us and asked them to be involved in talking to other young people and that approach works really well. They are their own best ambassadors."*

### Simplifying application forms and procedures

- 6.68 Assistance from service providers and simplification of forms helps people understand what is available and navigate their way through application processes.

### Services free of stigma

- 6.69 In order to reach more vulnerable people, ways of delivering services that are free of stigma need to be developed. One means of doing this has been to provide a universal service, which allows intensive provision to be targeted towards the most disadvantaged clients. This has been the approach of Early Excellence (now called Children's Centres), Connexions, Extended Schools, and Sure Start. For example, schools are increasingly turning to 'smartcards' to avoid distinctions arising in the canteen between those who pay for meals and pupils in receipt of free school meals.
- 6.70 Another way of avoiding stigma is to 'wrap' services that can have stigma attached to them in other, more acceptable services. For example, family support services with an education focus have been found to engage families better, as they are less stigmatising and more acceptable.
- 6.71 Co-locating services can also help. For example, a project that began offering debt advice in GPs' surgeries, found that many people who used this service would not normally have considered asking for advice about debt, but felt more able to do so in their GP's surgery.

### Culturally appropriate services

- 6.72 Services may need to use other languages to be more accessible. There is a body of good practice here that can be drawn upon. Tower Hamlets Council is one of many to translate key council documents, press releases and letters into languages that are commonly used by its residents.
- 6.73 Having staff from ethnic minority backgrounds delivering services has also been found to be helpful in encouraging more ethnically diverse use of the service. A local evaluation of Sure Start suggests that families in Asian communities are more likely to feel comfortable using services when Asian workers are available. It is also important to raise staff awareness of multiculturalism through appropriate training, and to improve provision for people for whom English is an additional language.

## Joining-up

6.74 Since 1997 (as described in Chapter 2), it has been increasingly recognised that a co-ordinated, multi-agency approach is critical for people and areas with multiple problems, not least because their problems are often related. When people or areas have several problems, improving things in one area may require improvements in others, either simultaneously or sequentially. Joint working allows multiple problems or barriers to be addressed.

## Characteristics of effective partnerships

6.75 The need for and the benefits of joining-up are now clear. There is also some evidence about which features underpin effective partnership working:

- A clear purpose for the partnership and shared goals are crucial. Early Connexions partnerships were characterised by a joint enthusiasm to face the challenge of providing an integrated service for young people and a willingness to seek new solutions. Training can help partners to develop a shared ethos and goals. Stakeholder participation and clear policy frameworks are also important in the development of shared goals.
- Evidence of partnership working at a national level is important in promoting the development of local partnerships.
- A flexible standard, that allows partners to develop practices that are attuned to local needs, is important to effective partnership working.

## A staged approach: interim outcomes and measures, flexible timescales and incentives

### Interim outcomes

6.76 People with multiple disadvantages are more likely to benefit from a staged approach to their support, with a range of different forms of help over time as they develop. For very disadvantaged people, steps such as breaking isolation, building confidence and motivation, establishing a routine or changing attitudes to training and employment may need to precede training or getting a job. The benefits of these changes can be considerable and enable people to move further on in their lives:

*"I would say they've encouraged (me) to ... build up my confidence to actually do something now ... [it's] the people I've met when I've been on the courses really, especially the last course, because you're dealing with all different people and having to talk to a lot of people, talking to the New Deal [adviser] as well. Before that I wasn't very sociable really ... that's helped, having someone to talk to."*

6.77 Recognising and measuring interim outcomes, regular attendance or soft skills like increased self-confidence and self-esteem, is in its infancy. We do not currently have a range of appropriate measures to assess progress made (or 'distance travelled') by some very disadvantaged people. As one Neighbourhood Support Fund provider put it:

*"What is progression? To look at a load of figures and say 20 out of the 60 people went on to college doesn't mean a thing. How disaffected were those 20 young people? How unlikely were they to end up at college anyway? How many of them were people who were absolutely disaffected and people all over the place have washed their hands of them? How many of them started doing something with their life instead of sitting in front of the television, or going smoking draw, or drinking booze or getting into crime?"*

### The funding and incentives framework

6.78 The way in which central government funds services and determines the incentive framework can influence how far services reach and benefit those with disadvantages. However, central government incentives to reach the most disadvantaged can be diluted at the end of the delivery

chain. For example, budget floors and ceilings imposed to minimise the disruption caused by changes in expenditure often 'dampen' the extent to which allocations are skewed towards deprived areas and groups.

### Longer-term help and stability of provision

- 6.79 The scale and extent of innovation in recent years has brought about many improvements in service delivery, but has also created significant upheaval. There have been calls for greater stability because making progress with the most disadvantaged clients and areas is likely to require more time. For example, entrenched perceptions – such as school being a waste of time – may have to change and cultural change takes time. In addition, frequent change can be confusing, for example about what is available. This has particularly been found to be the case in relation to changes in benefits, pensions and tax credits.
- 6.80 Constant change can also make the work of service providers more difficult. Some have described the problems associated with trying to deliver services in a context of 'shifting sands'. This instability has made it difficult to retain staff, carry out longer term planning for clients and, in some cases has compromised relationships with providers.

### Flexible participation

- 6.81 Flexible timescales can also be important. For example, offering flexible and modular courses can encourage participation in education amongst people who would not otherwise participate. Lone and teenage parents have found this to be particularly important, as it allows training and education to be fitted around their parenting responsibilities.
- 6.82 Flexibility about the length of time people can use services and receive help can also be important. Strictly defined timescales can be unhelpful for disadvantaged groups who may need help at alternative times or for longer. As one New Deal participant put it, he was "*back to square one again*" after having to withdraw from a one-year NVQ course early because New Deal courses have a maximum duration limit of six months.

## Conclusions

- 6.83 Some disadvantaged people and areas have been helped more than others since 1997. Often, those with the most entrenched and complex problems have been left out of the progress made so far. The 'most disadvantaged' is a generic term, concealing a complex pattern of need across different age groups. They include children and young people with behavioural problems or special needs, and those who lack family support and/or have become disaffected with school. Children from poor families are highly represented among these groups. In adult and older life, it is proving harder to help people with physical and mental health problems and those who lack skills, formal qualifications, broader competencies and life skills. People from some ethnic minority groups face additional barriers to progress, particularly those who are newly arrived in the UK or who lack vocational skills and/or English language proficiency. Reaching these people more effectively so that they can benefit from the policies to the same extent as other groups will be a key element of sustaining the progress already made, which we have detailed in Chapter 3.
- 6.84 Although some groups of people are consistently being helped less than others, some individuals appear more difficult for public services to help because of the specificity and severity of their multiple disadvantages. If policy continues to improve things for those easier to help, there is a danger that we will reduce the overall risk of social exclusion but that the groups most in need may be relatively further behind. This suggests that we may need to re-focus effort and targets on those at the lowest end of the distribution of income, skill and health resources. This challenge will be about policy design but also, crucially, about service delivery.

- 6.85 Evaluation evidence and lessons learned on the ground tell us that many of the initiatives which are most effective in delivering services to people at risk of social exclusion are those where resources have been directed at providing flexible and intensive support to those in need – for example, the personal advisers on the New Deal programmes. The challenge may now be to determine the degree to which these approaches can be applied more widely and to more consistent quality standards, and to ensure they are adapted as caseloads get harder.
- 6.86 The benefits of joining-up across different policy domains, and from partnerships between statutory, voluntary and community organisations have been clearly demonstrated. Joining-up still remains very difficult and needs further support and development.
- 6.87 There are many innovative efforts to increase the relevance and accessibility of services to very disadvantaged people, and to de-stigmatise services and make them culturally appropriate. More sharing of good practice is needed to ensure these approaches are adopted more widely and practitioners continue to innovate in this area.
- 6.88 There may be further potential for delegation of service design and delivery to allow services to be as responsive to clients' needs as possible.
- 6.89 Important lessons have been learned about needing to adopt a staged approach, with flexible timescales in tackling the needs of the most disadvantaged people, and about the benefits and risks of compulsion and sanctions. These lessons also need to be more widely disseminated and reflected in policy design, delivery, monitoring and evaluation, including the development and use of measures of interim outcomes.

# Chapter 7: Facing the future

## SUMMARY

- As well as dealing with the remaining challenges within the current policy framework, we need to anticipate future risks that may influence the nature and prevalence of social exclusion in the coming decades.
- This chapter looks at demographic, economic and social trends that are likely to impact on social exclusion over the next 10–20 years, based on assumptions that policy will continue in the same broad direction. It suggests that economic drivers of social exclusion may become relatively less important in the future as social isolation, health and a deficit of care and social support become more important.
- Poverty, unemployment and material hardship are declining: a trend that looks set to continue into the next two decades. We can expect further benefits to come in the future from current policies directed at children. The majority of people look likely to continue to become more affluent in future, but some groups of people may remain at risk of poverty and social exclusion, including pensioners, those with chronic ill-health and disability, those who lack skills and some members of ethnic minorities.
- Projections suggest that there is likely to be an ever-increasing demand for skilled labour and an ever-higher premium placed on formal qualifications. Prospects for the smaller overall numbers of people without skills look increasingly bleak. Unskilled jobs in the care and service sectors that offer low-paid or part-time work may continue to expand and, if current trends continue, these jobs are more likely to be done by women.
- The ageing population and the changing dependency ratio are likely to present new risks for social exclusion and new policy challenges, including higher demands for care. Some groups, such as women and those with interrupted working histories, are the groups who remain much more at risk of pensioner poverty, and differences in asset ownership among older people could fuel inequality among older people.
- People now move into and out of different types of household more times in their life and there is no reason to suppose that this will not continue. The number of single person households is increasing rapidly, along with the increased risk of poverty and social isolation that accompanies them. Lone parenthood has now become a relatively common phase in the lives of women and children: with it goes the risk of child poverty.
- The UK will continue to become more ethnically diverse and the pattern of persistent and multiple disadvantage among some ethnic groups looks likely to continue in the short to medium term. Inward migration will continue, although it may grow only modestly and be skewed towards economic migrants. However, there may always be a minority of unskilled migrants who face very poor prospects in the labour market, who are of concern from a social exclusion perspective.
- There is growing pressure on housing and some of the main drivers of homelessness are not likely to abate in the future, including the growth in the overall number of households, relationship breakdown, family dissolution and mental ill-health.

- Health and health behaviour inequalities are persistent and mean inequalities in the patterns of chronic disease in the future. Moreover, the increasing rate of obesity is a new challenge and, potentially, could increase these inequalities.
- More people should have access to new technologies in the future. There may continue to be divisions between those who have access and those who do not, but there will also be divisions between those who exploit it to the full and those who do not. On the positive side, new technologies offer the potential for services to improve the way they tackle social exclusion.
- The spatial dimension to social exclusion looks likely to persist, with those who are disadvantaged, unemployed, unskilled and poor continuing to be concentrated in certain areas. This does not bode well for community cohesion or the development of social capital.
- All these trends potentially pose additional challenges for policy-makers – both individually and in their combined impact. The risk of social exclusion may become less prevalent, but more concentrated and its nature may become less dominated by economic factors, and more by health, caring, skills and family transitions. However, much of what happens in the future will depend on the policy choices made now and the policies put in place to prepare for the future.

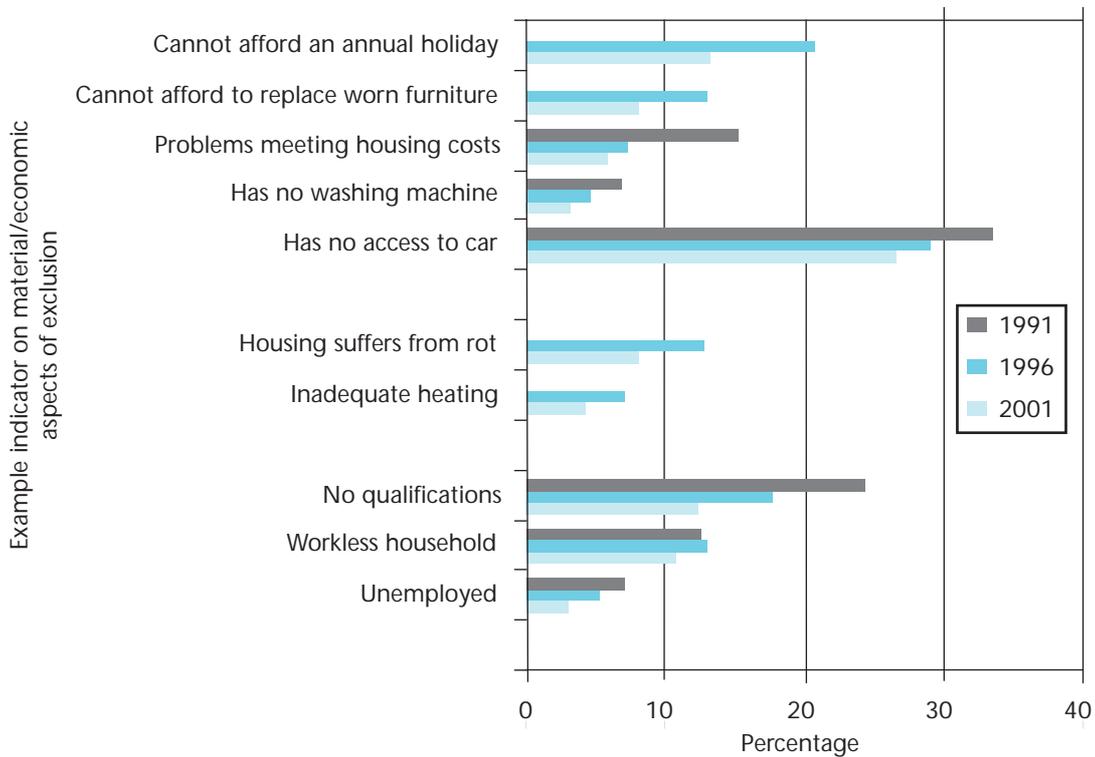
## Introduction

- 7.1 This chapter draws on an assessment of trends, projected into the next one or two decades in order to assess what they might mean for the nature of social exclusion in the future. The overall assessment rests on the assumption that policies will continue in the same broad direction and continue to bring about incremental positive progress. This way, we can assess whether developing policy is ready to meet the problems of tomorrow, not just those of today.

## The changing nature of social exclusion

- 7.2 The nature of social exclusion is changing. In broad terms, the economic or material drivers of social exclusion may be becoming less important, compared with other aspects or drivers. In the last decade or so, there have been clear reductions in key indicators of material exclusion, including unemployment, worklessness, poor housing, lack of access to consumer durables, and material deprivation. Example indicators are shown in Figure 1.

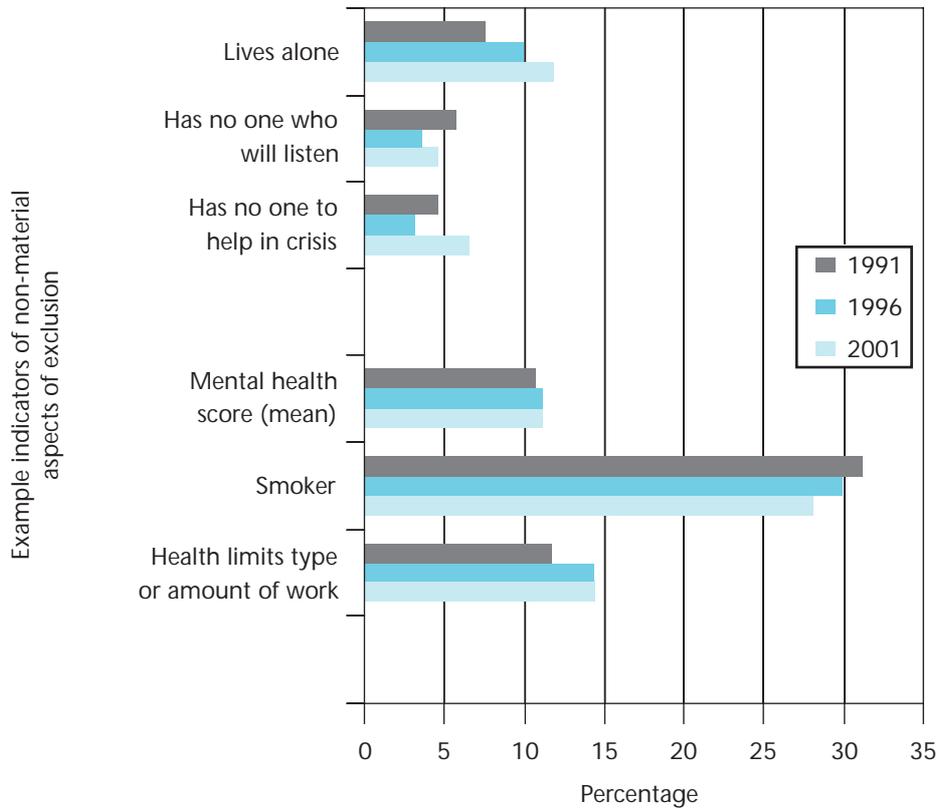
Figure 1. Example indicators of material disadvantage amongst working age people



Source: British Household Panel Study

7.3 Across the population as a whole, the number of people experiencing multiple disadvantage is falling.<sup>1</sup> However, there has been no such improvement in indicators associated with health and social support (see Figure 2), which may become more important to peoples sense of inclusion.

Figure 2. Example indicators of non-material disadvantage amongst working age people



Source: British Household Panel Survey

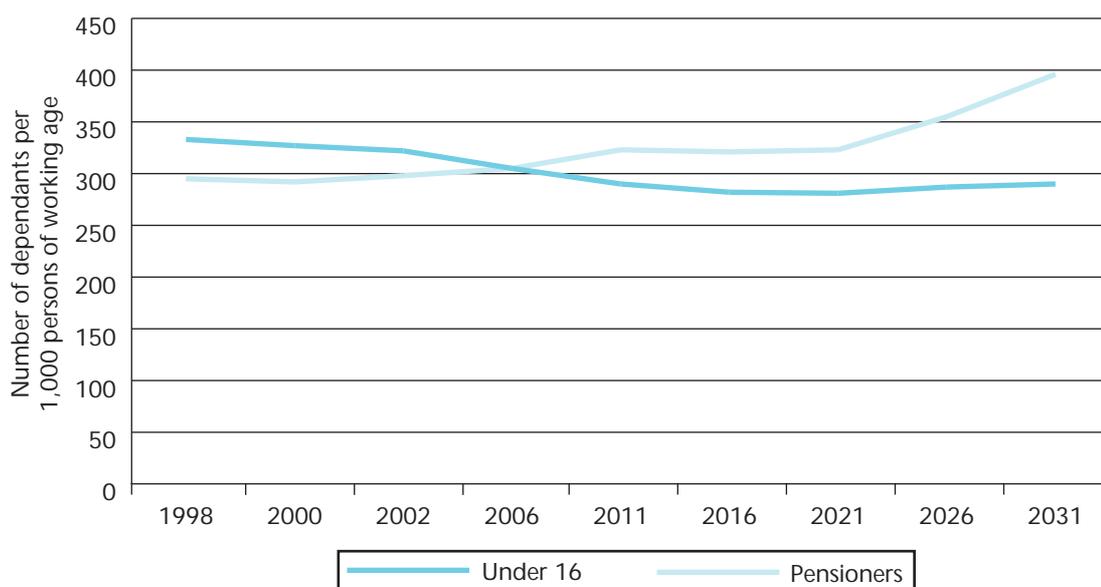
- 7.4 Forecasts suggest that, notwithstanding major economic shocks, the positive progress that has been made on some of the major economic drivers of social exclusion is likely to continue. Unemployment is predicted to remain low, and the number of households without anybody working or living below average income should continue to fall.
- 7.5 We are likely to see more benefits from other successful policies over time if they are sustained and built upon. For example, it is likely that the increases in educational attainment we have seen over the past decade will feed through into better labour market opportunities for the next cohort of young workers. The full impact of current early years initiatives could be very significant: evidence from the US suggests that we should see greater benefits from early years policies such as Sure Start as the beneficiaries enter school and become adults. The reduction in the rate of teenage pregnancy should also result in better outcomes for these women and their families into the future.
- 7.6 Despite this generally positive economic outlook and favourable policy context, there are still likely to be people who do not enjoy the increased prosperity of the majority. Those who are unable to enjoy the benefits of a growing economy may be more acutely excluded if the majority enjoy the benefits of growing affluence. They are likely to include those who lack skills or qualifications and may also include those whose health is impaired, by age-related frailty or by other incapacity or disability (including mental illness), and those who need to care for such people to the extent that their working lives are restricted.
- 7.7 The nature of the labour market as it is developing in the twenty-first century may do little to offer a way out of poverty for these people. Added to these demographic and social changes is the possibility that prosperity may continue to be unevenly spread at a regional and local level and that social segregation between areas may continue. In sum, current trends might suggest that social exclusion may in the future become even more concentrated in deprived areas and among certain sub-groups of the population.

## The changing UK population

### The age structure of the population

- 7.8 The UK, in common with many other countries, has had declining fertility rates over much of the twentieth century. This trend has continued in recent years, with the average number of children per household declining to 1.8 from 2.0 in 1971.<sup>2</sup> Projections suggest that the number of births will remain reasonably constant over the next 40 years,<sup>3</sup> so the trend towards smaller families and more childless families looks likely to continue. This may mean fewer children at risk of poverty, although other trends may work in the opposite direction. For example, fertility has declined most rapidly among women in middle and upper socio-economic groups. In addition, although there is a general trend towards later motherhood, this has not been so pronounced for disadvantaged young women, among whom early motherhood (which is closely associated with subsequent poverty and poor outcomes for mother and child) is more prevalent.<sup>4</sup>
- 7.9 Lower birth rates, combined with an ageing population and increased longevity, are set to alter the ratio between people who are of pensionable age and those of working age. Population projections suggest that by 2014, for the first time, there will be more people aged 65 or over than there will be people under 16.

Figure 3. Dependency ratios in the UK



Source: Population Trends/ONS/nVision

### Paying for old age

- 7.10 One of the main consequences of increased longevity is that pensions and savings are required to support older people for longer. Retirement is becoming a longer phase in many people's lives. Although many pensioners now have savings, assets and occupational pensions, this is not the case for all. It is estimated that around a third of people currently of working age will not have access to a second pension when they retire. Women, carers, and those in flexible employment are particularly at risk of not having a pension, because of their interrupted working lives.<sup>5</sup>
- 7.11 In addition, the savings gap<sup>6</sup> – the difference between the amount currently being saved and the amount that needs to be saved in order to secure an acceptable retirement income for all UK citizens – is increasing. By far the biggest shortfalls are likely to be among low-income groups of people and people currently aged between 45 and 60.<sup>7</sup> Because of falling stock markets over

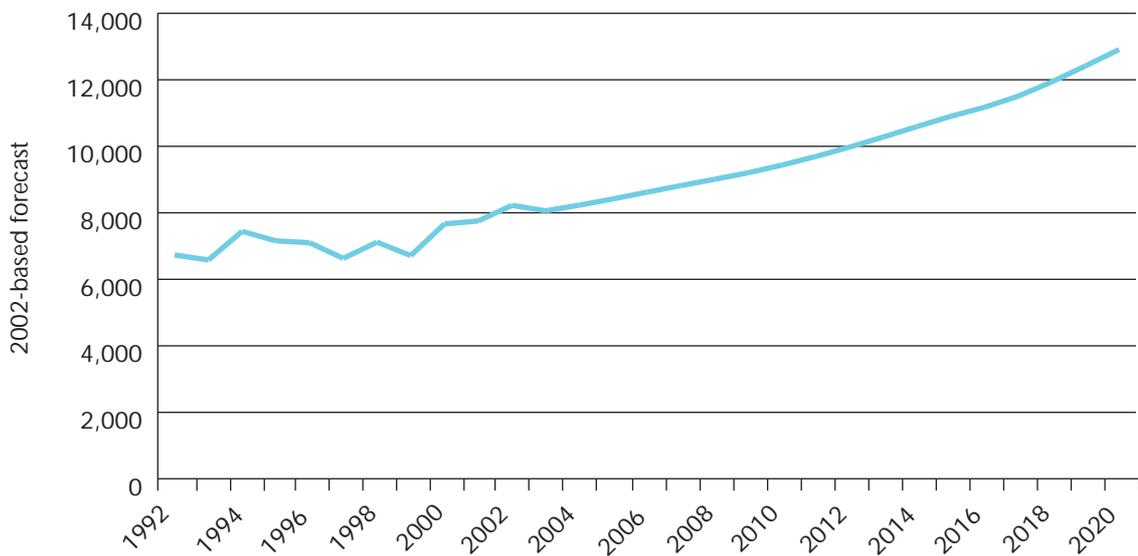
recent years, many company pension schemes are also running substantial deficits. The Confederation of British Industry estimates that in December 2003 the accumulated pension fund deficit of British private non-financial corporations was £100 billion.<sup>8</sup>

- 7.12 There is a danger that, as the elderly population in general becomes more affluent, there will be a widening gap between the majority and the minority who are left behind, although the latter may be fewer in number.

### The care deficit

- 7.13 There is debate about whether increased life expectancy will mean increased levels of morbidity in the elderly population. Either way, it is safe to say that ageing will continue to be related to the incidence of disability or chronic illness.<sup>9</sup> It is therefore highly likely that the marked acceleration in ageing expected by 2030 will result in more demands on health and social care services. At present, more than 70% of care is provided on an unpaid basis and is met from informal sources. Increasing numbers of people in the 45–55 age group are finding themselves with dual care responsibilities – caring simultaneously for children under 16 and for elderly parents.<sup>10</sup> It is predicted that almost half of all adults could find themselves looking after a friend or relative at some point in their lives.<sup>11</sup>
- 7.14 However, other trends may work against the continued supply of informal care. These include women’s increased participation in the labour market, increased single living, and the growing tendency for people to live at some distance from their family and to work longer hours. Therefore, the supply of informal care may not be sufficient to meet the demand, or it may be that growing demands will be placed on those providing care, restricting their opportunities for participation in training and employment – and consequently their life chances.<sup>12</sup> It is not only working-age adults who may be affected by this. An increasing number of children under 18 are carers.<sup>13</sup>

Figure 4. Number of carers in the UK

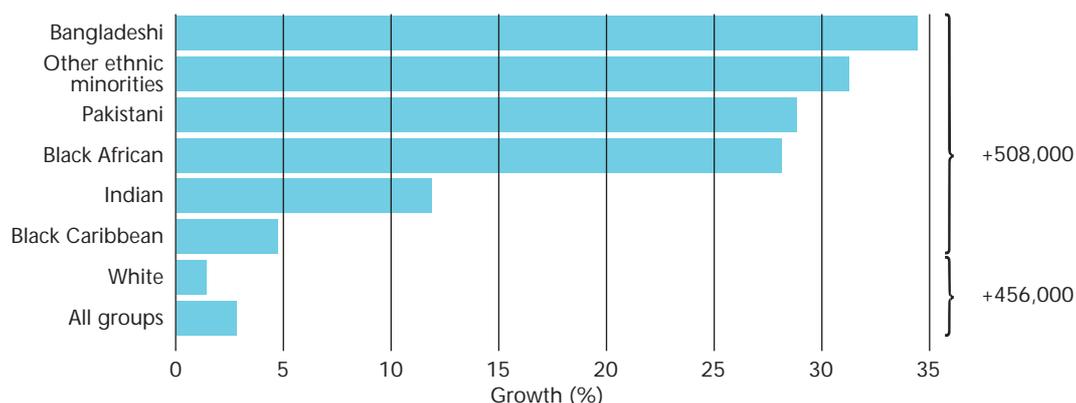


Source: British Household Panel Survey  
 Base: 10,000 adults aged 15+, UK

## Diversity

7.15 The population of the UK has become more ethnically diverse in recent decades.<sup>14</sup> By 2011, it is forecast that the ethnic minority population for England and Wales will reach 5.51 million, as against 4.46 million in 2001, a growth of 23%.<sup>15</sup> It is estimated that over the next ten years, ethnic minorities, not including new migrants, will account for more than half the growth in Britain's working age population. The figure below shows the shorter term projections.

Figure 5. Projected growth in working-age population of ethnic groups, 1999-2009



Source: LFS data, cited in D. Owen and A. Green, *Ethnic Minority Participation and Achievements in Education, Training and the Labour Market*, Centre for Research in Ethnic Relations and Institute for Employment Research, University of Warwick, 2000, pp.16–7

Note: The "Other ethnic minorities" categories includes "Black Other", "Chinese" and "Other Asian"

- 7.16 Ethnic minority communities tend to be younger than the white population. Nearly one in eight pupils comes from an ethnic minority background,<sup>16</sup> yet by 2010, it is expected that the proportion will be around one in five. Some of this growth will be among groups who are underachieving in education<sup>17</sup> and are at disproportionate risk of poverty and disadvantage.<sup>18</sup>
- 7.17 Distinctive patterns of family formation are found within some ethnic minority communities which compound their risk of poverty – nearly half of all families headed by a black person are lone parent families.<sup>19</sup> Indian, Pakistani and Bangladeshi families tend to be larger than those from other ethnic groups and may comprise two or three generations.<sup>20</sup> Both lone parent households and larger families are at greater risk of income poverty and the other forms of disadvantage that go with it.
- 7.18 Marriages and partnerships between people of different ethnic origin are one consequence of our growing diversity, with more children of dual heritage as a result.<sup>21</sup> Along with more diversity in ethnic groups, there will be more complexity in religious and cultural identity. Measuring how children of dual heritage fare in terms of achievement and life chances is made complicated by the relatively small sample size for each ethnic combination and so we know relatively little about their lives.

## Migration to the UK

- 7.19 Inward migration to the UK will account for some of the growth in the ethnic minority population and will go some way towards compensating for the decline in the resident working-age population.
- 7.20 Between 1996 and 2000, net international migration to the UK averaged 89,000 per year – nearly three and a half times the average of the preceding five years.<sup>22</sup> In addition, between 1993 and 2002, the number of people claiming asylum in the UK increased in every year but two.<sup>23</sup> Future

net inward migration to the UK is projected to amount to 130,000 per year<sup>24</sup> and that there will be around 3.6 million immigrants over the next 20 years.<sup>25</sup> Most inward migrants are white and many are at the higher end of the income and skills distribution.<sup>26</sup>

7.21 There has been a trend towards increasing diversity in the immigrant community in terms of gender, age, country of origin and educational background and this is predicted to continue.<sup>27</sup> Most new migrants are expected to be workers filling particular skill shortages in the UK. However, there is likely to be continued polarisation among inward migrants between those who are highly skilled and those who are likely to fare worse economically because they have no qualifications or have weak English language skills.<sup>28</sup> It has also been argued that unskilled migrant labour brings a number of other impacts on the UK, such as increasing the pressure on housing and contributing to the rise in homelessness, as well as depressing the wage levels of unskilled jobs.<sup>29</sup> These risks should be set against the significant fiscal contribution of immigrants, estimated to be in the region of £2.5 billion,<sup>30</sup> and their contribution to closing the skills and productivity gap.

## Changing families and households

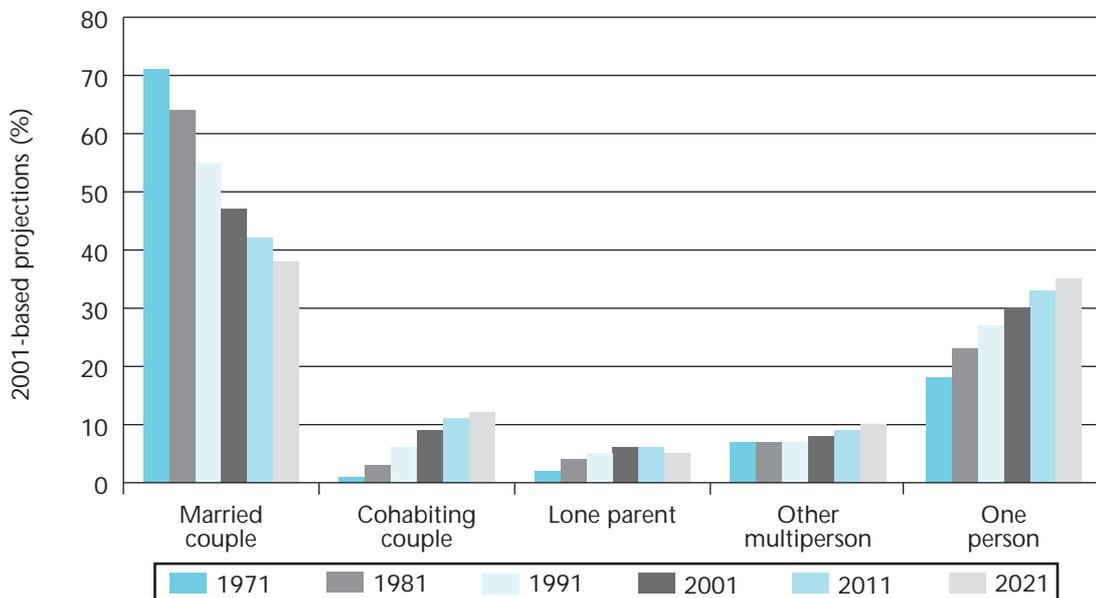
### Complexity and change

7.22 People are now living in a variety of household types over their lifetimes. More people now live alone and more remarry and form new partnerships following relationship breakdown, creating stepfamilies with complex networks of relationships around them. Change and complexity have increasingly come to characterise family life and household formation in recent decades. This has changed both the nature and composition of households and family life, setting patterns that are very unlikely to reverse in the future.

### More single person households

7.23 One of the biggest demographic changes over recent years has been the growth in single living, which has important policy implications since single person households are much more at risk of poverty than others.<sup>31</sup> In 1971, 18% of households were headed by a single person. In 2003 this had risen to 29%.<sup>32</sup> If current trends continue, one of the household types that will see stronger growth as a percentage of the total is the younger single person household.

Figure 6. Type of household in England



Source: DETR

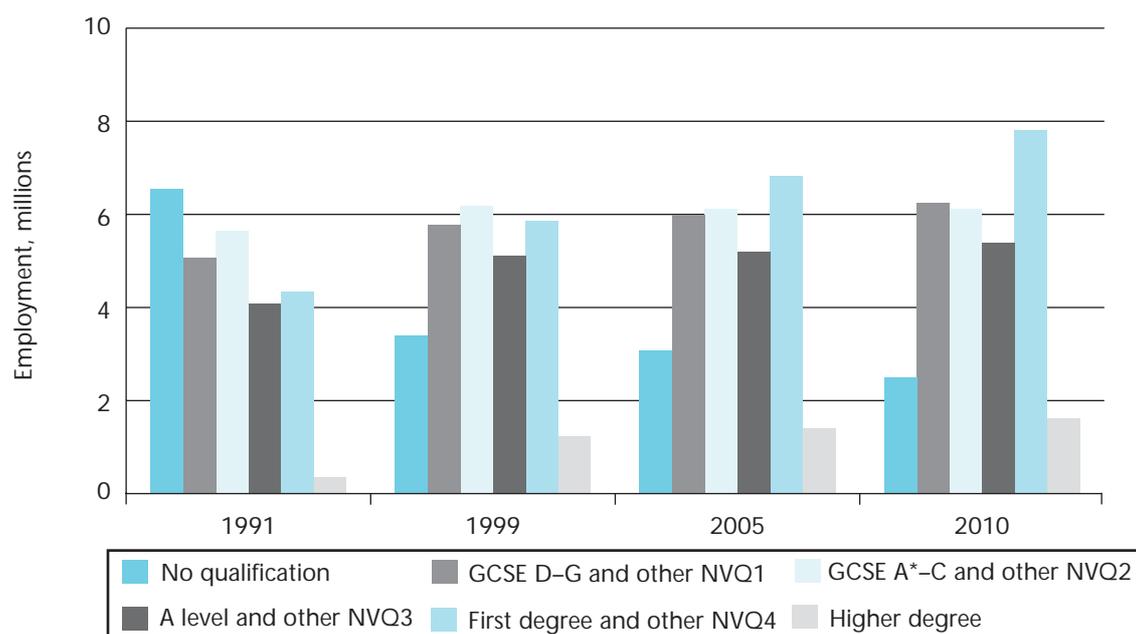
## Changing family formation

- 7.24 Families are changing in a number of other ways. Women are having their first child later in life, more women are combining childcare with paid work and fewer men are in employment as they get older. Among those in partnerships, more people are cohabiting and fewer are married.<sup>33</sup> Over the last 20 years, there has been a decrease in couple families with dependent children and an increase in lone parent households. In spring 2002, around one-fifth of dependent children in Great Britain lived in lone parent families, almost twice the proportion of 1981.<sup>34</sup>
- 7.25 Although the number of lone parent households may in future remain steady and the traditional nuclear family remains the majority household type, it seems likely that an increasing number of children will spend at least a part of their childhood in a one-parent family.<sup>35</sup> These children face the attendant risk of poverty, as well as the potential risks inherent in family instability.<sup>36</sup>

## The changing nature of work

- 7.26 Between 2002 and 2012, it is expected that there will be around 1.5 million new jobs. The majority will be taken up by women on a part-time basis, further contributing to the rising participation of women aged 25–50 in the formal economy.<sup>37</sup>
- 7.27 Recent history has seen a fundamental shift in the nature of the demand for labour, which has had dramatic implications for unskilled workers. There is a consensus that labour demand in the future will continue to grow in the area of high-skilled employment.
- 7.28 Sectoral changes will favour professional and some other occupations, at the expense of manual occupations. In particular, growth in demand for corporate managers and senior officials is expected to continue. Skilled manual work is set to continue to decline.<sup>38</sup> Projections suggest that by 2010, there will be a 30% increase in the demand for the most skilled employees (level 5), compared with a 25% decline in demand for employees with no qualifications.<sup>39</sup> The demand for formal qualifications is expected to grow.<sup>40</sup> In addition, employers report a growing need for a range of generic skills such as problem-solving, communication, team working, IT and basic literacy and numeracy skills.<sup>41</sup>

Figure 7. Employment by highest qualification 1999–2010



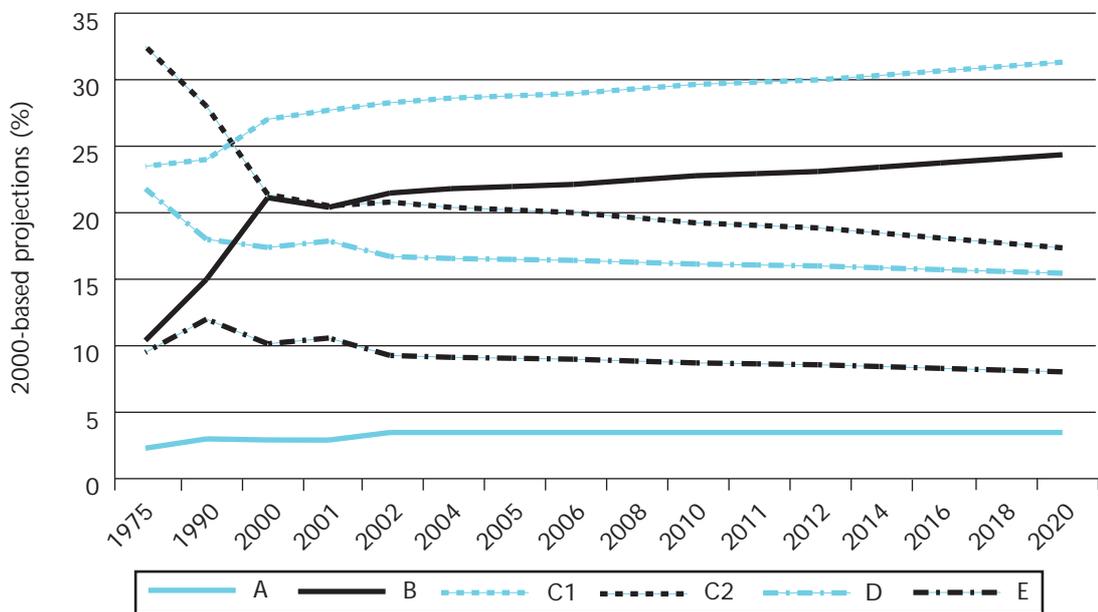
Source: Institute of Employment Research Projections of Occupations and Qualifications 2000/2001

- 7.29 This is not to suggest that there will be no jobs for those with low or no skills – some low-skilled jobs are predicted to grow, and the pool of low-skilled workers has shrunk because the number of individuals with no qualifications has declined. It is likely that there will continue to be significant numbers of basic jobs, mainly in the service and social care sector, at or close to the minimum wage. For example, it is projected that there will be 500,000 new jobs in personal caring services, and that the majority of these jobs will be taken by women.<sup>42</sup> However, many of the jobs available to those with low skills may be temporary and at the lowest end of the earnings distribution. Such jobs may also not provide good long-term career prospects or opportunities for progression.
- 7.30 Higher education has become more widespread, but fewer of those from disadvantaged backgrounds than others have benefited from this spread.<sup>43</sup> For example, only 1% of children in care go into higher education.<sup>44</sup> In the future, those without skills and qualifications are likely to face an even greater penalty than in the past because of the continuing rise in demand for skills. Although average attainment is rising (pointing to a general increase in skills of the workforce in the future), those at the bottom end of the skills distribution who have not benefited from the upward trend in attainment, look likely to face fewer prospects and a greater risk of poverty in the future. Employers warn that people without at least a basic grasp of IT skills and communications/customer-handling skills will find it increasingly difficult to find work.<sup>45</sup>

### Class and occupational structures

- 7.31 The labour market is creating ‘more room at the top’ in terms of managerial and professional jobs, so the social class distribution of the UK looks set to change with an increase in the number of people in social grades A, B and C1.

Figure 8. Social grade forecast for the UK



Source: National Readership Survey

### Changing work histories

- 7.32 At the same time as occupations and the demand for skills are changing, the regularity and permanence of employment will also change. Women, as workers, mothers and carers, already face difficulties because their working lives are often interrupted by child-rearing – but this could apply to more men in the future. Younger generations move jobs much more frequently than older ones<sup>46</sup> and career mobility has become the norm. It is expected that in the future individuals are likely to have several employers during their working lives. For some, periods of employment may

be separated by periods of unemployment or part-time or self-employment. Present systems of pension accumulation are not aligned with these trends and there is evidence that the benefit system may need to be more flexible to cope with the kind of multiple transitions that people may expect in their working and their family lives in the future.<sup>47</sup>

## Poverty and low-income

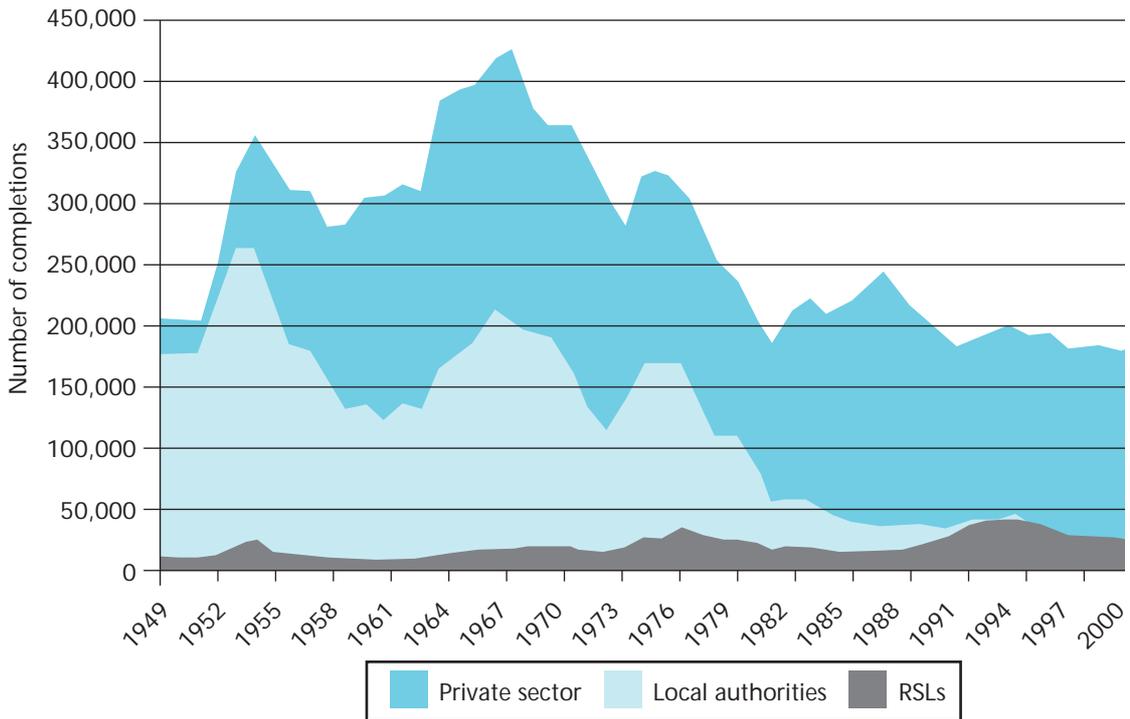
- 7.33 As we saw in previous chapters, an extended period of economic stability, together with policies aimed at tackling poverty, have reduced the number of people living in absolute and relative poverty since 1997. Analyses<sup>48</sup> suggest that despite demographic pressures such as the ageing population, relative poverty is likely to continue falling if policies maintain their current direction. The broad assumption is that income inequality will stabilise and then begin falling if current policies continue. Furthermore, employment will remain high and the number of households with relative low-income will continue to decline steadily. A more pessimistic scenario is that which might accompany shocks such as an economic recession.
- 7.34 However, within the optimistic scenario, certain groups of the population may face an enduring or growing risk of low income, particularly those with greater barriers to work, or those who are more likely to have interrupted career histories. They include pensioners, people without skills, some members of ethnic minorities, people with chronic ill-health or disability, and people who move between low-paid work and unemployment. In other words, the very groups we have identified in chapter six as less likely to benefit from current programmes are also among the groups who may be growing in number or face a growing risk of social exclusion in the future.

## Housing and homelessness

### Housing supply and demand

- 7.35 Interactions between the rising number of households, housing market conditions and the affordability of housing look likely to create a shortage of housing for low-income groups in some regions in the future. Estimates suggest that the total number of households will grow from 24 million to nearly 29 million as a result of people living longer, less communal living, more single person households and increases in net migration. The Government's recent endorsement of the recommendations of the Barker report reflects a commitment to turn around this trend.<sup>50</sup> With a favourable regulatory environment, it is possible that housing construction can rise to meet supply.

Figure 9. Housing completions



7.36 The problem is not simply a matter of supply, but also of the affordability of housing to low-income groups. The social rented sector, on which many low-income households depend for access to housing, is shrinking. The level of subsidy, both bricks and mortar subsidies and those paid to individuals directly, has fallen steadily in recent years. The situation in London appears to be particularly acute, where the pool of housing in the social rented sector is shrinking as more tenants exercise their right to buy, the population continues to expand and market prices exclude many low-income households.

### Homelessness

7.37 Rising numbers of households accepted as statutorily homeless have been the most acute manifestation of this combination of trends, as noted in Chapter 4, and there are now increasing numbers of families living in temporary accommodation.<sup>51</sup>

7.38 The common drivers and triggers of homelessness do not show any signs of abating. These drivers include relationship breakdown, an inability to accommodate young people or relatives, leaving youth offender institutions or prison and the closure of long-stay mental hospitals. In the context of a housing shortage in many areas, it seems likely that homelessness will therefore continue to be a risk in the short to medium term. For the families and individuals affected, this may be a serious threat to their participation in the labour market, in social networks and in communities.

### Future health trends

7.39 Future health care will continue to be heavily affected by the shift from acute to chronic illness.<sup>52</sup> Many chronic illnesses, such as heart disease, dementia, and diabetes, are related to ageing. Others are preventable and related to lifestyle or health behaviours and they often display a steep social gradient. Those in lower social classes are more likely to smoke, to have a poor diet and to be physically inactive. Consequently, they are affected to a greater degree by certain preventable diseases such as coronary heart disease, diabetes and some cancers.<sup>53</sup>

- 7.40 Public health efforts aimed at preventing these behaviours have, to date, been most successful among more affluent people, serving to widen the health gap on many key indicators still further, as noted in Chapter 4.<sup>54</sup> Current rates of smoking among different social classes are such that smoking-related illness is likely to continue disproportionately to affect those from manual groups in the future. These trends suggest that certain inequalities are 'built in' to the future pattern of the burden of disease.<sup>55</sup> Obesity is an emerging health trend related to lifestyle and it also displays a social gradient in prevalence among women. By 2020, it is predicted that one-third of all English adults will be obese, up from only 6% in 1980.<sup>56</sup> The challenge this poses in terms of future chronic disease is a matter of great public health concern.<sup>57</sup>
- 7.41 Higher reported levels of mental ill-health are likely to affect future healthcare. However, trends in mental health are complicated and difficult to interpret. Contributory factors include age-related conditions and patterns of diagnosis, detection, measurement and reporting, so that the trends in underlying prevalence are difficult to discern. However, some commentators highlight the growing burden of poor mental health as a future healthcare issue.<sup>58</sup> We also know that those reporting poor mental health and claiming incapacity benefits, or who are registered disabled, form a growing proportion of those who are inactive in the labour market and are on low-incomes.
- 7.42 In addition, those from lower socio-economic groups and from some ethnic minority groups are less likely to gain access to healthcare services and less likely to receive effective treatment.<sup>59</sup>
- 7.43 These trends could intensify the extent to which ill-health drives both the extent and nature of social exclusion in the future. If they persist, as looks likely in the short-term at least, ill-health may continue to be a barrier to inclusion for many low-income households, undermining the efforts of welfare to work programmes and limiting the life chances of those affected. In the medium or longer term, policy developments that give renewed focus to the public health agenda, such as those that emerge from the public health White Paper, may improve the future pattern of health behaviours and outcomes.

## Technological change

- 7.44 Internet penetration is growing rapidly. It is forecast that if uptake continues at its current rate, approximately 80% of the population will have access to the Internet by 2010 via a PC, digital television or mobile phone.<sup>60</sup>
- 7.45 Expanding technological development provides new opportunities as well as potential risks. Information Technology (IT) has the potential to facilitate flexible working and assist people in balancing caring and employment opportunities. It may also open new forms of political participation, such as electronic consultation or voting, which may promote involvement among older people. Sensors, IT and remote care technologies have the potential to sustain functional independence and well-being among older people in their homes.<sup>61</sup>
- 7.46 However, new technology can create new inequalities: uptake is faster among some groups and areas than others. It is not clear whether these uneven patterns of use will continue in the future. For example, the largest proportionate growth in Internet use since 2001 has been amongst the 45–54 age group – and older people have previously been slower to begin using the Internet than others.<sup>62</sup> Increased uptake might also be expected among lower social groups, as access via digital television becomes more widespread. This is because television is a more familiar, less costly and convenient medium. As many as 28% of respondents in one survey felt that delivery through their television would make them use the internet more, although at present only about 9% of those with digital television use it to access the internet.<sup>63</sup> The e-Government Unit is currently revising and expanding guidelines about digital television to increase its use.

- 7.47 Nevertheless, there may be ongoing barriers for some groups – including people who already struggle with basic literacy problems, have a disability which impairs their vision or manual dexterity, and those who do not have English as a first language.
- 7.48 Technological polarisation in the future is less likely to be about access and more likely to be about the use to which technology is put. People with knowledge and skills may be better able to use and exploit the new media to access services, to become more active in the management of their own health, to widen their access to educational resources for their children. If this is the case, then education about the potential and use of new technology, rather than access, will be an important policy issue for the future.

### Using IT to tackle social exclusion

- 7.49 Technology also has the potential to empower users, to improve service delivery and to extend services to people who may otherwise not be reached.

#### Using IT to help the hard to reach: the Carezone website

The CareZone website and interactive service has been developed by The Who Cares? Trust, in partnership with children in care, local authorities, charities and IT companies. The website is set up as a virtual world and each person online has a cartoon character that interacts with other users. The site helps children in care to make choices about their lives and to maintain links with people, even when moving placements frequently. Through this site, they can use moderated chatrooms and message boards and access information and help on all aspects of being in care. Each user has their own space, which can be personalised, and a secret vault to store in digital format their own records and photos, important when family links have broken down.

- 7.50 Harnessing this potential for the benefit of the most disadvantaged will need to be a priority for future policy, if we are to avoid a growing digital divide.

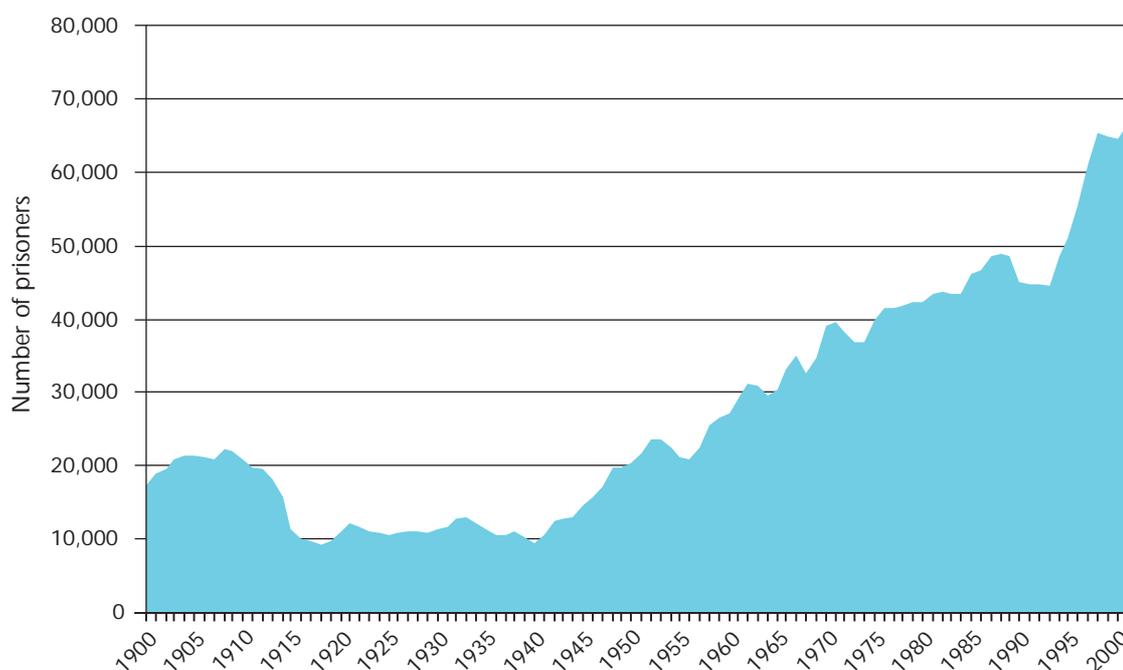
## Spatial polarisation and neighbourhoods

- 7.51 Despite record levels of employment and increased levels of employment in all regions, pockets of worklessness exist across the country, as described in Chapter 4. Data from the 2001 census suggests that we may also be witnessing new forms of social polarisation, with communities increasingly segregated 'into areas now more easily than ever typified as being old and young, settled and migrant, black and white, or rich and poor'.<sup>64</sup>
- 7.52 If communities continue to divide, there may be fewer opportunities for social cohesion and capital to develop, as living in areas of concentrated disadvantage limits the social networks of residents and lowers social trust in those neighbourhoods.<sup>65</sup> Social trust, as measured in some surveys, declined from around 50%–60% in the 1950s, to around 30% in 1997.<sup>66</sup> Trends in social capital suggest that social connections have become less intense and more transient. There has been a decline in social trust and a widening difference in social capital across social classes in favour of the middle class. In 1959, working class people belonged to 62% as many formal associations as middle class people; by 1990, this had fallen to 45%.<sup>67</sup>

## Crime

- 7.53 Overall, the level of crime has reduced in every year since the mid-1990s, and by a quarter since 1997.<sup>68</sup> However, the prison population has undergone a rapid expansion, as shown in Figure 10. England and Wales have the highest number of prisoners as a proportion of the population in the whole of Western Europe.

Figure 10. Number of prisoners in Great Britain, 1900 to 2002



Source: Home Office

- 7.54 Sentencing has become more severe over recent years, and far greater use is being made of prison and probation, as opposed to fines.<sup>69</sup> However, in line with the recommendations of the recent Carter review,<sup>70</sup> the Government is committed to providing sentencers with an appropriate range of tough and credible alternative penalties, with prison reserved for serious and dangerous offenders.
- 7.55 Serving a prison sentence substantially increases the risk of social exclusion on release. As many as 59% of prisoners discharged in 1999 were re-convicted within two years. Unadjusted re-conviction rates for adults leaving prison rose over the 1990s, although the latest data suggests that, on a like-for-like basis, rates slightly decreased at the end of the decade.<sup>71</sup> Nevertheless, it is clear that prisoners and re-offenders will remain a key group at risk of social exclusion over the short to medium term.
- 7.56 The Home Office, working closely with other departments, is in the process of finalising a national action plan to reduce re-offending. This action plan will underpin changes to the sentencing framework and the new National Offender Management Service (NOMS). NOMS is bringing together the Prison and Probation Services, to ensure that progress made in prison is followed through in the community, and that reducing re-offending is an important priority for all. In addition, the Government is taking forward a programme of work to reduce the number of women in custody.

## Transport and access to services

- 7.57 In the past 50 years, rising prosperity has led to a sharp rise in car ownership and the growth of the car culture. Average distances travelled to work have increased and other services have moved away from town centres.
- 7.58 Almost three-quarters of households now own a car, but 65% of those in the bottom income quintile do not have access to a car and women and older people are less likely to have access to one.<sup>72</sup> Low-income households are more dependent on public transport, but may face problems of low availability, as well as expensive, unreliable and infrequent services.<sup>73</sup> In the future, retired people and single and lone parent households are likely to continue to make up a disproportionate number of households with no car.<sup>74</sup>
- 7.59 The Government has made progress on widening access to services and improving public transport. A report on transport and social exclusion recently completed by the SEU<sup>75</sup> examined the link between social exclusion, transport and the location of services, explaining how the Government will address these issues and improve outcomes for socially excluded areas and individuals.
- 7.60 Accessibility planning is to be incorporated into local authorities' next Local Transport Plans, due in July 2005. To help inform the process, authorities will be expected to report against a range of core indicators and some locally appropriate indicators, to assess how transport is being improved for the whole population in general and for socially excluded groups in particular. This will help authorities working in partnership with other local service providers to ensure that action to improve accessibility is targeted at the groups and areas that need it most. These indicators will assess access to jobs and to key services such as schools and health services for disadvantaged groups, including households without cars. Improving accessibility is not just about changes to transport provision, but is also related to the location of services and the way that they are delivered. Therefore, in many cases improving joint working will be the key to improving accessibility.

## Conclusions

- 7.61 At the beginning of this chapter, we suggested that in the future, social exclusion may become less prevalent, but more concentrated – in certain vulnerable groups and in certain geographical areas. The 'vulnerability' of people to social exclusion will continue to depend on their place in the income distribution and their employment status but, if the economy continues to grow steadily, factors other than economic ones may come into sharper focus as demographic trends exert a continued or relatively stronger influence in the coming decades. People may experience new forms of exclusion, due to their health status, role as carers or lack of skills. If communities continue to divide along the lines of ethnicity, marital status and socio-economic group, those at risk may be spatially and socially more isolated and opportunities to build social cohesion and capital at a community and individual level may be diminished.
- 7.62 Much of what happens in the future, however, will depend on the policy choices made now. In the light of the likely future trends identified above, it may be that policy will need to work harder to build on the gains made so far. This means continuing to tackle the economic drivers of social exclusion and policy development to sustain the progress in these areas that is already underway. The importance of health, care and ageing are reinforced by our analysis of future trends. Policies to tackle the skills deficit will become ever more important if we are to avoid a situation where groups who are already missing out become ever more marginalised. Making progress on the five priority areas identified in Chapter 4 will help to ensure, not only that we better tackle remaining challenges, but also that we are fit to face the challenges of the future.

# Chapter 8: Conclusions

## Introduction

- 8.1 This report has charted the significant progress made by the Government since 1997 and identified several ongoing challenges in tackling social exclusion.
- First, to sustain the progress already made.
  - Second, to provide more equal opportunities for people, so that the effects of inherited disadvantage do not blight life chances.
  - Third, to innovate in service design and delivery, in order to benefit more very disadvantaged people.
  - Fourth, to anticipate and plan for the challenges of the future.
- 8.2 This chapter draws together our conclusions about what can be done to meet these challenges and outlines how the Government will take them forward in the next phase of social exclusion policy.

## Understanding social exclusion

- 8.3 Social exclusion is the result of a number of overlapping forms of disadvantage, which combine to exclude people from the mainstream. To understand the complex routes by which people can arrive at social exclusion we conclude that:
- Social exclusion is about more than income – it relates to a number of forms of multiple disadvantage, which overlap and accumulate as people go through life.
  - It is driven by a complex interplay of demographic, economic and social factors.
  - Social exclusion is the end of a longer continuum of inequality, affecting those who lose out in the unequal distribution of wealth, opportunity and life chances.
  - Some groups of people are more at risk than others – experience of poverty in childhood or educational underachievement are among the strongest predictors of social exclusion.

## The historical legacy and the Government's strategy

- 8.4 The late twentieth century saw a growth in social exclusion and inequality. Some of the main causes got significantly worse: more children grew up in households where nobody had a job, helping to create historically high child poverty rates, and more people suffered extreme disadvantage, such as sleeping on the streets. The cost of this division was heavy, both to society and to individuals.
- 8.5 For this reason, the Government made tackling social exclusion a high priority in 1997, when it introduced a radical new programme of reform. That priority has been reflected in subsequent budgets and spending reviews, which have seen significant investment in a new cross-departmental approach to supporting vulnerable people. There have been six key priorities: tackling the economic causes of social exclusion, tackling child poverty and pensioner poverty, promoting opportunity, supporting communities, reintegrating those who suffered extreme social exclusion and improving access to advice and services.

## Our analysis

- 8.6 This report has taken stock of the progress made and asked how policy in the future might develop to meet remaining and future challenges. We have collated evidence around some key questions:
- What has been the overall progress and impact of policies for people, at different stages, in different aspects of their lives?
  - How has this overall progress impacted on the scale of the problem and the main drivers of social exclusion?
  - What progress has been made on improving life chances and tackling the intergenerational transmission of social exclusion?
  - How have the most disadvantaged benefited?
  - What are the potential challenges of the future?

## Achievements so far

- 8.7 Much progress has already been made, most notably in tackling the big drivers of social exclusion, particularly by reducing unemployment and improving the incomes of the worst-off. The long-term increase in child poverty has been halted and has even started to reverse. Government policies have contributed significantly to these gains.
- 8.8 Large numbers of children and families have benefited from increased investment in early years services, including Sure Start, childcare and nursery education. Educational attainment has improved overall, and faster in schools where there have been targeted initiatives such as Excellence in Cities and Education Action Zones; some ethnic minority groups of pupils have also seen big improvements. There have been significant reductions in long-term youth unemployment, youth offending and teenage conceptions. The proportion of older people living in poverty has fallen.
- 8.9 There is evidence that inequalities between the most deprived areas and the rest have reduced on some outcomes such as employment. The gap in attainment between schools with high numbers of children claiming free school meals and others has also begun to narrow.
- 8.10 Those with the lowest incomes have gained the most from tax and benefit reforms, as well as from increased investment in public services since 1997.<sup>1</sup> This has contributed to a more even distribution of income growth.
- 8.11 Families and children have benefited most from the progress to date. It also seems that different policies often work in a mutually reinforcing way to produce cumulative benefits within households. Such policies have helped to improve living standards. They have also helped people to learn new skills, move into the labour market and improve their communities. Evidence from case studies shows that when households experience several of these policies simultaneously, their material circumstances can improve, as well as their relationships and well-being.
- 8.12 Some outcomes for children have seen improvements as a result of three particular aspects of policy impact to date: reductions in child poverty, improved exam results and the early years support provided by Sure Start and early education programmes. This progress is likely to make a longer-term impact as the beneficiaries grow into adulthood. The potential impact of these improvements on the children and the next generation is significant.

8.13 However, now is not the time to relax efforts. Despite these successes, there is much more to be done. Our conclusions are that action is needed in four main areas:

- To sustain the progress made so far.
- A continued commitment in policy-making to providing equality of opportunity for all.
- To consider where we need to deliver services differently, in order to benefit more very disadvantaged people.
- To anticipate and plan for the challenges of the future as we plan policy and service delivery in these areas.

## Sustaining progress

8.14 There are four ways to sustain the progress already made, by:

- Continuing to make progress for more people.
- Renewing the effort in the areas not yet fully addressed.
- Providing support for longer where people might fall back into vulnerability.
- Continuing to tackle intergenerational disadvantage.

### Continuing to make progress for more people

8.15 Some future priorities remain the same as those identified in 1997. Despite improvements, too many families still live on a relatively low income, too many people are currently economically inactive, and too many young people are not achieving their potential at school. We must ensure that more individuals benefit from successful policies.

8.16 The progress made so far shows that policy can make a significant difference so momentum needs to be kept up to ensure that further inroads are made into the most important drivers of social exclusion.

8.17 Tackling child poverty remains a top priority in the Government's efforts to tackle inherited disadvantage and improve life chances.

### Renewing our efforts in the areas not yet fully addressed

8.18 Less progress has been made in tackling some of the drivers of social exclusion than others. For example, the **health** of people in the lowest income groups continues to be much worse than for more affluent people. There is a remaining tail of underachievement in the **education** system, particularly affecting the poorest children. Although **unemployment** has fallen and employment has risen, the proportion of households that are economically inactive has not changed, and worklessness is highly concentrated in certain geographical areas. **Homelessness**, driven by underlying economic, demographic and structural factors, has increased; more families now live in temporary accommodation. **Crime** is also concentrated in particular localities where perceptions of the neighbourhood are poor among residents. We will need to drive progress forward on these issues if they are not to hold back the overall pace of change.

### Providing support for longer where people might fall back into vulnerability

8.19 Progress for people who have experienced multiple and long-term disadvantage can be fragile. It is important to ensure that individuals who have benefited from recent policy do not fall back, by providing longer-term support, which is sustained beyond immediate crises and transitions.

## Continuing to tackle intergenerational disadvantage

- 8.20 Some drivers of social exclusion, such as educational underachievement, health inequalities and social capital, can be transmitted from one generation to the next. Inequalities in wealth from assets also give some people a better start in life than others. That is why tackling these issues is an important priority for the future.
- 8.21 Evidence suggests that more needs to be done to break the intergenerational transmission of disadvantage. Children's life chances are still highly dependent on their parents' social class and resources.
- 8.22 Despite overall gains in education, educational underachievement remains one of the most important ways in which social exclusion and disadvantage is reinforced, so we need to make continued progress in this area. This underlines the ongoing importance of early intervention through the provision of early years support, childcare and educational services, which provide the support needed to overcome disadvantage early in life. In extending the reach of what works, we also need to bear in mind that not all disadvantaged people live in deprived areas.

## Innovating in service design and delivery

### Some of the most disadvantaged have been left behind

- 8.23 Some groups appear to suffer from persistent inequalities. There is a continuing social class gap on a variety of indicators, particularly health and education. This is partly explained by the fact that some of the most disadvantaged groups of people appear to be helped least by services or policies which have brought significant benefits for other groups. Even the most successful policies, such as the New Deal, have often failed to reach the groups that are furthest from the labour market and are most in need of help.
- 8.24 The groups most consistently identified as less likely to benefit from policies and to experience consistently unequal outcomes include:
- Some ethnic minority groups, including Pakistani and Bangladeshi people.
  - People who are unskilled or who lack qualifications.
  - People with chronic illnesses or disabilities.
- 8.25 Disadvantage is not uniform within these broad groups, nor are they the only groups who get left behind. However, they include significant numbers of people experiencing social exclusion, or who are at risk of doing so. Moreover, they have benefited less, so far, from current policies.
- 8.26 All of this suggests that many current policies need to extend their focus to the most disadvantaged and that service delivery needs to be more innovative.

### Delivering a better deal for the disadvantaged

- 8.27 Where government programmes have most successfully improved the lives of those with a range of complex problems, they have built on the principle of personalising services to meet diverse needs. This approach remains critical for the ongoing development of policies and services, but it is not yet fully embedded into the practices of mainstream public service delivery.
- 8.28 To make a bigger difference for the most disadvantaged people, we need to learn the lessons of what has worked well and to make them a central part of all our policies. Those who use services should be given a greater say in the design, adaptation, evaluation and delivery of services. If we do that, it will help to ensure that services are more responsive to the needs of those they serve. This is not easy, because multiply disadvantaged and vulnerable people may not find it easy to

be effective advocates or campaigners for change, unless they have help in making their case. Professionals need to become advocates, advisers and brokers to ensure that greater opportunities for participation are open to all, not just those who already have a voice.<sup>2</sup>

- 8.29 These principles are closely aligned with those set out in the public service modernisation agenda.<sup>3</sup> They could be adapted and extended, to meet the specific needs of disadvantaged groups.

### Accountability

- 8.30 We need target regimes and systems of accountability and performance management which provide incentives and rewards to those who work with the most disadvantaged. This might, for example, entail adjusting existing PSA targets to focus more effort on the most disadvantaged groups, including people who live outside of the most deprived local authority areas and who are therefore not currently benefiting from the floor targets.

### Delegation

- 8.31 More devolution to allow greater local freedom to design services to meet local needs and priorities could also benefit disadvantaged groups. In addition we may want to see:
- More widespread delegation of budgets and decision-making to front-line staff, so that they have the flexibility to decide how best to serve their clients' needs.
  - More joint working with voluntary and community groups, including commissioning services from them.

### Flexibility

- 8.32 A more client-centred approach is critical. Personal advisers offering tailored support and help make services more responsive to the different needs experienced by disadvantaged people.
- 8.33 Increasing people's choices about the help and support they might receive through raising awareness about what is available makes services more accessible and removes barriers to take-up.
- 8.34 There should be flexibility in how success is measured, so that distance travelled is captured as well as longer-term outcomes.
- 8.35 As discussed in Chapter 6, these principles are not widely applied within mainstream services. The challenge for future policy is to remove the barriers to working in this way, and to provide incentives that reward this approach.

## Anticipating future risks

- 8.36 Not only must the remaining challenges presented by our stocktake of current policy be addressed, those challenges presented by an examination of future economic, demographic, technological and social trends must also be taken into account. Such trends have the potential to impact significantly on future patterns of exclusion. They must be factored into current policy planning, funding, design and delivery. The potential emerging pressures which need to be considered include:
- The reduced prospects for those without skills and the implications for the economy of a shrinking, yet significant, minority of people remaining unskilled.
  - An ageing population, with growing inequalities between elderly people. There may be insufficient care and female pensioners, in particular, could face an increased risk of poverty.

- Continuing (or greater) fluidity in households, with more single person households, more children experiencing lone parenthood and increased demand for housing.
- Increases in the size of some vulnerable ethnic minority communities.
- Inequalities in chronic disease and a rise in obesity.
- New technology, with its potential benefits to the delivery of services and its threat of a digital divide for those without access to it.

8.37 We need to do more to anticipate future risks in planning the next stage of policy development, in improving service delivery and in tackling our priority areas for action.

## The next steps

8.38 Having taken stock of progress to date in tackling social exclusion, our broad conclusion is that the original emphasis of the Government in 1997 on welfare to work, tackling child poverty and early intervention was the right one. However, there is much left to do. The agenda on prevention needs to be broadened to strengthen strategies to tackle inherited disadvantage throughout life, and this needs to be supported by mainstream service delivery which works better for those who need it the most.

8.39 The second stage of the inclusion agenda is an ambitious one: now is not the time to relax our efforts, as the next phase of improvements may be more difficult than what has already been achieved. The report already sets out a great deal of action and investment that will continue to deliver progress in the coming years, but we need to go further. The policy priorities for the next phase are:

- To work harder to break the links between inherited disadvantage and life chances, by continuing to drive down child poverty, increase investment in early years, raise educational attainment for all, and support the transition into work.
- To keep up pressure on the economic drivers of social exclusion, in particular to focus on stubborn concentrations of unemployment and persistently high economic inactivity.
- To tackle the drivers of social exclusion that have not yet been fully addressed. These are health inequalities, homelessness and high crime areas.

8.40 In each of these areas, Spending Review 2004 announced new funding or targets that demonstrate the Government's commitment to addressing these priorities. This builds upon the action that has already been taken, as outlined in this report. The suite of new targets sends a clear message that tackling inequality and social exclusion remains a core objective of Government policy.

### To sustain current progress and to work harder to break the links between inherited disadvantage and life chances, by:

#### **Continuing to drive down child poverty**

8.41 The Government remains determined to make progress in reducing child poverty beyond 2004–05 and recognises that further investment and reform are needed to meet the goals to halve child poverty by 2010 and eradicate it by 2020. The Child Poverty Review was published in July 2004. It identifies the next steps across the entire range of policies to improve the life chances of poor children. There are new commitments and plans to:

- Increase employment opportunities, raising incomes for those who can work.
- Increase support for those who cannot work.

- Improve the effectiveness of public services that tackle material deprivation, such as housing and homelessness.
- Improve public services that contribute most to increasing the life chances of children, and ensure public services and the welfare system work well together when families face crisis points in their lives.
- Improve services for children and their families living in deprived areas, including targeted programmes.

8.42 These plans are backed up by a number of PSA targets that will help tackle child poverty across the board.

- *Key PSA targets:* Halve the number of children in relative low-income households between 1998/99 and 2010, on the way to eradicating child poverty in 2020. This will include reducing the proportion of children living in workless households by 5%, between spring 2005 and spring 2008. The Government will also set a target as part of the next Spending Review, to halve by 2010/11 the number of children suffering a combination of material deprivation and relative low-income.

#### **Continuing to increase investment in early years**

8.43 Getting a good start in life remains crucial for children's future life chances and good early years services will continue to play a vital role in promoting effective development and supporting families in their parenting role. The Government is committed to establishing a Children's Centre in every community. As further steps towards this long-term goal:

- An additional £769 million available by 2007/08, compared with 2004/05, for early years services and childcare. This will deliver up to 2,500 Children's Centres by 2008, and all children and families living in the 20% most disadvantaged wards in England will have access to a Children's Centre by March 2008.
- *Key PSA target:* Improve children's communication, social and emotional development, so that by 2008, 50% of children reach a good level of development at the end of the Foundation stage, and reduce inequalities between the level of development achieved by children in the top 20% most disadvantaged areas – and the rest of England.
- *Key PSA targets:* As a contribution to reducing the proportion of children living in households where no one is working, by 2008 to increase the stock of Ofsted-registered childcare by 10%; increase the take-up of formal childcare by lower income working families by 50%; and introduce, by April 2005, a successful light-touch childcare approval scheme.
- There will also be a pilot to extend free part-time early education to 12,000 two-year-olds in disadvantaged areas.

#### **Continuing to raise educational attainment for all, and support the transition into work**

8.44 The Government is committed to making continued progress on raising standards in schools and closing the gap in achievement between some groups of children. The *Five Year Strategy for Children and Learners* published on 8 July 2004, sets out the Government's strategy for education and children's services in detail. At the heart of this are the plans to introduce greater personalisation, extended choice and flexibility into the curriculum and teaching, in order to meet the particular needs of each child and young person. Progress will be driven by sharper PSA targets and monitoring. Extended Schools and access to excellent leadership will also be central to future progress.

- There are new, more challenging PSA floor targets to drive up standards in schools located in deprived areas with monitoring of the bottom 10% to 20% of educational underachievers and separate monitoring of the most vulnerable groups.

- *Key PSA targets:* By 2008, the proportion of schools in which fewer than 65% of 11-year-olds achieve level 4 or above in English and maths is reduced by 40%. In all schools ensuring that at least 50% of 14-year-olds achieve level 5 or above in English, maths and science, and at least 30% of 16-year-olds achieve the equivalent of five GCSEs at grades A\* to C.
- There is a commitment to expand, systematise and better signpost services providing support for parents, with targeted help at key transition points in children's lives, including moving into primary and secondary education.

8.45 A key area of action is to deliver the New Deal for Skills, to help those with no or low qualifications into work and then to help them to improve their prospects by acquiring new skills.

- *Key PSA target:* Increase the proportion of 19-year-olds who achieve at least level 2 by three percentage points between 2004 and 2006, and a further two percentage points between 2006 and 2008.
- *Key PSA target:* Reduce the proportion of young people not in education, employment or training by two percentage points by 2010.

To keep up pressure on the economic drivers of social exclusion, in particular, to focus on stubborn concentrations of unemployment and persistently high economic inactivity.

8.46 The Spending Review demonstrates the Government's continued commitment to employment opportunity for all, as part of the wider objective of full employment in every region.

- The Department for Work and Pensions (DWP) has agreed a new target to help tackle persistent pockets of worklessness. From 2005/06, the DWP aims to increase the employment rates of local authority wards with the poorest initial labour market position, and to reduce by a significant degree, the difference between the employment rates of these disadvantaged areas and the overall employment rate.
- In addition, over the Spending Review period, the DWP will be developing more effective support for people facing the greatest barriers to work, including through a comprehensive and rigorous evaluation of the Pathways to Work pilots, and through:
  - The rigorous testing of new approaches to supporting people further from the labour market, such as in-work credits and worksearch premiums. There will also be measures to help people to enter, remain and progress in work, including the Employment Retention and Advancement Demonstration project and the New Deal for skills.
  - The testing of new approaches to back-to-work support for customers, outlined in the recently published paper *Building on New Deal*.
  - Steps to address the remaining structural and institutional factors that can act as barriers to labour market participation. These steps include reforms to Housing Benefit, which will provide more consistency and continuity for people as they move into work.

To tackle the drivers of social exclusion that have not yet been fully addressed, by:

**Narrowing unjustifiable inequalities in poor health**

8.47 There will be a new emphasis on reducing the key drivers of health inequalities, in particular, cancer, cardiovascular disease and smoking in lower socio-economic groups and a new target to reduce childhood obesity.

- The overall target on narrowing the gap in life expectancy has been retained.
  - *Key PSA target:* Reduce health inequalities by 10% by 2010, as measured by infant mortality and life expectancy at birth.

- New floor targets have been introduced to reduce the inequalities gap between the fifth of areas with the worst health and deprivation indicators and the population as a whole, by at least 40% for cardiovascular disease and by at least 6% for cancer.
- There are new targets to tackle the underlying determinants of poor health and health inequalities:
  - *Key PSA target:* Reduce the adult smoking rates to 21% or less by 2010, with a reduction among routine or manual groups to 26% or less.
  - *Key PSA target:* Halt the year-on-year rise in obesity amongst children under 11 by 2010, in the context of a broader strategy to tackle obesity in the population as whole.
  - *Key PSA target:* Reduce the under-18 conception rate by 50% by 2010, as part of a broader strategy to improve sexual health.

### Turning round the growth in homelessness

8.48 There is a strengthened commitment to tackling homelessness. In particular, there will be more social housing, to help turn around the growth in homelessness by providing for 10,000 additional units of social housing a year by 2007/08, representing a 50% increase compared to 2004/05.

- More generally, the affordability of housing will be improved with resources allocated to provide 200,000 additional homes in four growth areas, and this will be assisted by a new Community Transport Infrastructure Fund.
- Sustained investment in homelessness prevention measures piloted between 2002/03 and 2004/05. These include support services to help families sustain tenancies and other forms of settled residence, mediation services to prevent family breakdown, security measures to help victims of domestic violence stay in their homes (where it is safe to do so), and rent deposit and other schemes to promote greater use of the private sector.
- The Office of the Deputy Prime Minister (ODPM) will also continue to work with local authorities and other agencies, to identify and reduce the negative effects that homelessness and life in temporary accommodation can have on children.
- Hostel provision for homeless people will be one of the six priority areas for the new Invest to Save – Inclusive Communities Fund, worth £90 million over the Review period.

### Accelerating action in tackling concentrations of crime and poor living environments in the most deprived areas

8.49 There will be an enhanced drive to tackle crime and anti-social behaviour in the highest crime areas, which have a significant overlap with deprived areas, with resources prioritised accordingly. There is a new challenging target on tackling crime, especially in high crime areas:

- *Key PSA target:* Reduce crime by 15%, and further in high crime areas by 2007/08.
- A new PSA target to promote cleaner, safer, greener public spaces and deliver measurable improvements in the quality of the built environment in deprived areas and across the country.
- A single Safer and Stronger Communities Fund, to empower local areas to tackle anti-social behaviour, improve public spaces and reduce crime.

### Transforming service delivery to meet the needs and aspirations of people with the most disadvantages

8.50 The key targets have been set by Spending Review 2004, and new investment has been put in place to support action to meet these objectives. It is now time to turn them into real change on the ground. However, these goals will only be achieved if we make mainstream services work

harder for those with greatest needs. Service delivery needs to be transformed to help narrow the gap in outcomes between the most disadvantaged groups and the national average. This can be done in the following ways.

- Building capacity at the front line to ensure that good services are tailored to meet the requirements of those with complex and multiple needs is of critical importance to the ongoing strategy to combat social exclusion. Furthermore, to make effective policy and delivery happen, we need to champion the voice of excluded people at all stages of the policy-making and delivery chain.
- Systems to increase accountability, such as targets and performance indicators, need to ensure that those on the front line of service delivery have the right incentives and capacity to help those with the greatest needs.

8.51 This report challenges public services to make such a transformation. To help meet this challenge, the Social Exclusion Unit will undertake a series of delivery-focused projects to make services work better for disadvantaged groups.

8.52 The Social Exclusion Unit's new work programme will ensure the critical lessons already learned about what makes a real difference on the ground are translated into more effective action to tackle the continuing problems or gaps identified in the report. This will complement the range of initiatives underway across government to ensure we fully meet the needs of all our citizens, including the most disadvantaged, and break the intergenerational cycle of deprivation.

# Annex A: Key new policies introduced since 1997 and policies in the pipeline to tackle Social Exclusion

Drivers	Key Policies and Initiatives introduced since 1997
Poverty and low income	<p>Increase in the value of Child Benefit</p> <p>Carers' Allowance</p> <p>Child Tax Credit</p> <p>Council Tax Benefit Run On</p> <p>Direct Payment</p> <p>Housing Benefit Run On</p> <p>Job Grant</p> <p>Minimum Income Guarantee (Pension Credit)</p> <p>Mortgage Interest Run On</p> <p>National Minimum Wage</p> <p>New Deals</p> <p>Warm Front</p> <p>Winter Fuel Payments</p> <p>Universal Banking Services</p> <p>Working Tax Credit</p> <p><b>Recent policy announcements</b></p> <p>Increases in National Minimum wage</p> <p>Increases in the value of Pension Credit and other benefits</p> <p>More protection for carers and people with disabilities</p> <p>New measures to encourage saving amongst low-income earners</p> <p>State second pension launched in 2002</p>
Worklessness	<p>Access to Work</p> <p>Action Team for Jobs</p> <p>Adult Basic Skills</p> <p>Adviser Discretion Fund</p> <p>Basic Employability Training</p> <p>Employer Training Pilots Employment Zones</p> <p>Freshstart</p> <p>JobCentre Plus</p> <p>JobPoints</p> <p>Lone Parent Run On</p> <p>New Deal for Lone Parents</p>

Drivers	Key Policies and Initiatives introduced since 1997
	<p>New Deal for Disabled People</p> <p>New Deal for Young People</p> <p>New Deal 25+</p> <p>New Deal 50+</p> <p>Pathways to Work</p> <p>Progress2work</p> <p>Skills for Life Strategy</p> <p>Step-Up</p> <p>Work Based Learning for Adults</p> <p>Worktrain</p> <p>Phoenix Fund</p>
	<p><b>Recent policy announcements</b></p> <p>Employment, Retention and Advancement project</p> <p>Employer Training pilots (a national programme may be launched after the pilots end in autumn 2005).</p> <p>Incapacity Benefit pilots</p> <p>Jobcentres to provide people with necessary Job Retention and Rehabilitation Programme pilots</p> <p>Qualifications to sustain jobs and progress to better jobs</p> <p>Move On/Get On</p> <p>New Deal for Skills</p> <p>Pathways to Work pilots</p> <p>Reforms of existing employment programmes</p>
<p>Poor educational achievement and negative experiences of school</p>	<p>Academies</p> <p>Aiming High</p> <p>AimHigher</p> <p>Alternative Education Initiatives</p> <p>Anti-Bullying Strategy</p> <p>Care to Learn</p> <p>Connexions</p> <p>● Connexions Direct</p> <p>EAL Pilot Project</p> <p>EiC/EMAG Pilot project</p> <p>Early Excellence Centres</p> <p>Education Action Zones</p> <p>Education Maintenance Allowances</p> <p>Entry 2 Employment</p> <p>Ethnic Minorities Achievement Grant (EMAG)</p> <p>Excellence challenge</p>

Drivers	Key Policies and Initiatives introduced since 1997
	<p>Excellence in Cities (EIC)</p> <ul style="list-style-type: none"> <li>● Beacon Schools</li> <li>● Learning Mentors</li> <li>● Learning Support Units</li> </ul> <p>Excellence Clusters  Family literacy and numeracy strategies  Gypsy/Traveller Achievement Project  Learner Support Fund  Modern Apprenticeships  National Childcare Strategy  National Numeracy and Literacy Strategies  Neighbourhood Nurseries initiative  NOF out of school programme  NOF New Opportunities Fund for PE and Sport Programme  PE, School Sports and Club Links project (PESSCL)  Pupil Learning Credits  SEN Strategy: Removing Barriers to Achievement  Safer Schools Partnership  Schools Access Initiatives  Schools Facing Challenging Circumstances  SEN Strategy Removing Barriers to Achievement  Specialist Schools  Sure Start  Truancy Sweeps  Work Based Learning</p>
	Recent policy announcements
	<p>14-19 Curriculum and Qualifications Reform  A statutory requirement for work-related learning at Key Stage 4 will be introduced from September  Development of Pupil Level Annual Schools Census (PLASC)  Increased Flexibility Programme  New focus on Personalised Learning</p>
Poor School Attendance	Recent policy announcements
	<p>Behaviour and Attendance Strategy  Behaviour and Education Support Teams (BEST)  Behaviour Improvement Programme (BIP)  Fast-track to prosecution rolled out across the country and the introduction of penalty notices First day provision for excluded pupils Monitoring of attendance through E-Registration  National campaign of Truancy sweeps</p>

Drivers	Key Policies and Initiatives introduced since 1997
<p>Poor health</p>	<p>5 A Day Programme – including the School Fruit and Vegetable Scheme</p> <p>Action within Schools – Healthy Schools</p> <p>Action on Food Promotion to children</p> <p>Care Direct</p> <p>National Service Framework</p> <p>NHS Direct</p> <p>Reform of Welfare Food Scheme</p> <p>Standard/Food in Schools/Physical Activity</p> <p>Action to address sugar, fat and salt levels in diet</p> <p>Recent policy announcements</p> <p>Public Health White Paper</p>
<p>Health inequalities</p>	<p>Health Action Zones</p> <p>Healthy Living Centres</p> <p>Health schools programme</p> <p>Tackling Health Inequalities</p> <p>Recent policy announcements</p> <p>Reform of the Welfare Foods Scheme (to be re-launched as ‘Healthy Start’ in 2005)</p> <p>Substantial increases in funding for social care for the elderly up to 2006</p>
<p>– Health behaviours</p>	<p>5 a day programme</p> <p>Child and Adolescent mental health service</p> <p>National Alcohol Strategy</p> <p>National Drugs Strategy</p> <p>National School Fruit scheme</p> <p>Strategy to reduce unintentional injuries</p> <p>Teenage Pregnancy Strategy</p> <p>Tobacco Control Strategy</p> <p>Recent policy announcements</p> <p>Doubling of Drug Treatment and Testing Orders</p> <p>Updated Drugs Strategy 2002</p>
<p>Family breakdown/family disruption</p>	<p>Children’s Fund</p> <p>Children (Leaving Care) Act 2000</p> <p>Choice Protects</p> <p>Family Support Fund</p> <p>Every Child Matters</p> <p>Marriage and relationship support Programme</p> <p>Parenting Orders</p> <p>Parenting Programme</p>

Drivers	Key Policies and Initiatives introduced since 1997
	Quality Protects Standard Funds Grant Sure Start Sure Start Plus
	<div style="background-color: #e0f2f7; padding: 2px;">Recent policy announcements</div> Continued roll out of Sure Start Child Trust Fund
Housing: – Poor/inadequate housing	Affordable Warmth programme Arm's length management organisations Home Owner Improvement & Maintenance initiatives Housing and Employment Mobility Service (HEMS) Safe Stop Supporting People Warm Front
– Homelessness	Change a Life Homelessness Act 2002 Homelessness strategies in every housing authority in England Routeway Schemes Safe Stop Safe Moves Supporting People
	<div style="background-color: #e0f2f7; padding: 2px;">Recent policy announcements</div> £60 million in support of local authority and voluntary sector action to tackle social exclusion Funding of £260 million for 2003/4-2005/6 by Homelessness and Housing Support Directorate
– Rough sleeping	Change a Life Learning Zones Rough Sleepers Strategy Safe Stop Tenancy Sustainment Schemes
Discrimination	Childrens Fund Communications Aid project Disability Discrimination Act 1995 Early Support Pilot Programme Job retention pilots New Deal for Disabled People Pathways to work SEN strategy SEN code of practice

Drivers	Key Policies and Initiatives introduced since 1997
	<ul style="list-style-type: none"> <li>Connecting Communities</li> <li>Race Relations (Amendment) Act 2000</li> <li>Sporting Equals</li> </ul>
	Recent policy announcements
	<ul style="list-style-type: none"> <li>Changes to the Disability Discrimination Act</li> <li>White Paper on new Equality body – Commission for Equality and Human Rights (CEHR)</li> </ul>
Crime	<ul style="list-style-type: none"> <li>Detention and Training Orders</li> <li>Intensive Supervision and Surveillance Programme</li> <li>On Track</li> <li>Parenting Orders</li> <li>Positive Activities for Young People</li> <li>Positive Futures</li> <li>Referral Orders</li> <li>Splash</li> <li>Youth Inclusion Programmes</li> <li>Youth Inclusion and Support Panels</li> <li>Youth Offending Teams</li> <li>Youth Offender Panels</li> <li>Communities against Drugs</li> <li>Crime Reduction and Disorder Partnerships</li> <li>Crime Reduction Programme</li> <li>Distraction Burglary Task Force</li> <li>Drug Action Teams</li> <li>Locks for Pensioners</li> <li>Neighbourhood Wardens</li> <li>Reducing Burglary Initiative</li> <li>Safer Communities Initiatives</li> <li>Street Crime Initiatives</li> </ul>
	Recent policy announcements
	<ul style="list-style-type: none"> <li>Fair Cities</li> <li>National Action plan to reduce re-offending</li> <li>National Offender Management Service (NOMS)</li> <li>Reform of the Criminal Justice Act 2003</li> <li>Women’s Offending Reduction programme</li> </ul>
Living in a disadvantaged area	<ul style="list-style-type: none"> <li>National Strategy for Neighbourhood Renewal</li> <li>New Deal for Communities</li> <li>Neighbourhood Renewal Fund</li> <li>Home Zones</li> <li>Action Team for Jobs</li> </ul>

Drivers	Key Policies and Initiatives introduced since 1997
	<p>Employment Zones</p> <p>Positive Futures</p> <p>Local Network fund</p> <p>Neighbourhood Wardens</p> <p>Community Empowerment Fund</p> <p>Communities against Drugs</p> <p>Community Champions</p> <p>Community Learning Chests</p> <p>Community Empowerment Fund</p> <p>Neighbourhood Management initiative</p> <p>Safer Communities Initiatives</p> <p>Safer Communities Supported Housing Fund</p> <p>Sport Action Zones</p> <p>Wired up Communities</p> <p>Enterprise Areas</p> <p>City Growth Strategies</p>
	<p>Recent policy announcements</p> <p>Anti-Social Behaviour Unit-launched 'Together: Tackling Anti-Social Behaviour'</p> <p>Local Strategic Partnerships</p> <p>Mainstream Neighbourhood Wardens and Neighbourhood Management approach to delivery</p>
Social Cohesion/Social Capital	<p>Challenge Fund</p> <p>Community Cohesion Pathfinders</p> <p>Tenant Participation Initiatives</p>
Financial Exclusion/Debt	<p>Technological Inequality</p> <p>The new Consumer Credit White Paper</p> <p>Cybrarian Project</p>

# Annex B: Floor and PSA Targets

Target	Focus
<b>Department for Education and Skills</b>	
<b>DfES1 (Floor Target one)</b>	Raise standards in English and maths so that: by 2004 85% of 11 year olds achieve level 4 or above and 35% achieve level 5 or above with this level of performance sustained to 2006; and by 2006, the number of schools in which fewer than 65% of pupils achieve level 4 or above is significantly reduced.
<b>DfES2 (Floor Target two)</b>	Raise standards in English, maths, ICT and science in secondary education so that: by 2004, 75% of 14 year olds achieve level 5 or above in English, Maths and ICT (70% in science) nationally, and by 2007 85% (80% in science); by 2007, the number of schools where fewer than 60% of 14 year olds achieve level 5 or above is significantly reduced; and by 2007 90% of pupils reach level 4 in English and maths by age 12.
<b>DfES3</b>	By 2004 reduce school truancies by 10% compared to 2002, sustain the new lower level, and improve overall attendance levels thereafter.
<b>DfES4/DCMS1 (shared responsibility)</b>	Enhance the take-up of sporting opportunities by 5-16 year olds by increasing the percentage of schoolchildren who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum from 25% in 2002 to 75% by 2006.
<b>DfES1 (Floor Target three)</b>	Raise standards in schools and colleges so that: between 2002 and 2006 the proportion of those aged 16 who get qualifications equivalent to 5 GCSEs at grades A* to C rises by 2 percentage points each year on average and in all schools at least 20% of pupils achieve this standard by 2004 rising to 25% by 2006; and the proportion of 19 year olds who achieve this standard rises by 3 percentage points between 2002 and 2004, with a further increase of 3 percentage points by 2006.
<b>(Floor Target Four)</b>	Increase the percentage of pupils obtaining 5 or more GCSEs at A*-C, with at least 38 per cent to achieve this standard in every local education authority (LEA) by 2004.
<b>DfES6</b>	By 2004, at least 28% of young people to start a Modern Apprenticeship by age 22. A wider vocational target for 2010 that includes learning programmes in further education preparing young people for skilled employment or higher education will be announced in the 2002 Pre-Budget Report.
<b>DfES9</b>	By 2010, increase participation in Higher Education towards 50% of those aged 18 to 30. Also, make significant progress year on year towards fair access and to bear down on rates of non-completion.
<b>DfES10</b>	Improve the basic skill levels of 1.5 million adults between the launch of Skills for Life in 2001 and 2007, with a milestone of 750,000 by 2004.
<b>DFES11</b>	Reduce by at least 40% the number of adults in the UK workforce who lack NVQ 2 or equivalent qualifications by 2010. Working towards this, one million adults already in the workforce to achieve level 2 between 2003 and 2006

Target	Focus
<b>Department for Health</b>	
DH2	Reduce to four hours the maximum wait in A&E from arrival to admission, transfer or discharge, by the end of 2004; and reduce the proportion waiting over one hour.
DH3	Guarantee access to a primary care professional within 24 hours and to a primary care doctor within 48 hours from 2004.
DH4	Ensure that by the end of 2005 every hospital appointment will be booked for the convenience of the patient, making it easier for patients and their GPs to choose the hospital and consultant that best meets their needs.
DH6	Reduce substantially the mortality rates from the major killer diseases by 2010. From heart disease, by at least 40 % in people under 75. From cancer by at least 20% in people under 75.
DH7	Improve life outcomes of adults and children with mental health problems through year on year improvements in access to crisis and Child and Adolescent and Mental Health Services (CAMHS) and reduce the mortality rate from suicide and undetermined injury by at least 20% by 2010.
DH8	Improve the quality of life and independence of older people so that they can live at home wherever possible, by increasing by March 2006 the number of those supported intensively to live at home to 30% of the total being supported by social services at home or in residential care.
DH9 (Floor Target five)	<p>Improve life chances for children, including by:</p> <ul style="list-style-type: none"> <li>– improving the level of education, training and employment outcomes for care leavers aged 19, so that levels for this group are at least 75% of those achieved by all young people in the same area, and at least 15% of children in care attain five good GCSEs by 2004;</li> <li>– narrowing the gap between the proportions of children in care and their peers who are cautioned or convicted;</li> <li>– and by achieving agreed local conception reduction targets, reduce the national under-18 conception rate by 15% by 2004 and by 50% by 2010, while reducing the level of inequality in rates between the worst 5th of wards and the average by at least a quarter.</li> </ul>
DH10	Increase the participation of problem drug users in drug treatment programmes by 55% by 2004 and by 100% by 2008, and increase year on year the proportion of users successfully sustaining or completing treatment programmes.
DH11 (Floor Target six)	<p>By 2010, to reduce inequalities in health outcomes by 10% as measured by infant mortality and life expectancy at birth.</p> <p>Starting with Local Authorities, by 2010, to reduce by at least 10% the gap between the fifth of areas with the lowest life expectancy at birth and the population as a whole.</p>

Target	Focus
<b>Department of Transport</b>	
DT1	Reduce congestion on the inter-urban trunk road network and in large urban areas in England below 2000 levels by 2010.
DT3	Secure improvements to the accessibility, punctuality and reliability of local public transport (bus and light rail), with an increase in use of more than 12% by 2010 compared with 2000 levels.
DT5 (Floor Target seven)	Reduce the number of people killed or seriously injured in Great Britain in road accidents by 40%, and the number of children killed or seriously injured by 50%, by 2010 compared with the average for 1994-98, tackling the significantly higher incidence in disadvantaged communities.
DT6/DEFRA8	Improve air quality by meeting our National Air Quality strategy objectives for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1-3 butadiene.
<b>Office of the Deputy Prime Minister</b>	
ODPM1 (Floor Target eight)	Promote better policy integration nationally, regionally and locally; in particular to work with departments to help them meet their PSA floor targets for neighbourhood renewal and social inclusion.
ODPM2/DTI7/HMT6 (Floor Target nine)	Make sustainable improvements in the economic performance of all English Regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006.
ODPM7 (Floor Target ten)	By 2010, bring all social housing into decent condition with most of this improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.
<b>Home Office</b>	
HO1 (Floor Target eleven)	Reduce crime and the fear of crime; improve performance overall, including by reducing the gap between the highest crime Crime and Disorder Reduction Partnership areas and the best comparable areas; and reduce: <ul style="list-style-type: none"> <li>– vehicle crime by 30% from 1998-99 to 2004;</li> <li>– domestic burglary by 25% from 1998-99 to 2005;</li> <li>– robbery in the ten Street Crime Initiative areas by 14% from 1999-2000 to 2005;</li> </ul> and maintain that level.
HO4/LCD2/CPS2	Improve the level of public confidence in the Criminal Justice System, including increasing that of ethnic minority communities, and increasing year on year the satisfaction of victims and witnesses, whilst respecting the rights of defendants.
HO5	Protect the public and reduce re-offending by 5%: for young offenders; for both adults sentenced to imprisonment and adults sentenced to community sentences; and maintain the current low rate of prisoner escapes, including Category A escapes.

Target	Focus
HO6	Reduce the harm caused by drugs by: reducing the use of Class A drugs and the frequent use of any illicit drug among all young people under the age of 25, especially by the most vulnerable young people; and reduce drug related crime, including as measured by the proportion of offenders testing positive at arrest.
HO7/LCD5	Focus the asylum system on those genuinely fleeing persecution by taking speedy, high quality decisions and reducing significantly unfounded asylum claims, including by: fast turnaround of manifestly unfounded cases; ensuring by 2004 that 75% of substantive asylum applications are decided within 2 months; and that a proportion (to be determined) including final appeal, are decided within 6 months; and enforcing the immigration laws more effectively by removing a greater proportion of failed asylum-seekers.
HO8	Increase voluntary and community sector activity, including increasing community participation, by 5% by 2006.
HO9	Bring about measurable improvements in race equality and community cohesion across a range of performance indicators, as part of the government's objectives on equality and social inclusion.

#### Department for Trade and Industry

DTI6 (Floor Target twelve)	Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms, and (iii) more enterprise in disadvantaged communities.
DTI7	See ODPM7
DTI9	By 2006, working with all departments, bring about measurable improvements in gender equality across a range of indicators, as part of the Government's objectives on equality and social inclusion.
DTI10	See DWP4 regarding employment rate of ethnic minorities.

#### Department for Environment and Rural Affairs

DEFRA4 (Floor Target thirteen)	Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people.
DEFRA7	Reduce fuel poverty among vulnerable households by improving the energy efficiency of 600,000 homes between 2001 and 2004.
DEFRA8	See DT6

#### Department for Culture, Media and Sport

DCMS1	See DfES4
DCMS2	Increase significantly the take-up of cultural and sporting opportunities by new users aged 20 and above from priority groups.

Target	Focus
<b>Department for Work and Pensions</b>	
DWP1/HMT8	Reduce the number of children in low-income households by at least a quarter by 2004, as a contribution towards the broader target of halving child poverty by 2010 and eradicating it by 2020.
DWP2	Double the proportion of Parents with Care on Income Support and income-based Jobseekers' Allowance who receive maintenance for their children to 60% by March 2006.
DWP3/HMT7	Demonstrate progress by Spring 2006 on increasing the employment rate and reducing the unemployment rate over the economic cycle.
DWP4/DTI10 (Floor Target fourteen)	Over the three years to Spring 2006, increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle – lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications, and the 30 local authority districts with the poorest initial labour market position, and significantly reduce the difference between their employment rates and the overall rate.
DWP5	Reduce the proportion of children in households with no one in work over the 3 years from Spring 2003 to Spring 2006 by 6½%.
DWP6	By 2006, be paying Pension Credit to at least 3 million pensioner households.
DWP7	In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate. Work to improve the rights of disabled people and to remove barriers to their participation in society.
DWP8	Make significant progress towards modernising welfare delivery so that by 2005, 85% of customers have their benefit paid into their bank accounts.
DWP9	Improve delivery of DWP services by setting published annual targets for each major business addressing accuracy, unit costs and customer service, becoming progressively more demanding over the three year period.
<b>Treasury</b>	
HMT6	See ODPM2
HMT7	See DWP3
HMT8	See DWP1
HMT9/CO1	Improve public services by working with departments to help them meet their PSA targets, consistently with the fiscal rules.

Target	Focus
<b>Inland Revenue</b>	
<b>IR1</b>	Deliver improvements in the number of individuals and businesses who comply with their obligations and receive their entitlements.
<b>Department for Constitutional Affairs (formerly the Lord Chancellor's Department)</b>	
<b>LCD2</b>	See HO4
<b>LCD5</b>	See HO7
<b>LCD6</b>	Increase year on year the number of people who receive suitable assistance in priority areas of law involving fundamental rights or social exclusion.
<b>Other departments</b>	
<b>CO5</b>	Improve public services by working with departments to redesign services around the needs of customers and embed the four principles of public service reform, with progress measured by survey evidence.
<b>HMCE3</b>	Reduce the availability of illegal drugs by increasing: the proportion of heroin and cocaine targeted on the UK which is taken out; the disruption/dismantling of those criminal groups responsible for supplying substantial quantities of class A drugs to the UK market; and the recovery of drug-related criminal assets.
<b>SS/EY1</b>	In fully operational programmes, achieve by 2005-06: an increase in the proportion of young children aged 0-5 with normal levels of personal, social and emotional development for their age; a 6 percentage point reduction in the proportion of mothers who continue to smoke during pregnancy; an increase in the proportion of children having normal levels of communication, language and literacy at the end of the Foundation Stage and an increase in the proportion of young children with satisfactory speech and language development at age 2 years; and a 12% reduction in the proportion of young children living in households where no one is working.

# End notes

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