



Office of the
Deputy Prime Minister
Creating sustainable communities

Tackling Social Exclusion: Taking stock and looking to the future

Emerging Findings

March 2004





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SUMMARY

Purpose

This document is a discussion paper, not a statement of government policy. **It aims to seek views and further evidence from a wide range of experts and stakeholders on the material presented, and to stimulate discussion around questions posed within this paper, rather than to set out the way forward at this stage.**

The Social Exclusion Unit was established by the Prime Minister in 1997 with a broad remit to improve action to reduce social exclusion by finding joined-up solutions to inter-connected problems. This paper is part of a programme of work being undertaken by the Social Exclusion Unit aiming to provide a clearer understanding of how Government policies have worked to tackle social exclusion and identify future prioritiesⁱ. This broader work will also provide an evidence base for future policy making. The discussion paper was launched at a seminar on March 22 2004 where the information presented within this document and questions posed was central to the debate. The Social Exclusion Unit also welcome any written comments or feedback on this discussion paper by **April 18 2004**.

Summary

Social exclusion has complex and multi-dimensional causes and consequences, creating deep and long lasting problems for individual families, for the economy, and for society as a whole. It can pass from generation to generation: children's life chances are strongly affected by their parents' circumstances, such as their income and the place they live.

The latter part of the twentieth century saw worsening trends in social exclusion and inequality. Some of the main causes of social exclusion got significantly worse, such as unemployment (particularly long-term unemployment), and the proportion of children growing up in workless and low-income households. This was reflected in growing numbers of people suffering extreme disadvantage, such as rough sleepers.

In 1997 the Government put in place a **new agenda to tackle both the causes and consequences of social exclusion, aimed at improving social justice, strengthening communities and supporting long-term economic growth.**

The Government put considerable investment in place across a wide range of areas targeted at the disadvantaged. It placed particular emphasis on tackling the economic causes of social exclusion (especially worklessness and low income) and addressing social exclusion from early childhood with ambitious targets for tackling child poverty alongside investment in early years development and education. It also promoted investment in educational attainment and skills, to boost the life chances of those from a wide range of backgrounds and promote equality of opportunity.

i This work relates mainly to England although some policies, for example those relating to tax benefits and employment programmes, cover the whole of Great Britain. Since 1999 the devolved administrations have adopted similar policies to those in England, for example on Neighbourhood Renewal.

The Government coupled this extra investment with a completely **new approach**, emphasising prevention and joined-up working, and partnerships with a wide range of organisations, including a much stronger voice for local communities. It focused particularly on supporting disadvantaged areas where social problems are concentrated, and it put particular effort into tackling some of the most severe and intractable causes and symptoms of social exclusion, such as teenage pregnancy and rough sleeping.

The new approach and investment are **already yielding results – breaking the trend of the longer-term increase in social exclusion and its causes**. For example, despite strong average income growth, the long-term increase in numbers of children in relative poverty has begun to reverse. We have seen substantial drops in unemployment, including long-term unemployment especially for 18–24-year-olds, and rising employment for vulnerable groups such as lone parents, the over 50s, ethnic minority groups, and disabled people. The number of workless households is falling, and the extra investment in education is yielding results. Even the intractable problems of rough sleeping and youth offending have been reduced.

However, significant problems remain, and a series of lessons can be learnt. For example, measures to tackle the economic causes of social exclusion have delivered significant results in terms of employment rates, but persistent levels of worklessness and concentrations of high unemployment in particular areas suggest the need for greater emphasis on employment in regeneration programmes for deprived neighbourhoods.

The **emphasis on tackling child poverty and investing in high quality early years services, such as Sure Start and Children’s Centres, was the right one** and the best way to improve the life chances of the next generation. This is **important not just for the most disadvantaged groups but for a wider range of families where significant inequalities in life chances remain**; inequalities in employment rates, health, low income and educational attainment persist between different social classes, different ethnic groups, and different areas of the country. People’s life chances are still strongly determined by their parents’ background.

We have seen some major gains in tackling social exclusion but there is a long way to go. **The scale of the problem remains large**: for example, there are only 53 per cent of lone parents in work, and 17 per cent of pensioners and 16 per cent of children live in persistent low income.

Looking forward, policy and delivery mechanisms will need to respond to changing economic, demographic, social and technological trends in the external environment. These will include the increasing premium on skills, the ageing population with associated care needs, greater ethnic diversity, and a growing proportion of single person households.

We will also need to renew our efforts to achieve equality of opportunity, recognising that **some groups are harder to reach and last to benefit** from policies to tackle social exclusion. As policies help people back into work, training or other opportunities, the pool of people who remain will inevitably be those who are harder to help. Already some groups are not being reached as easily by existing programmes. Policy and delivery changes may be needed to reach all those in need. We also need to build on current successes by making more use of delivery mechanisms – such as client-focused, and more flexible approaches, and those successfully involving local communities – which are working well for vulnerable groups, as well as considering radical new approaches.

Sustained effort will be needed to continue to reduce the scale of the problem, rolling out approaches which have been shown to be effective, and finding ways to measure and target success to give more priority to those who need most help. If we are to break the link between children’s background and their life chances, it will be particularly important to continue supporting the early years to improve the life chances of the next generation, and sustaining that progress throughout the life course.

1. INTRODUCTION

1.1 The Social Exclusion Unit

In 1997 the Government made tackling social exclusion a priority. It established the Social Exclusion Unit to work across government to find joined-up solutions to complex problems. Alongside current projects on mental health, and jobs and enterprise in deprived areas, the unit is taking stock of what has been achieved so far across government, in tackling social exclusion and what more needs to be done. This wide-ranging programme of work is called Impacts and Trends.

1.2 Impacts and Trends

The Impacts and Trends programme of work aims to provide a clearer understanding of how Government policies have worked to tackle social exclusion. This work will also identify future drivers and patterns of social exclusion, and provide an evidence base for future policy making. We are now beginning to collate the findings from this work, and a flavour of the issues we are covering is presented in this interim paper. The Social Exclusion Unit would welcome your views on the material presented here and the questions posed on page 26 by April 18 2004.

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This document is a **discussion paper** intended to stimulate debate on social exclusion around a series of questions (see page 26) and draw together expertise to inform our work. Reports from the Impacts and Trends programme of work will be published during summer 2004.

2. SOCIAL EXCLUSION AND WHY IT MATTERS

2.1 Social exclusion

Social exclusion is a complex phenomenon. It is multi-dimensional, and can pass from generation to generation. Social exclusion includes poverty and low income, but is a broader concept and encompasses some of the wider causes and consequences of deprivation. The Government has defined social exclusion as:

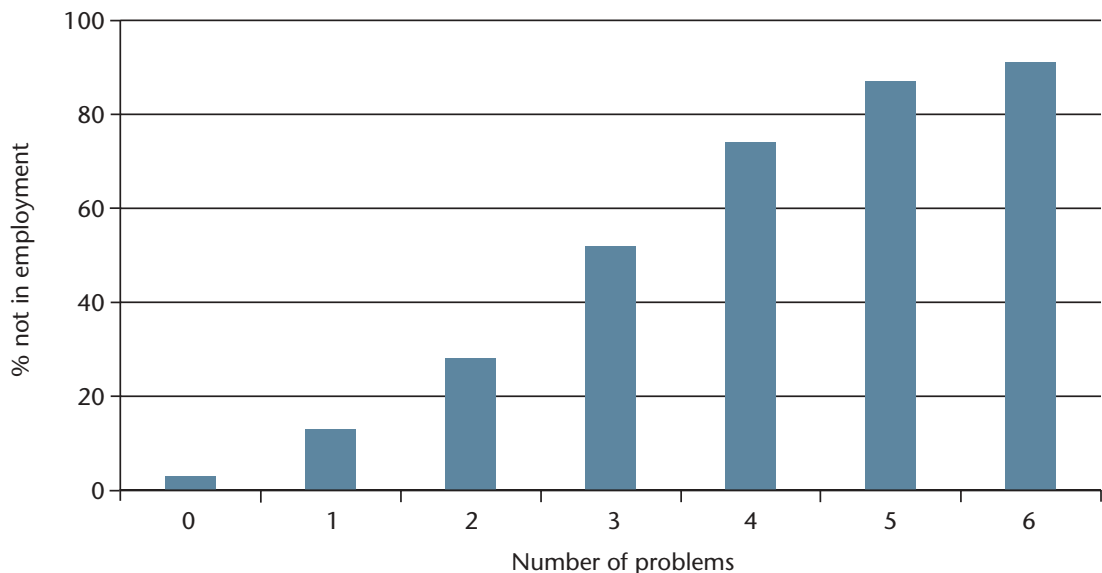
'a shorthand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, unfair discrimination, poor housing, high crime, bad health and family breakdown.'

Multiple disadvantage

The problems of social exclusion are often linked and mutually reinforcing. It is often difficult to disentangle the causes and consequences. The risk of social exclusion is highest for those with multiple disadvantages. Figure 1 illustrates this through the example of worklessness or non-employmentⁱⁱ. The likelihood of being out of work increases with the number of disadvantages experienced by an individual. For example, more than 50 per cent of those with three or more labour market disadvantages are non-employed, compared with 3 per cent without any of these characteristics¹.

Figure 1. Likelihood of non-employment amongst multiple disadvantaged groups

Source: Berthoud, 2003



Disadvantages counted:

- Being a lone parent or a single person
- Having low qualifications or skills
- Having a physical impairment
- Being over 50
- Being from an ethnic minority group
- Living in a region of high unemployment

ii Non-employment is defined as being either not working at least 16 hours a week or not in full-time education, and not having a working partner.

Multiple disadvantage can be experienced by vulnerable groups including some ethnic minority citizens and those with a disability who also face discrimination. Seventy per cent of ethnic minority citizens in the United Kingdom live in the 88 most deprived local authority wards and are more likely to be victims of crime. Many of the areas considered to be most at risk of lack of community cohesion fall within the most deprived local authorities. African Caribbean boys and Bangladeshi and Pakistani students are less likely to leave school with five good GCSEs and more likely to live in households below 50 per cent of median income.

Intergenerational impacts

Social exclusion adversely affects those experiencing it, but it can also pass from generation to generation and affect life chances. Children's futures are still affected by the circumstances of their parents. 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 disadvantage and poor opportunities that cascade down the generations. We know, for example, that:

- 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 adults².
- A baby boy born into the professional classes can expect to live over seven years longer than one born into the bottom social class³.
- Of all children receiving free school meals, 23 per cent gain five or more GCSEs at A*–C, compared with 54 per cent of all children⁴.
- 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 the highest social class⁵.
- The death rate for the babies of teenage mothers was 60 per cent higher than for babies of older mothers and they are more likely to have low birth weights⁶.
- Only 15 per cent of young people from unskilled social backgrounds begin higher education by the age of 21, compared with 79 per cent of young people from a professional background⁷.

The Government's agenda is therefore not just about those who suffer multiple disadvantages and may therefore be excluded from mainstream society. It is also more broadly about promoting equality of opportunity in all our communities for those who don't have the chances which others take for granted.

Area deprivation

The causes and consequences of social exclusion cluster in particular areas, with the same areas tending to have the highest levels of disadvantage across a number of policy areas – for example in employment, education, housing, or health. Clear inequalities exist between different areas of the country and between different neighbourhoods within these areas. Difficulties are compounded where there are poor services such as fewer shops, poorly performing schools and fewer doctors' surgeries. For example, the difference in life expectancy between the highest and lowest local authority district is 8.5 years for men and 6.8 years for women⁸. Seventy per cent of all people from ethnic minorities live in the 88 most deprived local authority districts (compared with 40 per cent of the general population)⁹. A large proportion of those where the head of household is either unemployed (33 per cent) or economically inactive (29 per cent) live in the 10 per cent most deprived wards¹⁰. This means that targeted area-based policies can help reach those at risk of social exclusion, though it is important to recognise that many disadvantaged people lived outside deprived areas.

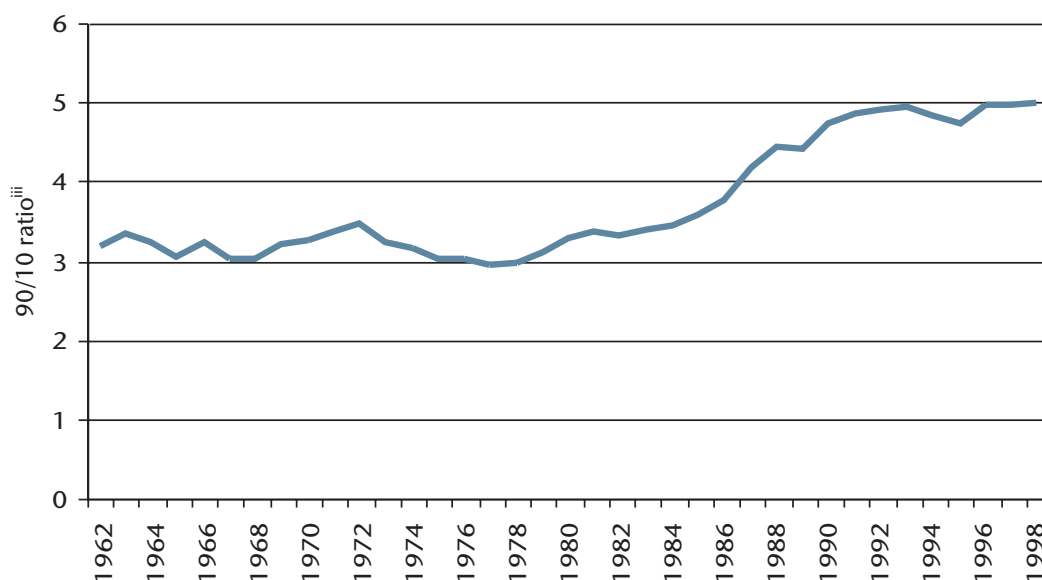
2.2 The growth of social exclusion to the mid-1990s

During the latter half of the twentieth century there were big economic and demographic changes in the United Kingdom. These changes included the post-war baby boom; an increase in the number of elderly and single person households; a rapid decline in traditional manufacturing industries coupled with the increased demand for skilled labour; and a sharp rise in the number of lone parents. There was also a steady increase in immigration from the Caribbean, Pakistan, Bangladesh and India¹¹.

The majority of the population experienced growing health and prosperity, but these advances were not equally distributed. There was growing polarisation between those with the skills and qualifications to participate in a knowledge-based economy and those without – with profound consequences for the distribution of wealth and opportunity. As shown in Figure 2, income inequality increased significantly over the period.

Figure 2. Income inequality 1961–98

Source: *The Institute for Fiscal Studies*



In 1951 most work was manual and most workers were men. By 1991 only 38 per cent of work was manual and almost half of the labour force were women. Wages for the lowest paid workers barely increased at all between 1971 and 1991 while the earnings of those near the top of the distribution rose rapidly. Pay and employment rates became more unequal between skill groups, communities and households¹².

In the 1980s there was a rapid rise in income inequality and consequently an increase in the number of families living in relative poverty. In the 1990s children replaced pensioners as the group most likely to live below half the average income and, as noted above, living in poverty as a child is likely to restrict life chances¹³. Policy programmes were either not intended or not sufficient to turn the problem around.

ⁱⁱⁱ The chart shows the ratio between the 90th and 10th percentile of the income distribution.

Social mobility

Absolute social mobility^{iv} increased throughout much of the twentieth century. The middle class expanded whilst the working class declined in size, reflecting structural changes in the economy and society brought about by economic growth. This resulted in increasing numbers of children enjoying upward social mobility and greater life chances compared to their parents. However, the latest data suggests this expansion appears to have slowed or even halted in recent decades, thereby reducing mobility¹⁴. This is partly explained by a contraction in skilled manual work in the early 1980s, and a slower growth in the number of professional and managerial jobs¹⁵.

Relative social mobility – the chance different groups have of making it to particular social class positions – has been more stable. There seems to have been little change in relative social mobility in the later decades of the twentieth century. However, birth cohort data^v shows a **fall in intergenerational income mobility** when comparing children born in 1958 with children born in 1970¹⁶. This means poverty in childhood was more likely to lead to poverty in adulthood for those born in 1970 compared to those born in 1958.

Trends in the causes and consequences of social exclusion

The 1980s and early 1990s saw increases in some of the problems which put people at greater risk of social exclusion, including:

- increasing unemployment, especially **long-term unemployment**;
- increasing numbers among very disadvantaged groups, for example **rough sleepers**;
- more **children growing up in workless households**, partly due to the greater number of lone parents; and
- rising levels of **crime, drugs misuse and anti-social behaviour**¹⁷.

2.3 The cost of social exclusion

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 at large, for example through:

Costs to the individual

- Individuals not realising their educational potential: a teenager from a deprived neighbourhood is five times more likely to go to a failing school¹⁸ and less likely to achieve good qualifications compared to their peers¹⁹.
- 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 skills²⁰.
- Poorer physical health: men born into the bottom social class are likely to live seven years less than those in the professional classes. Poorer diets, lack of opportunities for exercise, and higher rates of smoking and drug use are seen amongst deprived groups of people²¹.
- Crime and fear of crime both disproportionately affect the most deprived communities. The sale of drugs, with the associated crime and anti-social behaviour that underpins drug use, adds to the decline of communities and exacerbates social exclusion.

iv Movement of individuals up or down the social class structure.

v Data collated on a representative sample of people born in a specific year – 1958 and 1970.

Costs to the taxpayer

- 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 the public services has been estimated at £406 million²².
- For every homeless person staying in hospital because they have no other accommodation, the country spends £900–£1,000 per week²³.
- An Audit Commission report calculated that if one in ten young offenders received effective early intervention the annual saving would be in excess of £100 million²⁴.

Cost to the economy

- A lack of skilled workers: educational underachievement and shortages of relevant skills have a direct impact on the supply of talented individuals in the workforce, contributing to the productivity gap between the United Kingdom and its international competitors.
- Lack of customers: low income or benefit dependency can reduce the nation's spending power.

3. TAKING STOCK OF PROGRESS

3.1 The Government's strategy

The priority the Government has given to tackling social exclusion since 1997 has been reflected in its budgets and spending reviews. It has invested in new policies and a new approach to supporting vulnerable people, focusing on individual needs and emphasising prevention, early intervention and joined-up working. This approach is based on evidence about what works. The annual *Opportunity for all* report sets out the Government strategy for tackling poverty and social exclusion, and the progress being made on key indicators.

3.2 Tackling the causes and effects of social exclusion

Policies are now in place to tackle all the main causes of social exclusion, as well as the most obvious effects through both mainstream policy and targeted initiatives.

Economic causes of social exclusion

Worklessness and low income are two of the most important causes of social exclusion. In 1997 the Government focused on the importance of promoting economic stability, and acting to improve employment levels and incomes. The Welfare to Work agenda was established around the principle of '*work for those who can, support for those who cannot*'.

A range of **New Deal** programmes has been implemented helping disadvantaged groups into work via one-to-one support and improved access to training, for example basic skills and other more specialised help. The Government is working to break down the obstacles which some groups face in participating fully in society. For example, the Department for Work and Pensions has a range of specialist employment programmes designed to support people with a disability into employment, including Pathways to Work and the New Deal for Disabled People^{vi}. This is underpinned by more integrated, joined-up ways of delivering services through the creation of JobCentre Plus in 2002. Work-based learning for adults was also introduced, offering a range of support from work-based occupational training to support taking up self-employment, and the National Skills Strategy was developed through three White Papers.

The Government is committed to improving the economic performance of all English regions and to reduce the persistent disparities in growth rates between them. 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.

Making work pay is a key element to the new agenda with the introduction of the National Minimum Wage which, together with **Working Tax Credits**, provides a guaranteed minimum income for those on low earnings. Low incomes for older people have also been tackled, for example through Minimum Income Guarantee and now the Pension Credit.

vi Other programmes include Access to Work, WORKSTEP, Work Preparation and the Independent Living Fund.

Tackling child poverty

The Government also particularly focused on tackling **child poverty**: a significant predictor of adult outcomes²⁵. Relieving **worklessness** and providing increased **financial support** has also been a focus of policy as children living in workless households are more likely to be living in poverty^{vii}. We have seen significant increases in financial assistance for families with children, including substantial rises in Child Benefit, the implementation of Working Families' Tax Credit and most recently the introduction of Working Tax Credit and Child Tax Credit.

Promoting equality of opportunity

Tackling social exclusion is not just about income but also opportunity and life chances. The Government recognised the importance of improving human capital, by investing in **the early years** and increasing **educational attainment and skills**. A focus on early years has included the introduction of policies such as Sure Start and the National Childcare Strategy.

Early intervention is crucial to tackle social exclusion, given the degree to which **life chances** are affected by early childhood experiences. For example, inequalities in attainment are apparent from as early as 22 months of age²⁶. There is good evidence to suggest that certain types of early intervention can prevent the immediate damaging effects of deprivation on children and lead to better outcomes for them in later life as well. Good quality early years services, that 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. Some evidence suggests that disadvantaged children particularly feel these benefits.²⁷

The Government has put in place an ambitious and cross-cutting strategy to tackle health inequalities^{viii} which recognises the importance of tackling the wider determinants of health including poverty, poor education and bad housing. The strategy recognises the importance of early intervention in children's health and is supported by a programme of action which focuses on the themes of supporting families, mothers and children; engaging communities; preventing illness and providing effective treatment and care; and addressing the underlying determinants of health.

The Government has also enhanced and extended civil rights for vulnerable groups such as people with disabilities to enable them to overcome the obstacles that they may face in society, including access to employment, goods and services, and education.

Supporting communities

Policies have been put in place to tackle the problems of **disadvantaged areas** through a joined-up approach at national and local levels. This is important to try and boost the life chances of children growing up in those areas, and to improve the quality of life for other people who live there. For example, older people can be particularly at risk of increased social isolation related to fear of crime and anti-social behaviour.

The National Strategy for Neighbourhood Renewal has put in place Local Strategic Partnerships with additional resources through the Neighbourhood Renewal Fund to focus on the 88 most deprived local authority areas. The New Deal for Communities, neighbourhood wardens and Neighbourhood Management Pathfinders are key community-based approaches to deliver the strategy.

vii The document *Measuring Child Poverty* was published in December 2003, and outlines the Government's measure of UK child poverty for the long term. This measure will begin from 2004/05.

viii *Tackling Health Inequalities: A Programme for Action*

The Neighbourhood Renewal Strategy also forms an important part of the wider Sustainable Communities Plan which aims to build socially inclusive communities. It also recognises the importance of housing and regional variation in the housing market to social exclusion and inequality. Housing market renewal pathfinders are targeting housing and communities in low demand northern areas, whilst programmes for affordable and key worker housing aim to ease pressures in the south. The decent homes programme and fuel poverty strategy aim to raise the standard of housing for those who are worse off.

In these 88 areas there are concentrations of **worklessness, crime, low educational attainment** and other risk factors associated with social exclusion, which are the concerns of various government departments. A key feature of neighbourhood renewal is the emphasis on harnessing these 'mainstream' resources to tackle deprivation rather than relying on one-off regeneration spending. To this end, all government departments have targets known as floor targets. These targets need to be achieved in order not only to lower worklessness and crime, and improve skills, health and housing, but also, by working together and through better targeting, to 'narrow the gap' that exists between the most deprived areas and the rest of the country.

Other area-based initiatives have also focused on deprived areas, such as Crime Reduction and Disorder Partnerships, the Reducing Burglary and Street Crime Initiatives, National Crime Reduction Strategy, Health Action Zones, and Healthy Living Centres.

Tackling the most severe disadvantage

The Government also implemented targeted policies on some of the most severe symptoms of social exclusion. There has also been a concerted effort to reduce **teenage pregnancy**, since teenage motherhood is associated with poor outcomes for mother and child including poverty and poor health. It has also tackled the problem of **rough sleeping**, one of the most intractable problems for social exclusion.

Problematic drug users tend to be members of the most deprived and socially excluded communities unable to access mainstream services such as drug treatment and housing. The Government is attempting to tackle the needs of this group by developing guidance on the commissioning of drug services, to reflect the multiple and varying needs of these groups.

Some targeted measures have also been found to have multiple or unintended benefits. Initiatives to reduce situational crime such as improved street lighting, surveillance equipment and awareness of these have had the effect of improving the outlook of the environment and the confidence of people living within targeted communities.

For example: The Bradford Custody Supervision and Surveillance Programme works with young people at risk of re-offending and led to 84 per cent of those completing the programme entering education or training. In Bradford the Youth Offending Team's restorative justice scheme has linked young offenders to the (often socially excluded) victims of their crimes, such as older people, in a way which has reduced some of the isolation they previously experienced.

Working in partnership

The Government's new approach to tackling social exclusion emphasised the importance of joined-up working at all levels, together with a more **client-centred approach** to designing and delivering services. This has been reflected in closer working between Central Government Departments, Local Government and the Voluntary and Community sector, and communities

and service users themselves. All these groups have a key role in the delivery of services to hard-to-reach groups, in building capacity in communities and in bringing the excluded into education and employment, for example through volunteering.

Advice and information services play a fundamental role in tackling social exclusion. The Connexions service offers a personalised advice service for 13–19-year-olds. The new Community Legal Service aims to make sure that people can get information and advice about their legal rights, and help with enforcing them. Spending on the Community Legal Service is estimated to exceed £900 million in 2003/04²⁸.

Taken together, these policies and programmes represent a huge increase in investment in tackling social exclusion, coupled with a genuinely new approach emphasising prevention, investment in the early years and joined-up working.

3.3 Extra spending, focused on the poor

There has been a substantial increase in **mainstream funding**, especially in priority areas. The annual average increase in funding 1999/2000 to 2002/03 in real terms was over £7 billion on health and over £7.2 billion on education. Social security funding increased by over £3 billion.

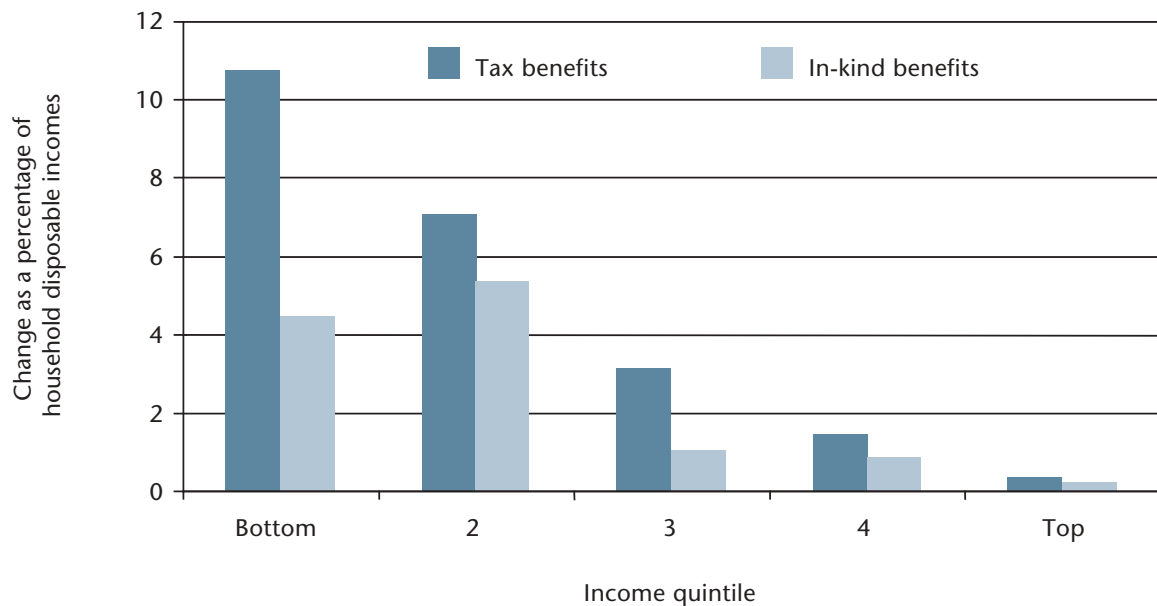
Some examples of this additional spending include:

- By 2004/05, 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 per cent²⁹.
- For young people, more than £600 million is now being spent each year on the New Deal for Young People and Connexions.
- For working-age people, significant annual investment is going into 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 will be about £8 billion extra in 2003/04, compared with 1997³⁰.
- £2 billion has been committed to the New Deal for Communities.

Expenditure has been particularly targeted at those with the lowest incomes through tax-benefits policy and extra spending on public services, as illustrated in the chart opposite.

Figure 3. Distributional impact of spending 1996/97 to 2001^{ix}

Source: *Recent Changes in the Distribution of the Social Wage* (Sefton, Nov 2002, Figure 9)



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

3.4 Progress so far

There have been many important successes in tackling the causes and effects of social exclusion for all age groups and in preventing further increases in inequality by delivering absolute improvements (for example in income) for those with low incomes, as well as those better off. Substantial impacts have been seen in some areas where effort and resources have been particularly concentrated. For example, beginning to *reverse* the long-term growth in the number of children living in relative low-income households, and in **tackling some of the most acute and intractable social problems**, like rough sleeping, youth offending and teenage pregnancy^x.

Some of the most important drivers of social exclusion have been tackled, reducing the overall number of people at risk. Progress has also been made among some of the most disadvantaged groups and areas where there has been targeted action. Although it is too soon to measure the impact of some policies it is clear that Government policy has contributed to these improvements.

Tackling the economic causes of social exclusion

Considerable progress has been made in tackling the economic drivers of social exclusion. Employment has increased by more than 1.5 million³¹ and the number of children in workless households has fallen by nearly 400,000³² since 1997. Unemployment today is 4.9 per cent – at a historic low compared to 11.9 per cent 20 years ago and 9.1 per cent 10 years ago³³. Important progress has been made in increasing the employment rates for some vulnerable groups by more than average, as shown in Figure 4 overleaf narrowing the inequality in employment rates for

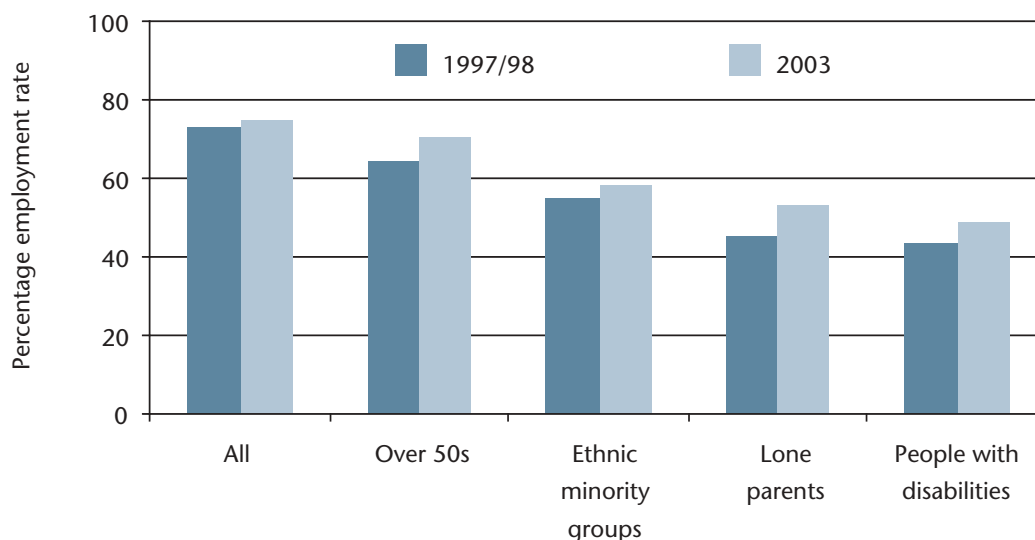
ix The distribution of in-kind benefits has become more favourable for the poor since 1996/97. This does not take account of cash incomes or differences in take-up rates which may vary by income quintile.

x The Department for Work and Pension's *Opportunity for all* report sets out progress on a wide range of indicators of poverty and social exclusion.

different groups. Long-term unemployment has reduced. Almost 200,000 more lone parents have moved into work since 1997. About half of this increase can be attributed directly to new policy measures³⁴.

Figure 4. Employment rates for vulnerable groups 1997/98–2003

Source: Labour Force Survey



However, there is still much to do; the picture varies across the country with persistent concentrations of worklessness in some areas. There are still 4.5 million people of working age living in households where no one is in work. In many workless households there is at least one person claiming benefit due to inactivity. Although absolute income levels have increased overall, the proportion of people in persistent relative low income has remained stable³⁵.

Tackling child poverty

There has been considerable progress in reducing child poverty. The number of children living in relative low-income households^{xi} has fallen by 500,000 since 1997 and it is estimated that by 2004/05 if the Government had taken no action 1.5 million more children would be in poverty.

Despite strong average income growth, the long-term increase in numbers of children in relative poverty has begun to reverse³⁶ narrowing the inequalities gap between some low income families and the average. These improvements in living standards have benefited children first³⁷ and there is evidence that they have reduced hardship in families³⁸. However, the scale of the problem remains large. In 2001/02, before the introduction of the new tax credits and the subsequent increases in Child Tax Credit, there were 3.8 million children (30 per cent) living in relative low income households after housing costs, and 2.7 million (21 per cent) before housing costs, and 16 per cent were living in persistent low income. There have been significant improvements when set against the rising trend before 1997 but there is still much to do. Debt among households on low income has risen more sharply than the overall trend towards increased higher consumer debt. Those on low incomes are more likely to be in arrears, in non-asset-based debt and face higher repayment rates set by loan sharks or pawnbrokers (facilities accessed almost exclusively by those on low incomes).

xi Before housing costs.

Promoting equality of opportunity

We are beginning to see some improvements from early years investment already. Although impact evaluation evidence is not yet available, initial feedback from Sure Start is beginning to show success in early years prevention programmes. Sure Start Local Programmes offer services to over 400,000 children under the age of four, including around a third of all children living in poverty³⁹. Research has found there to be more childcare facilities, increased confidence among both parents and children and increased encouragement for parents to take up training and education in Sure Start Local Programme areas⁴⁰. Participants report positive feedback for example:

"[Other] services come out with ... foreign language basically, it could be to some people ... Sure Start will put that in simple terms – and they are breaking things down and explaining things clearly."

Parent commenting on Sure Start family support work

Early findings from the Effective Provision of Pre-school Education project suggest that good early years services which combine care and education can improve cognitive and social outcomes for children as well as reducing numbers of looked after children or children at risk. The research also shows that disadvantaged children in particular can benefit from good quality pre-school settings and the earlier children attend pre-school education, the more significant the gains to their intellectual development, independence, concentration and sociability⁴¹.

The evaluation of the Early Excellence Centres (now Children's Centres) pilot programme⁴² reported case studies which indicated that the centres could help reduce social exclusion through enhanced social, emotional and cognitive development, early remediation in rates of child protection orders and 'looked after' children, and improved physical well-being.

There are other promising signs:

Education – GCSE attainment has improved. The percentage of pupils aged 15 achieving five or more GCSEs at grades A*–C has improved from 46.3 per cent in 1997/98 to 52.9 per cent in 2002/03⁴³.

There are early signs of success in Excellence in Cities schools. The proportion of pupils achieving five or more GCSEs at grades A*–C has risen twice as fast in Excellence in Cities^{xii} schools^{xiii} as compared to non-Excellence in Cities schools⁴⁴.

We have also seen the educational attainment gap between the 88 most deprived local authorities and the rest of England narrow slightly. The gap between the proportion of pupils in these areas achieving five or more GCSEs at A*–C and the average for England has fallen from 10.2 per cent in 1997/98 to 8.9 per cent in 2001/02⁴⁵.

Transitions to adulthood

Whilst it is still early days for the Connexions service (which was fully implemented in 2003) early evidence suggests the service is playing an important role in assisting young people's transitions into adulthood in a range of ways. Specific types of help have included: increasing young people's awareness of the options available; providing practical help and support to begin new activities; and overcoming educational difficulties by helping them back to school or arranging home tuition.

xii Excellence in Cities was implemented from 1999 and 2000.

xiii Phase 1 and 2.

Preliminary evidence suggests policies are beginning to reduce the number of young people not in education or employment. However, nearly one in ten young people are not in education, employment or training and continuing to tackle this issue will remain a priority⁴⁶.

However, although a lot of progress has been made, in helping to reduce certain aspects of social exclusion and inequality, important **inequalities remain** particularly for specific groups. For instance:

- Black Caribbean boys are three times more likely than other pupils to be **excluded from school**⁴⁷.
- Although there has been an increase in the employment rate of disabled people they are still twice as likely as non-disabled people to have **no qualifications**⁴⁸.
- Children in receipt of free school meals make **less progress at each key stage** than their peers not in receipt of free school meals⁴⁹.
- Parents from lower social classes are less likely to be closely involved with their children's education than parents from higher socio-economic groups. **Levels of parental support** can have a powerful influence upon a child's educational attainment⁵⁰.
- There remains a greater incidence of **low birth weight** amongst children born into the manual social classes than into non-manual groups⁵¹.

Supporting communities

There has been some progress in tackling area inequalities. The employment rates for lone parents in the 88 Neighbourhood Renewal Fund areas have risen more quickly compared to England as a whole (5.7 per cent and 2.3 per cent respectively), between 2000 and 2002⁵². The difference in overall employment rates between the England average and the average for the 88 Neighbourhood Renewal Fund areas has fallen slightly from 5.9 percentage points in 1997/98 to 5.6 percentage points in 2002/03 narrowing inequalities in employment between those areas. The gap between the 21 initial poorest labour market areas in England and the national average has seen slightly more improvement, from 13.8 per cent to 12.7 per cent between the same dates.

Unemployment has fallen in every region, however **inequalities in unemployment between the best and worst wards remain**. There continues to be higher concentrations of worklessness in some areas with significant variations between regions.

There have been some considerable successes in improving deprived communities including progress on the decent homes target, the introduction of neighbourhood wardens, reductions in crime in some New Deal for Communities areas and reductions in pensioner poverty (taking into account housing costs). However, deprived areas continue to experience the most social problems such as fear of crime, noise, litter and rubbish, graffiti and vandalism.

There has also been progress in tackling some of the **most severe and intractable forms of disadvantage**:

- **Teenage pregnancy** – there has been a 9.4 per cent reduction in the number of conceptions among girls under 18 years old since 1998⁵³.
- **Youth offending** – there has been a 22.5 per cent reduction in reconviction rates for juveniles which has been linked to the introduction of the Youth Justice Board and associated reforms⁵⁴.
- **Rough sleepers** – there has been a 70 per cent reduction in the number of people sleeping rough since 1998⁵⁵.
- **Families in Bed and Breakfast**^{xiv} – the number of homeless families with children in Bed and Breakfast accommodation fell by 66 per cent between December 2002 and December 2003⁵⁶.

3.5 Policies working well as a package

Case study evidence suggests that some policies are working particularly well together. This appears to be the case where people are subject to multiple interventions, which change both their environment and personal circumstances⁵⁷. This is particularly important for people who have multiple problems.

For example, in our case study work a lone parent had returned to work as a result of help from New Deal for Lone Parents and a personal adviser. Through work she felt much happier, more confident and was financially better off. Living in a New Deal for Communities area she also talked about the changes happening on her estate:

“Now it’s improving, it’s getting better ... before it was really dark and horrible, I used to hate bringing people here, it was embarrassing. It was really nasty walking up the stairs. There would be urine in the lift and everything else ... [the wardens provide] a little bit of peace of mind, if anything is going on out there, they are there ... I suppose I am just happy now; Josh is at college and Tyler is in a nursery and I have got a job, I have no other problems, I am not in debt, I don't owe anyone anything ... I am happy ... I would never have thought it would have turned out that way.” Female, 38 years old, black, lone parent household⁵⁸

xiv This represents strong progress towards the target that by March 2004 no homeless families with children should be placed in Bed and Breakfast accommodation except in an emergency, and even then for no longer than six weeks.

4. LOOKING TO THE FUTURE

4.1 Remaining challenges

Although significant inroads have been made into halting or reversing the worsening of a range of causes and effects of social exclusion there are important challenges for the future as some persistent problems and inequalities remain. Life chances for those born into poverty continue to be far worse than those from more privileged backgrounds, and high concentrations of worklessness remain in some areas. There is still a long way to go in tackling social exclusion.

Sustaining progress

To sustain progress at current rates is likely to require continued investment in the most effective policies and programmes. The scale of some of the causes and consequences of social exclusion remains large – for example, there are still only 53 per cent of lone parents in work, 17 per cent of pensioners and 16 per cent of children are in persistent low-income households. Persistent inequalities, for example in employment rates, health, low income and educational attainment, remain between different social classes, different ethnic groups and different areas of the country. People's life chances are still strongly determined by their parents' background. We may need to work harder to achieve equality of opportunity.

It is important to recognise that most policies take time to deliver, and we are only beginning to see the impact of some promising policies which are still being rolled out. For example:

- **Connexions**, the advice service for 13–19-year-olds, was extended to cover the whole of England in 2003.
- **Sure Start**, the early years programme combining day-care, health and parenting support. Sure Start local programmes currently cover 39 per cent of all children under the age of four in the 20 per cent most deprived wards^{xv}. The programme continues to expand and there is a comprehensive long term evaluation of Sure Start local programmes in place which will identify these impacts.
- The **Educational Maintenance Allowance** is to be extended to the whole country from September 2004.
- **A wide range of programmes** from housing market renewal pathfinders to health inequalities is just beginning to be implemented.

Policies that aim to redress the imbalance in opportunities by boosting the life chances of disadvantaged children and young people or raising life expectancy for those on low incomes may take a generation to have their full effect. There is no 'quick fix'.

Helping the 'hardest to reach'

Despite improvements in a wide range of areas, some groups of people have not benefited as much as others from new initiatives. For example, employment and skills policies like the New Deals have been less successful for more disadvantaged clients such as:

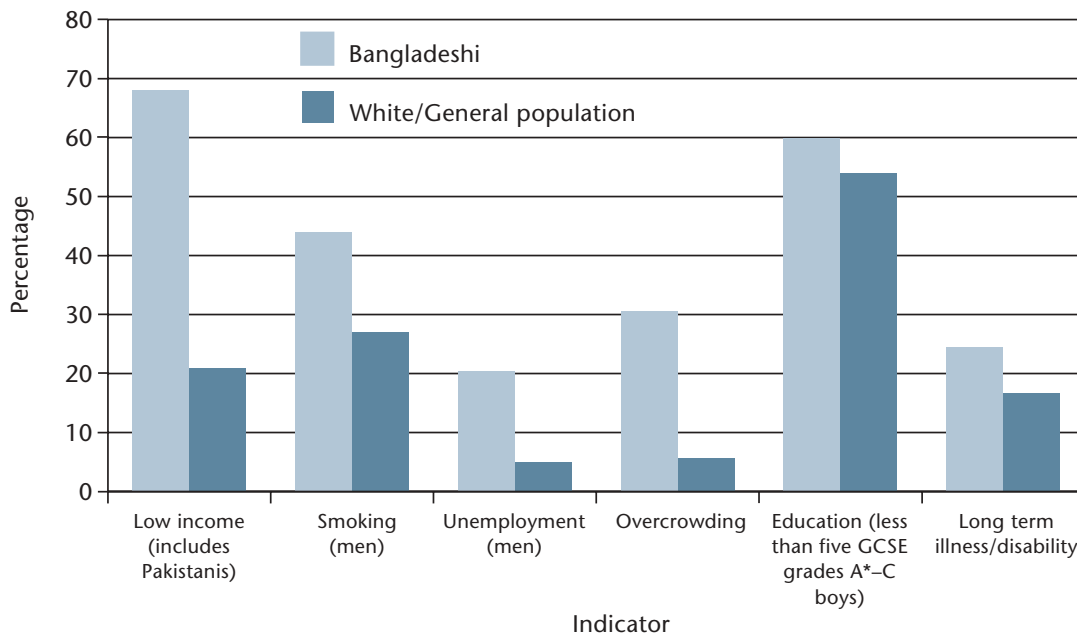
- people with poorer educational qualifications and skills;
- those without recent work experience;
- people with poor health and disabilities;
- those from some ethnic minority groups; and
- people with personal problems such as alcohol or drug dependency, homelessness or a criminal record.

^{xv} Sure Start local programmes are not exclusively in the 20 per cent worse wards.

A number of groups have not benefited as much as others from the progress made since 1997 and remain vulnerable to social exclusion. These include **some ethnic minority groups** – particularly Pakistani and Bangladeshi groups who continue to fare worse on a number of key indicators. Policies may need to change to meet the needs of these groups.

Figure 5. Bangladeshi (and Pakistani) groups continue to fare badly on a range of indicators^{xvi}

Source: Office for National Statistics 2004/census 2001^{xvii}



Tackling persistent inequalities

Despite absolute improvements in a very wide range of indicators for disadvantaged groups, on some indicators and in some areas we know that the poorest groups are not yet 'catching up' with the most affluent. Concentrations of worklessness remain, and the groups who seem to benefit least from policies also seem to be those who suffer persistent disadvantage, for example some ethnic minority groups and those with poor skills. The Government recognises the importance of promoting equality of opportunity; to achieve this we need to develop a better understanding of those inequalities – which are likely to be transmitted to the next generation – and the best ways of tackling them.

4.2 Looking ahead: future risks of social exclusion

In the future, we can expect to see some of the current economic, social and technological trends in the external environment continue and to create growing pressure points for policy.

^{xvi} Age-standardised rates allow comparisons between populations with different age structures.

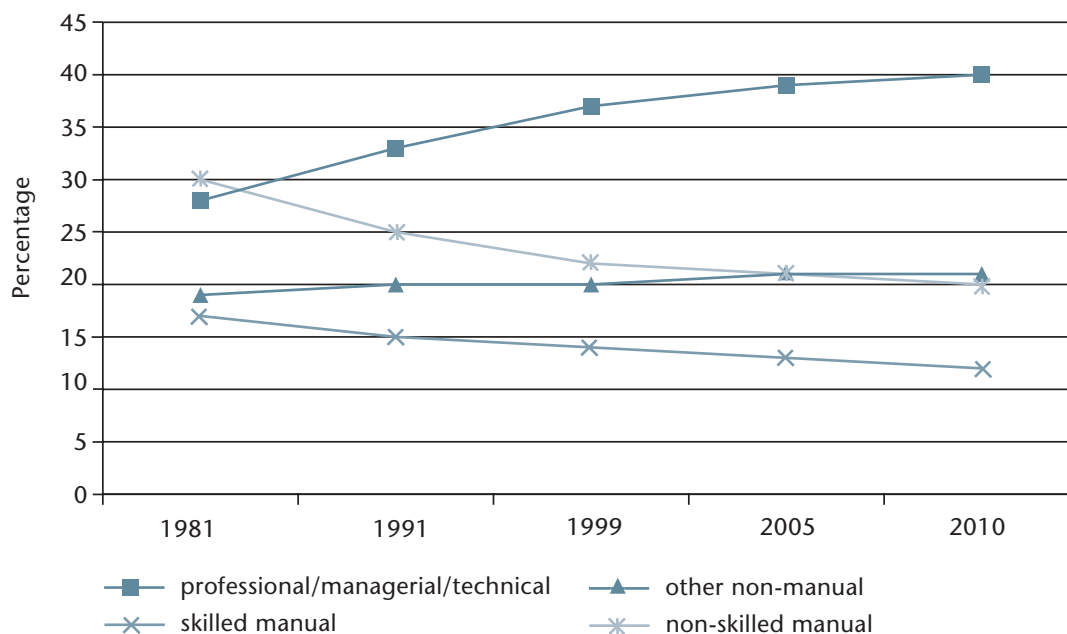
^{xvii} All figures except *overcrowding* come from Office for National Statistics – *Focus on Ethnicity and Identity 2004*. *Overcrowding* data from the 2001 census.

Labour market

We are likely to see a decline in the demand for skilled manual labour. However, there has been a growth across a range of other occupations and industries and across the country. Further progress is needed to get people to access these jobs and improve the skills distribution so that they can take them up. Otherwise the gap between the most deprived areas and the rest in terms of employment may not close.

Figure 6. Employment in the United Kingdom

Source: *Projection of Occupations and Qualifications, Institute for Economic Research*



Care and an ageing population

Over the next 30 years, the UK population will continue to age markedly. By 2030, it is predicted that older people will outnumber adults of working age by one fifth⁵⁹. The 'older old' (over 80 years old) are the fastest growing group within this and the most likely to be vulnerable⁶⁰. As the population continues to age, there could be an increasing demand for care among older people who are not fit and active. More people in the 40–49 age group are finding themselves with dual care responsibilities, namely children under 18 and elderly parents. Currently the peak is 11.1 per cent at age 45 for higher qualified women and 9.3 per cent at age 41 for non-higher qualified women born 1954–58⁶¹. These care demands will increase as the population ages. However, from 1996 to 2002, the number of households receiving formal home care or home help in their own home declined by 25 per cent, to 384,000⁶².

Changing families and households

There may be a continuing trend towards diversity in household types in the future. Single person households are the fastest growing household type and are projected to increase still further. These households are at greater risk of poverty and of social isolation as they age⁶³. This may have an impact on informal care for disabled, older or vulnerable people.

Ethnic diversity

The proportion of the United Kingdom population who are from ethnic minority groups will continue to increase modestly in the future. Some of this increase will be driven by demographic changes and some by a consequence of net inward migration, which is forecast to be around 95,000 per year⁶⁴. By 2010 almost one in five school pupils will be from ethnic minority groups⁶⁵. The fastest growing group is the percentage of children of multiple or dual heritage under 16⁶⁶.

Homelessness

The wide regional variations in the housing market including high demand and rising prices in London and the South East, and areas of low demand and housing blight in other parts of the country may create continuing pressures. These pressures could include the widening equity gap between home owners and those in rented housing, increasing pressures on homelessness particularly in London and the South East fuelled by social trends and the strengthening of homelessness legislation to protect the vulnerable. There were 130,000 households accepted as homeless by local authorities in 2002/03. The number of households placed in temporary accommodation has risen to 94,000 in the third quarter of 2003⁶⁷.

Future policy will need to take account of these trends to ensure it tackles both the current and future main causes and consequences of social exclusion.

4.3 Making policy more effective: building on success

Some policies have made progress in helping the hardest to reach. Research with both clients and providers shows that particular types of **delivery mechanisms** appear to work well and may increase participation among the most vulnerable groups. We need to look at the opportunity to apply these approaches elsewhere. These include:⁶⁸

- **Individually tailored approaches** – the use of personal advisers appear more effective than blanket approaches.
- **Multi-agency working** – to allow multiple needs to be picked up by single agencies.
- **Joining up and customising services** – to address the needs of some of the most disadvantaged groups who are likely to live in some of the most deprived areas, for example through Neighbourhood Renewal.
- **Making services more accessible** – one-stop-shops, out-reach, delivery via local intermediaries such as voluntary and community groups.
- **Common objectives for all targets** – operating across agencies which will prevent services and targets pulling in different directions.
- **Providing alternative environments** – to deliver services in which excluded people feel comfortable, for example alternative learning environments, home visiting.
- **Flexible timescales** – available for clients to receive help on programmes.
- **Stable provision** – also appears important to allow providers to carry out longer-term planning for clients and continuity in personnel to allow relationships to form between clients and providers.
- **Floor targets** – we should learn to build on the success of some of the floor targets where we have seen significant improvements in narrowing the gap, for example education.

Recipients of some newer initiatives such as Connexions and New Deal mention the importance of having service providers ‘who listen’ and ‘treat you like a human being’ and contrast this favourably with experiences of mainstream services.

“...they really want to listen to you, they’ve really got time for you. Even if it’s like lunch time they will go through their lunch hour to talk to you.”

Male, white, young person⁶⁹

Improving take-up amongst vulnerable groups

Some groups remain less likely to participate in services or programmes. There appears to be a lower take-up rate or lack of access and higher drop out rate amongst some of the most disadvantaged groups, suggesting that programme design or delivery may not be adequately meeting their needs. Policies or programmes which tend to have higher participation or claim rates include those which appear to have less stigma attached to them and which have been in place for a significant period of time. We need to focus on the barriers preventing take-up of other programmes and policies. For example⁷⁰:

Early years services

- **Children from ethnic minority groups** are less likely to be in nursery education – 87 per cent of white parents used some form of registered childcare in 2002 compared to 81 per cent of black parents, 70 per cent of Asian parents and 71 per cent of other ethnic minority groups⁷¹.
- **Children with disabilities** are less likely to use childcare services. The specialist services required by this group can be difficult for parents to find⁷². Seventy nine per cent of parents of a child with a disability have found it difficult to combine working and caring for their child because of childcare problems. Seventy four per cent of parents of a child with a disability had to cut back or give up work because of childcare problems⁷³.
- **Parents on low incomes** or who work **atypical hours** are also less likely to use childcare services. There is limited childcare provision for parents who work atypical hours and those providers that have sought to provide such services have faced problems finding staff to work at these times⁷⁴.

Means tested benefits

- Between 24 per cent and 32 per cent of pensioners, including *vulnerable, older and ethnic minority pensioners* have not been claiming Minimum Income Guarantee they are entitled to. Pension Credit has been developed to replace this and encourage take-up.

Low participation rates

- There is often low take-up on voluntary programmes. The participation rate on New Deal for Lone Parents is 9 per cent and in the New Deal for Disabled People pilots was nearly 6 per cent⁷⁵.
- Those most in need appear least likely to enter these programmes. Participation is positively associated with readiness to work and higher education and skills.

Stigma

- Twenty per cent of children in the United Kingdom entitled to free school meals do not claim them⁷⁶.

“People just think that if you’re on free school meals you’re going to be a one sock person, they think that you’re not very nice and that your parents just can’t be bothered to get a job or something⁷⁷.”

Pupil

Awareness

- Lack of awareness of the existence of services and knowledge of own eligibility plays a key role in take-up of services amongst those who are socially excluded.

Access

- Just 12 per cent of those in the lowest income decile have home internet use, compared with 85 per cent of those in the highest income decile⁷⁸.

4.4 Measuring success

‘Soft’ or interim outcomes

The success of many current policies is measured by ‘hard’ or quantifiable outcomes, such as movement into work or gaining a qualification, which are very important for us to monitor and measure success by. ‘Soft’ outcomes, such as increased personal confidence, could be seen as being as important to some people, particularly those who are most vulnerable. These may be necessary first steps in achieving longer-term outcomes such as moving into work or training in the future. These intermediate outcomes are not currently measured or routinely captured in targets and can be very difficult to measure. Where these soft outcomes can be clearly related to the longer-term achievement of hard outcomes, mechanisms for capturing this information would be valuable.

Capturing reliable information about vulnerable groups

Some highly vulnerable groups are not picked up reliably in any social surveys or by our administrative systems. These include, for example, dual heritage groups, refugees/asylum seekers, homeless people, disengaged young people, mobile or transient populations such as gypsies or travellers, and those in the bottom 10 per cent of the income distribution. More information on these groups is required to understand their needs and the risks they face.

5. CONCLUSIONS

The latter part of the twentieth century saw worsening trends in social exclusion and inequality. Some of the main causes of social exclusion got significantly worse, such as unemployment (particularly long-term unemployment), and the proportion of children growing up in workless and low-income households. This was reflected in growing numbers of people suffering extreme disadvantage, such as rough sleepers.

In 1997 the Government introduced a completely new approach and made a huge investment in new policies and strategies to tackle social exclusion. A range of evidence shows that this investment is already yielding results – **halting and in some cases even starting to reverse the longer-term increase in social exclusion and its causes.** The new approach to social exclusion has become common currency in the wider social policy debate.

Key improvements include reductions in the main causes and consequences of social exclusion, such as improvements in employment rates for various vulnerable groups, reducing the number of workless households and the number of children in relative low income households, which can all greatly affect long-term life chances. Targeted policies have **even delivered results in tackling some of the most intractable problems:** with fewer people now experiencing some of the most severe symptoms of social exclusion such as rough sleeping and youth offending.

Evidence suggests **the Government's emphasis on tackling child poverty and investing in high quality early years services such as Sure Start and Children's Centres was the right one** – and the best way to improve the life chances of the next generation. But it remains a priority in the coming years too and progress needs to be sustained throughout the life course.

Despite these improvements **there is still a long way to go in tackling social exclusion.** The scale of some of the problem remains large: for example, there are still only 53 per cent of lone parents in work, and 17 per cent of pensioners and 16 per cent of children live in persistent low income. Clear inequalities, for example in employment rates, health, low income and educational attainment, remain between different social classes, different ethnic groups and different areas of the country. People's life chances are still strongly determined by their parents' background. **High concentrations of worklessness remain in some areas with significant variations between different regions.** We need to work harder to achieve equality of opportunity.

Looking forward, policy and delivery mechanisms will need to respond to changing economic, demographic, social and technological trends in the external environment. These will include the increasing premium on skills, the ageing population with associated care needs, greater ethnic diversity and a growing proportion of single person households.

We will also need to renew our efforts to achieve equality of opportunity, recognising that **some groups are harder to reach and last to benefit** from policies to tackle social exclusion. As policies help people back into work, training or other opportunities, the pool of people who remain will inevitably be those who are harder to help. We need to build on current successes by making more use of delivery mechanisms – such as individualised, client-focused and more flexible approaches – which are working well for these most vulnerable groups.

Sustained effort will be needed to continue to reduce the scale of the problem, rolling out approaches which have been shown to be effective, and finding ways to measure and target success to give more priority to those who need most help. If we are to break the link between children's background and their life chances, it will be particularly important to continue supporting the early years to improve the life chances of the next generation, and sustaining that progress throughout the life course.

The Social Exclusion Unit would welcome your views on the material presented here and the questions posed overleaf. Please email us at **Impacts-and-Trends@odpm.gsi.gov.uk** or write to:

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London SW1E 5DU

We look forward to hearing from you.

QUESTIONS FOR DISCUSSION

Tackling causes of social exclusion

- 1) Who are the most vulnerable groups at risk of social exclusion? Are the right policies in place to support them, and are they reaching the right people and areas?

Hardest to reach

- 2) Of all vulnerable groups who are the hardest to help and why? How can we make policy and delivery more effective for this group?

Life chances

- 3) Are a focus on prevention and early intervention the most effective ways to break the cycle of intergenerational disadvantage? What else can be done?

Mainstreaming

- 4) How can we get the incentives right to encourage mainstream services to help the most disadvantaged people and areas? What else could be done?
- 5) How can delivery mechanisms which appear to work well for the most vulnerable be adopted into more mainstream policy?

Successful policy and delivery

- 6) How can we sustain and continue to build upon current success? Will the current suite of policies continue to deliver improvement?
- 7) How and where do current policies work well together?
- 8) How could we better recognise progress/policy success in working with vulnerable groups, for example intermediate or 'soft' outcomes?
- 9) How can we increase eligible groups' participation in available services/programmes? How can we reduce barriers to access and help prevent people dropping out of programmes?
- 10) How can we ensure that area-based initiatives (such as neighbourhood renewal policies and programmes) are best used to tackle the various types of disadvantage experienced by some of the most socially excluded people in an holistic way?

Future challenges

- 11) Have we identified the most important emerging/future risks for social exclusion beyond 2004? What else will be important?
- 12) What new policy approaches could be used to help reverse trends which are stable or even worsening?
- 13) What should be the most important priorities for social exclusion policy now? What is not, or is no longer, a priority?

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