GROUP OF NON-GOVERNMENT EXPERTS IN THE FIGHT AGAINST POVERTY AND SOCIAL EXCLUSION

FIFTH REPORT ON

UNITED KINGDOM NATIONAL ACTION PLAN ON SOCIAL INCLUSION 2003-2005

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15 October 2004
SUMMARY

We made an overall judgement on progress since the last UK NAP/inclusion was published in mid 2003 in our third and fourth reports. The UK Government has not published an interim report in 2004. This fifth report confirms and adds to our previous conclusions, as follows:

- From a poverty base which was historically and comparatively dire in the mid 1990s, most key indicators of poverty and social exclusion have continued to move in the right direction recently.
- Much of this still has to do with the performance of the UK economy, and particularly increasing employment and falling unemployment, though some of it is also the result of tax and benefit policies introduced by the Government.
- The public expenditure settlement announced in 2002 is leading to substantial increases in spending on transport, education and health; and programmes embedded in the health and education budgets (but arguably not transport) are geared to tackling poverty and social exclusion directly and in the longer term.
- However, there have been concerns about the extent to which the attack on poverty and social exclusion is being mainstreamed across government departments and the devolved administrations, and in regional and local government.
- The 2004 Public Spending Review and the associated Child Poverty Review contained new measures to tackle social exclusion, new targets and a welcome emphasis on the contribution of mainstream services.
- Progress in reducing relative poverty has been slow, but the Government is likely to meet its targets for reducing child poverty by a quarter by 2004/05.
- It has now become clearer what the child poverty target will be beyond 2004/05, but there is still no evident strategy to meet the 2010 targets.
- The dose1 will need to be stronger in the next stage; and even if the labour market remains buoyant, further redistributive policies will be required.
- The Social Exclusion Unit (SEU) has completed a considerable stocktaking exercise, but it is not yet clear what new initiatives will emerge from this. The SEU has also published an important report on worklessness in deprived areas.
- Major cuts in civil service manpower were announced in the Public Spending Review. Although in the case of the Department for Work and Pensions most of these cuts were already envisaged, there is concern that there is no additional funding to develop the welfare to work strategy further (particularly work focussed interviews with all Incapacity Benefit cases, more work focussed interviews with lone parents). Delivering existing plans, including child support reform and pension credit, will also be challenging. Work is underway on measures to simplify the benefit system, but the lead-time for major change is very long.
- Substantial resources have gone into provision for families with children and pensioners. Benefits for childless adults have not increased in real terms for over three decades and there is evidence emerging from the Millennium

Cohort that many babies are being born to single first-time mothers on very low incomes.

- There is a growing focus on the most disadvantaged in employment schemes.
- An investigation found that education spending has increased more in deprived areas in recent years; but local education authorities may not be passing on all additional funding to the most disadvantaged schools.
- Debt is emphasised by people in poverty themselves as a key policy concern.
- The Social Exclusion Unit highlights the importance of keeping up the momentum on child poverty in order to meet the Government’s targets.
- A long-term strategy on childcare provision is currently being developed.
- The Government has taken a lead on combating discrimination and negative public attitudes towards various groups; useful lessons could be learned for tackling punitive attitudes towards people living in poverty and exclusion.
- The toolkit to encourage participation of people in poverty and their organisations in developing the next NAP has been launched; but it is difficult to tell what influence participation will have on policies or wider processes.
- There are problems with the evidence base in Northern Ireland, with important differences in the costs of living from the rest of the UK. A Northern Ireland regional Anti-poverty Action Plan consistent with the NAP is being proposed (see Vignette 1).
- Vignettes 2-4 give somewhat contrasting pictures of the impact of the anti-poverty strategy at local level. Vignettes 2 and 3 present evidence that the combination of the labour market and national and targeted social polices is making a difference in the two areas covered. However, Vignette 4 argues that despite all the effort it has not had much impact on deprived young people in an area in the North East, mainly because policies have concentrated on labour supply and labour demand is still a major problem.
- Vignette 5 shows that while child poverty is heavily concentrated, social inclusion policies which focus on the most deprived areas risk missing substantial proportions of poor children.
Background

At the Lisbon summit in 2000, the European Council agreed to adopt an ‘open method of coordination’ in order to make a decisive impact on the eradication of poverty and social exclusion by 2010. Member states adopted common objectives at the Nice European Council and all member states drew up National Action Plans against poverty and social exclusion (NAPs/inclusion). (Member states have also produced National Action Plans on employment, and National Strategy Reports on pension provision.) The first UK National Action Plan on Social Inclusion 2001-2003 was published in July 2001.

Early in 2003, the European Commission established a group of non-government experts responsible for providing an independent critical review of member states’ NAPs/inclusion. As UK experts we have so far produced four reports:

2. A Second Report in August 2003, which updated the first report, and also reviewed the involvement of actors in the NAP/inclusion for 2003;
3. A Third Report reviewed the 2003-2005 NAP/inclusion for the UK, which was published on 31 July 2003 together with eight annexes. This review was designed to help inform the Second Joint Report on Social Inclusion, which was published in December 2003 by the Commission, especially the UK chapter in Part II.
4. A Fourth Report in April 2004 was a review of the implementation of the UK National Action Plan from July 2003, when it was published, to mid April 2004, including policy changes and the mobilisation of actors.

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The purpose of this Fifth Report is a further update of the previous report containing a review of new policy measures. However, in the report we were asked especially to assess the implementation of the NAP/inclusion at local level on the basis of different geographical cases, taking into account six key priorities for the period 2003-2005.

It was beyond the resources available to us to launch such case studies ourselves, so instead we commissioned case studies. The geographical level was left to us. We thought it appropriate to have one case study at country level – so we commissioned Professor Eithne McLaughlin to write a review of the impact of the Government’s anti-poverty strategy on Northern Ireland, the most deprived country in the United Kingdom. Her report is produced as Vignette One. We were lucky enough to be able to draw on the work of the ESRC Centre for the Analysis of Social Exclusion (CASE) at the London School of Economics. As part of their research programme, they have actually been monitoring the impact of social inclusion policies in a mixture of neighbourhoods suffering from multiple deprivation as part of their Dynamics of Low-Income Areas Study, and a Families Study. Two of these were chosen. ‘West-City, London’ is Vignette Two and ‘Kirkside-East, Leeds’ was chosen as Vignette Three – both were written for us by Caroline Paskell. Vignette Four is a product of two research projects seeking to evaluate the impact of local and national initiatives on disadvantaged adults in a deprived area in Teeside. It was produced by Dr Colin Webster. Vignette Five is rather different, in that it exploits data collected as part of the work of the English Index of Deprivation 2004 and is designed to examine the spatial concentration of child poverty and the extent to which policies that focus on deprived neighbourhoods can reach all poor children. The analysis was undertaken by one of the authors (Jonathan Bradshaw).

The 2003-05 UK NAP/Inclusion

The first UK National Action Plan on Social Inclusion (NAP/inclusion) (2001-03) was an adaptation of the annual Opportunity for All reports that the UK Government had begun to produce as part of its efforts to monitor its anti-poverty strategy. The second (2003-2005) was a much more original and substantial document.

‘The fight against poverty is central to the UK Government’s entire social and economic programme’ (para 1, page 3). The NAP/inclusion 2003-05 sets out the major challenges the UK faces in pursuit of the Government’s objectives; describes the policies that had been put in place as part of the strategy to tackle poverty and social exclusion; and explains how the Government is working with the devolved administrations in Scotland, Wales and Northern Ireland, local government and the voluntary and community sector to those ends. It also presents several examples of ‘good practice’, which it is hoped colleagues across the EU may be able to draw on.

The Commission’s report on the UK highlighted:

12 These were (in summary) active labour market measures; minimum income schemes; access for the most vulnerable to services; prevent early school leaving/ease transition from school to work; focus on child poverty; help immigrants and ethnic minorities.


• ‘Despite near record employment levels and low unemployment, income disparities remain high and the number of workless households continues to be an issue, especially in the most deprived neighbourhoods, and the proportion of people on long-term incapacity or other benefits is particularly high.
• Progress is being made on reducing child poverty although the real effect in the context of the quantified target for 2004/05 still needs to be assessed.’

Assessment of Progress made since July 2003

Overall


• Of 58 indicators of social exclusion covering children and young people, people of working age, older people and communities, 35 had moved in the right direction since the baseline (mainly 1997), 11 had remained broadly constant, 3 were moving in the wrong direction and for 9 the trend could not be determined.
• Of the 23 indicators covering *children and young people*, only 2 (obesity and families in temporary accommodation) were moving in the wrong direction, and both of these were new additions to the series. 7 showed a broadly consistent trend, 10 had improved and 4 have insufficient data available.
• Of the 17 indicators covering *people of working age*, none had moved in the wrong direction, 5 had improved, and 12 had remained broadly consistent.
• Of the 11 indicators covering *older people*, none had moved in the wrong direction, 5 had improved, for 1 data was insufficient and 5 were broadly consistent.
• Of the 7 indicators covering *communities*, 4 had improved and 3 were broadly consistent.

These indicators include poverty rate data from *Households below Average Income* (HBAI) statistics, which were published in March 2004. They provide a detailed picture of poverty rates and composition up to April 2002/03 using a variety of thresholds and for the first time including Northern Ireland. Charts 1-3 show poverty trends for children, adults and pensioners. Between 2001/02 and 2002/03 the after housing costs poverty rate for children and pensioners continued to fall. However, for adults it remained stable, reflecting the fact that improvement in the real level of the tax/benefit package has been concentrated on families with children and pensioners. Also it is interesting that the before housing costs poverty rate for children and adults did not change.

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Child poverty
The abolition of child poverty is the key to the UK Government’s strategy. The target in the Prime Minister’s Toynbee Hall speech was ‘to eradicate child poverty within a generation’. Subsequently the Treasury set out further objectives: to eradicate child poverty by 2020, to halve it by 2010 and ‘to make substantial progress towards eliminating child poverty by reducing the number of children in poverty by at least a quarter by 2004’.18 The wording of the target was then altered: ‘To 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 … The target for 2004 will be monitored by reference to the number of children in low-income households by 2004/5. Low-income households are defined as households with income below 60% of the median as reported in the HBAI statistics… Progress will be measured against the 1998/9 baseline figures and methodology’.19

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Chart 2: Working age adults poverty rates: % below 60 per cent contemporary median

Chart 3: Pensioner poverty rate: % below 60 per cent contemporary median

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Chart 3: Pensioner poverty rate: % below 60 per cent contemporary median
Table 1 shows progress towards the goal of a 25 per cent reduction in child poverty by 2004. Between 1998/9 and 2002/3 there has been a fall in the relative child poverty rate after housing costs of 14 per cent and before housing costs of 15 per cent. As the Institute for Fiscal Studies (IFS) has commented, ‘This means that the government is 66 per cent of the way through the six year period and has reduced child poverty by 60 per cent of the amount required’ (p29).\(^{20}\) Evidence confirms that parents have spent their increased income on their children’s needs.\(^{21}\)

Table 1: % children living in households with equivalent income less than 60 per cent of the median, including the self employed.

<table>
<thead>
<tr>
<th>Year</th>
<th>Before housing costs</th>
<th>After housing costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996/7</td>
<td>25.2</td>
<td>33.9</td>
</tr>
<tr>
<td>1997/8</td>
<td>24.9</td>
<td>33.1</td>
</tr>
<tr>
<td>1998/9</td>
<td>24.4</td>
<td>33.1</td>
</tr>
<tr>
<td>1999/00</td>
<td>23.3</td>
<td>32.1</td>
</tr>
<tr>
<td>2000/01</td>
<td>21.3</td>
<td>30.6</td>
</tr>
<tr>
<td>2001/02</td>
<td>20.9</td>
<td>29.8</td>
</tr>
<tr>
<td>2002/03</td>
<td>20.7</td>
<td>28.5</td>
</tr>
<tr>
<td>% reduction 1998/9-2002/03</td>
<td>15.2</td>
<td>13.9</td>
</tr>
</tbody>
</table>

Source: Brewer et al. (2004)\(^{22}\)

There has been a debate about whether the Government is going to meet its first target. We will not know until the 2004/05 HBAI statistics have been published in 2006. However, the evidence that was presented to the House of Commons Work and Pensions Committee Inquiry on Child Poverty,\(^{23}\) based on modelling, suggested that it would certainly meet the target before housing costs and probably also after housing costs – and this is also the view of the Government. The published survey figures do not take into account the big increases in child tax credit - £2,830 million from April 2003 and the further increases of £850 million in April 2004, which were announced by the Chancellor in his Pre Budget Report in December 2003.

The Work and Pensions Committee Report also concluded that

- ‘Meeting subsequent targets (reduction of child poverty to a half by 2010 and eradicating it by 2020) will be much more challenging since the achievement of these targets will involve helping those who are most disadvantaged.
- In order to halve child poverty the poorest families – measured on the after housing costs basis – require an extra £10 per week per child.
- A major contribution to meeting the targets is employment, which in turn necessitates even more availability of affordable childcare on top of that already announced by the Government.


• Accessible and affordable childcare available to all by 2010 should be the Government’s goal.
• The Government should ensure child poverty is a much more high profile objective set in the context of the commitment to a fairer society. A roadmap of progress towards meeting the 2010 target is required.
• The national anti-poverty strategy must reach beyond raising income and address the human dimension of poverty, thus boosting children’s life chances.
• Concerted actions is recommended to help:
  o parents with disabilities; and
  o parents of children with disabilities; and minority ethnic parents; and
  o lone parents move into employment.
• The Government should increase its attempts to tackle child poverty via all departments whose responsibilities touch on child poverty.
• Anti child poverty policies should be mainstreamed across all geographic areas – not just the 20% most deprived wards’ (pp. 9 and 10).

The Work and Pensions Committee’s report on child poverty is a very substantial review of the state of play and not all of it can be discussed in this report. But among the topics they covered:
• They rejected the Government’s proposal (on the grounds that it brought the UK into line with EU practice) in Measuring Child Poverty\textsuperscript{24} to adopt as its headline measure a before housing costs measure.
• They also concluded that the child poverty reduction target beyond 2004/05 was very unclear and that more work using budget standards needed to be undertaken on the validity of the poverty threshold.
• They commented on the problems of the continuity of funding of childcare and the concentration of children’s centres on only the most deprived 20 per cent of areas.
• They expressed considerable concern about the extent to which the anti-poverty strategy was being mainstreamed in central allocations to local and health authorities and in their allocations for services.

The DWP response\textsuperscript{25} to the Work and Pensions Committee accepted very few of the recommendations of the Committee; but it was soon overtaken by the Child Poverty Review.

**Child Poverty Review**
The concern of the Work and Pensions Committee with the extent to which the anti-poverty strategy was being taken up by mainstream services was a central preoccupation of the Child Poverty Review, published by HM Treasury in July 2004.\textsuperscript{26} ‘More needs to be done, particularly in relation to the contribution that mainstream public services make in improving poor children’s life chances and thus breaking the cycle of deprivation’ (p. 5). The Review had been announced in the 2003 Budget with the purpose of examining the welfare reforms and public health service changes necessary to advance towards the goal of halving and then eradicating child

poverty. The review team organised a series of seminars with representatives of
government departments, academics, voluntary and community sector organisations
and others involved in service delivery.

The Review set some new and revised targets, including:

- Halve the number of children in relative low-income households between
  1998/99 and 2010/11, on the way to eradicating child poverty by 2020;
- Halve by 2010/11 the number of children suffering a combination of material
  deprivation and relative low income;
- Reduce the proportion of children living in workless households by 5.0 per
  cent between Spring 2005 and Spring 2008 (and more work focussed
  interviews and work search premiums for lone parents and non working
  partners to that end).
- Increase the proportion of parents with care on Income Support receiving
  Child Support to 65 per cent by March 2008.
- Enhance the provision of good quality, accessible childcare;
- Improve the financial support of large families in the long term;
- Analyse data on the take-up of means-tested benefits by ethnic groups;
- Increase the supply of social housing and improve housing in the private
  sector.
- Lower the repayment rate for Social Fund loans.
- Make more affordable loans available to those on low income.

‘Services that tackle material deprivation, for instance housing and homelessness, are
to be a particular focus’.27 This fits with the UK Government’s new longer-term
measure of child poverty, which includes material deprivation.

Overall the Review gave a welcome boost to the issue of mainstreaming though the
review is patch is places, reflecting Government priorities rather than research
findings. For example there is only one paragraph (5.50) which discusses the costs of
school – costs which appear to be rising , unchecked by central government and
which affect children directly through the experience of classroom stigma and which
were an issue specifically mentioned a s concern in the last UK NAP. There are three
paragraphs on Child Support but suggesting nothing new despite continuing problems
with the scheme. Contrast that with nine pages on anti-social behaviour and criminal
justices, undoubtedly important but overplayed in a child poverty strategy and a very
large component of a 100 page document.

The Review was published in the context of, and at the same time as, the 2004
Spending Review.

The 2004 Spending Review
About one third of government spending is on services and they are thus an important
element in the attack on social exclusion. For the longer term, the Government has
commissioned a report on the measurement of the output and productivity of public
services; the interim report argued that output should be measured by the incremental

27 Social Exclusion Unit, Breaking the Cycle: Taking stock of progress and priorities for the future,
contribution to individual or collective welfare. In July 2004, the Government announced the results of the Spending Review, which covers the three-year period 2005/6 to 2007/8. This Review was also the vehicle for the announcement of sweeping efficiency targets designed to save £20 billion across the public sector by 2007/8 and cut civil service manpower by 84,000. The spending plans envisage an average annual increase in current spending of 2.5 per cent in real terms over 2006/7 and 2007/8, which is lower than the 3.3 per cent increase in the last review. Public expenditure as a proportion of GDP was 40.8 per cent in the year before the Labour Government was elected in 1997. It fell to 37.4 per cent in 1999/00 and then began to rise to 41.1 per cent in 2003/04. The new plans envisage that it will rise to 42.3 per cent by 2007/8 – still low compared to many of our EU partners.

This increase in spending is concentrated on:

- education (average annual growth 5.7 per cent), where an extra £12 billion will be spent over 2004/5, effectively doubling the 1997 spending per pupil;
- health spending will continue to grow at an annual average of 7.2 per cent 2002/3-2007/8;
- transport spending will grow at 4.5 per cent per year over the three years;
- spending on housing will be £1.3 billion higher in 2007/8 than 2004/5, delivering a 50 per cent increase in new social housing; and
- spending on crime and justice up by £3.5 billion by 2007/8.

Among the announcements relating specifically to the social inclusion agenda were:

- additional investment in childcare places of £669 million by 2007/08 compared to 2004/05;
- 1,700 children’s centres, one in each of the 20 per cent most disadvantaged wards in England, by 2007/08;
- a two-year £80 million prevention fund to install smart alarms in old people’s houses;
- an extra £525 million a year securing the New Deal for Communities programme;
- a new PSA target to promote improvements in the environment in deprived areas;
- a new PSA floor target for schools in deprived areas and an assessment of whether resources are being distributed to them equitably;
- extension of child and adult mental health services to 16 and 17 year olds;
- enhancement of the evidence base on whether poor children have access to health services;
- a new PSA target on childhood obesity;
- accessibility planning for local transport;
- implementing the bus subsidy review;
- expansion of early intervention programmes for young offenders;
- a new National Offender Management system to ensure that fewer children are separated from their parents;

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• pilots of Women’s Community Centres to support women offenders back into the community;
• a new ‘child poverty accord’ between central and local government to ensure collaboration.

The Scottish Executive also presented its spending plans up to 2007-08. In Wales, ‘spending across the Assembly will be reviewed in the context of the social justice objectives’. The UK Government has not yet committed itself to doing this.

**Inequality and distribution of income**

The main official source on inequality is the analysis carried out every year by the Office for National Statistics (ONS). Table 2 summarises trends in inequality since 1996/97. The 2002/3 data was published after our last report and shows a reduction in inequality in the most recent year in original, gross, disposable and post-tax income, though these are not statistically significant. Brewer et al. also concluded (using a different source) that there was a small and not statistically significant decline in the Gini coefficient between 2001/02 and 2002/03. Their analysis suggests that the pattern of changes in income inequality has altered. Recently the richest individuals have been drawing away from the rest, but with the incomes of many lower-income families rising faster than the average. In the late 1990s, incomes for the large majority became more equal, but those at the very top were pulling away, and those at the very bottom not keeping pace. Inequality remains considerably higher than it was in 1980.

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Table 2: Trends in Gini coefficients for the distribution of income at each stage of the tax benefit system.

<table>
<thead>
<tr>
<th></th>
<th>Original (market) Income</th>
<th>Gross (original plus cash benefits) Income</th>
<th>Disposable (gross less direct taxes) Income</th>
<th>Post tax (disposable less indirect taxes) Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996/97</td>
<td>53</td>
<td>37</td>
<td>34</td>
<td>38</td>
</tr>
<tr>
<td>1997/98</td>
<td>53</td>
<td>37</td>
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<td>38</td>
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<td>1998/99</td>
<td>53</td>
<td>38</td>
<td>35</td>
<td>39</td>
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<tr>
<td>1999/00</td>
<td>53</td>
<td>38</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>2000/01</td>
<td>51</td>
<td>38</td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td>2001/02</td>
<td>53</td>
<td>39</td>
<td>36</td>
<td>40</td>
</tr>
<tr>
<td>2002/03</td>
<td>51</td>
<td>37</td>
<td>33</td>
<td>37</td>
</tr>
</tbody>
</table>

Source: Lakin: Table 27

Employment

‘The key labour market objective is to achieve high and stable levels of employment so everyone can share in growing living standards and greater job opportunities’.34

The UK Government has a ‘work first’ approach to welfare reform,35 in part because of its views about the negative effects of worklessness at all stages of the lifecycle. The Government describes its strategy on participation in employment as ‘making work possible … making work pay … making work skilled’ 36.

Compared with some other EU countries, the UK’s labour market has been remarkably buoyant.37 Since June 2001, overall employment has risen - to a rate for the quarter ending in August 2004 of 74.7 per cent. The employment rate trend is flat and this may be evidence that employment growth is flattening out. The inactivity rate is slightly up in the last quarter, perhaps the result of increased numbers of students. The number of vacancies is up over the year to September 2004 and the redundancies rate is down. ILO unemployment has fallen to 4.7 per cent in June-August 2004 and the claimant count was the lowest since July 1975. The unofficial ‘inclusion’ count - of people not working, who want to work, or who are on government employment schemes or working part-time because they cannot get full-time jobs - has also been falling, to 3.87 million by May-July 2004.

The Government’s welfare to work programmes have made a modest contribution to this picture.38

37 Data in this paragraph is derived from recent editions of the Centre for Economic and Social Inclusion’s Working Brief.
38 30, 320 people left the claimant count to New Deal Options in the last six months (Working Brief, April 2004).
However, the most recent comparative analysis (for 2003)\textsuperscript{39} shows that the UK still has the highest proportion of children under 17 living in workless households. There has been increasing concern about the spatial concentration of unemployment/ worklessness in particular cities, towns, neighbourhoods, estates and even streets. In March 2003, the Prime Minister and Deputy Prime Minister asked the Social Exclusion Unit to investigate this concentration of worklessness, and its report was published in September 2004.\textsuperscript{40} It found that in the worst affected 1 per cent of streets more than half of all adults are out of work, and in some places almost all adults are out of work. Worklessness in the worst tenth of streets is 23 times higher that in the best. The worst affected tenth of streets account for 716,000 people on Jobseeker’s allowance or Incapacity Benefit. This is more than a quarter of the national total. Self-employment in these areas is half the rate of that for England as a whole.

Living in areas with high concentrations of workless people can damage life chances (especially of children), lower expectations, lower the probability of starting a job and reduce the chances of leaving poverty; and there is some evidence that the gap between workless and working areas has been growing (though not between 2001 and 2003). Streets with high levels of worklessness occur in almost all local authorities, including prosperous areas. There was no evidence of a ‘culture of worklessness’ in these areas; but there was a loss of contact with the world of work, and low aspirations. The concentrations happen as a result of changes in the nature and location of jobs, lack of accessible jobs, opportunities in the informal economy and residential sorting. The report proposes an action strategy that includes pursuing the general welfare to work reforms; better joining-up of the agencies involved, through Local Strategic Partnerships and Local Area Agreements; more help for the most disadvantaged; improving housing choice, social mix and mobility; enhancing work incentives; support for self-employment and better information. The Cabinet Committee on social exclusion and regeneration is to monitor progress.

Social exclusion
The Government’s approach to social exclusion now comprises three elements: prevention; reintegration; and a floor of adequate service provision for all. The Social Exclusion Unit (SEU) has been engaged in an ‘impacts and trends’ exercise, taking stock of what has been achieved so far; what future drivers may be; and directions for the future.\textsuperscript{41} At the launch of its interim report, the SEU minister emphasised the importance of inequalities.\textsuperscript{42} Eight linked reports were published in September 2004.

These included a literature review about the drivers of social exclusion,\textsuperscript{43} which concluded that a combination of a healthy labour market, reduced demographic

\textsuperscript{40} Social Exclusion Unit, \textit{Jobs and Enterprise in Deprived Areas}, London: Office of the Deputy Prime Minister, 2004. Because of the SEU’s remit, the data relate only to England.
\textsuperscript{42} Yvette Cooper MP, speech, 22.3.04.
pressures and policy developments has begun to have an impact. Panel data analysis\footnote{Taylor, M. \textit{et al}., \textit{Low Income and Multiple Disadvantage 1991-2001: Analysis of the British Household Panel Survey}, Social Exclusion Unit, London: Office of the Deputy Prime Minister, 2004.} showed that working age individuals were generally better off in 2001 than in 1991, though improvement was less evident in some dimensions: poor health, social isolation and living in a workless household. Pensioners did not share in growing affluence to the same extent.\footnote{Though the deterioration of some individuals' position over time was partly associated with ageing.} Persistence of low income increased in 1996-2001 compared with 1991-96, though no proof of ‘entrenchment’ was found; but persistent disadvantage and disadvantage across different domains clearly remain problems.

The other reports focused more on the impact of government policies on groups in or at risk of social exclusion. Qualitative case studies of different kinds of families\footnote{Woodfield, K. \textit{et al}., \textit{Making a Difference to Disadvantaged Families? Qualitative case studies}, Social Exclusion Unit, London: Office of the Deputy Prime Minister, 2004.} found positive and negative impacts of policy interventions. Where policies were ineffective, this was often because of problems of delivery or quality; the imposition of sanctions could also undermine effectiveness.\footnote{This point is echoed for young people in a literature review for the Social Exclusion Unit (see below).} The most positive change was experienced by lone parents, for whom policies appeared to be working well as a package. Two-parent families had experienced less policy intervention, and it was often single focus. Education/training was the policy area that seemed to have resulted not only in specific change but also positive impact on all other key areas of life.


- The review on children and families called for a strategy against social exclusion for this group to be fully mainstreamed through all departments.
- The review on young people pointed to increased polarisation, with those maintaining the ‘fast track’ to adulthood without qualifications increasingly disadvantaged, and growing ‘unintentional homelessness’. It noted potential conflicts between labour market and education aims for young people.
- The review on working age people pointed to the scope for increased emphasis on stimulating labour demand. It concluded that, with some exceptions, policies had been more successful at achieving quantitative targets (e.g. job entry) and less so in achieving qualitative targets (e.g. higher earnings and more sustained jobs). Support for the most disadvantaged groups – a priority identified by the European Commission – will often need to be sustained.

\begin{itemize}
\item The deterioration of some individuals’ position over time was partly associated with ageing.
\item The families included lone parents; families with a young person who had experienced not being in education, employment or training; and two parent families with long-term experience of low income or unemployment.
\end{itemize}
The review on older people concluded that policy has been more successful at tackling age-related social exclusion and discrimination than cumulative disadvantage and problems arising from change in communities.

An overview by the Social Exclusion Unit\textsuperscript{52} describes progress so far and sets out directions for the future. It describes social exclusion as ‘a consequence of what happens when people do not get a fair deal throughout their lives’ (p. 3) and as ‘the end of a longer continuum of inequality’ (p. 129). It also acknowledges that ‘the scale of the problem remains large’ (p. 5). The areas requiring ‘renewed attention’ include low educational attainment amongst some groups; economic inactivity and concentrations of worklessness; health inequalities; concentrations of crime and poor quality environments in some areas; and homelessness. It highlights the need for continued support to individuals who have made progress, so that they do not slip back again; and emphasises support to children and families in the early years and at transition points. The most disadvantaged are a particular focus of concern, and the delivery of mainstream services needs to be ‘transformed’ to help narrow the gap in outcomes.

The key groups the Social Exclusion Unit has now been asked to focus on are:

- disadvantaged adults, including those from some minority ethnic groups, people with poor basic skills and those with health or disability problems;
- 16- to 25-year-olds with troubled lives who may need support in the transition to adulthood; and at the other end of the age-scale, excluded older people; and
- people and communities affected by frequently moving house.

The Unit is also to undertake a 12 month programme to prevent technology worsening social exclusion and to harness new technologies to combat it.

**Major policy measures implemented or proposed since July 2003, and main evaluations of policy measures**

The Government describes its overall approach as creating a strong economy, a flexible labour market and first class services.\textsuperscript{53} The Public Service Agreement targets set for this period cover 2003-06, now matching the period before the next NAP.

Our third report contained our analysis of policies in the NAP 2003-2005.\textsuperscript{54} This section summarises major relevant policy measures implemented or proposed since mid-2003, when the NAP 2003-2005 was published, updating our fourth report.\textsuperscript{55}

**Objective 1.1: to facilitate participation in employment**

The Government’s employment strategy is based on active labour market policies, making sure work pays, creating a skilled and adaptable workforce and promoting


family-friendly approaches to work. It has said that the successes of its employment policy to date should be built on by extending opportunities and tackling specific challenges.\textsuperscript{56} This approach can fulfil one of the priorities for the NAP outlined by the European Commission: provision for those most distant from the labour market.

**Pathways to employment** include the various New Deals, directed to specific groups. An evaluation of the New Deal 25+ in Northern Ireland did find that participants had increasingly complex barriers to employment.\textsuperscript{57} Up to November 2003, nearly 1 in 3 of those in the New Deal for Disabled People (NDDP) had gained paid work.\textsuperscript{58} A report proposed reforms to simplify the New Deals and tailor them to local labour markets, including greater powers for job advisers, a review of the intervention/sanctions regime, new local budgets for training and support, specialist programmes and devolved skills budgets.\textsuperscript{59} The Government says specific groups may need more help,\textsuperscript{60} including those with multiple barriers, the economically inactive and those in deprived areas.\textsuperscript{61} The main trend is more tailored policies, with carrots and sticks for certain groups and aims.\textsuperscript{62} Unemployed people must take more steps to find work,\textsuperscript{63} and the emphasis is still on ‘progress in dealing with the barriers to … work’, even for the most disadvantaged.\textsuperscript{64} But one study of people with multiple needs suggested that they needed support to deal with other complex issues in their lives.\textsuperscript{65} And a study of Jobcentre Plus found many clients felt that they were not respected as individuals.\textsuperscript{66} This echoes some of the themes in the qualitative research from the Social Exclusion Unit, and suggests an issue which it seems increasingly important to investigate.\textsuperscript{67}

‘Pathways to Work’ pilots for incapacity benefit claimants started in 2003 and include mandatory work focused interviews, specialist personal advisors and return to work credits; early analysis suggests positive results,\textsuperscript{68} with a reported return to work twice

\textsuperscript{65} Dean, H. et al., *A Different Deal: Welfare-to-work for people with multiple problems and needs*, Economic and Social Research Council, 2004.
the rate of other areas.69 This may increase the relatively low amount the UK spends on labour market programmes for disabled people compared to other EU countries. New measures to encourage lone parents’ employment were announced in the 2003 PreBudget Report. There will be more help with childcare costs for some seeking work. Pilots of extra in-work credits will be extended (including to some couples and incapacity benefits claimants). There will be extra work focused interviews for some lone parents with older children, and compulsory action plans for others.70 A pilot In-Work Emergency Fund helps with the costs of emergencies in the first two months in work, enabling lone parents to retain their jobs. Tailored help with childcare in Scotland to move parents closer to employability or training has had a positive impact.71 The Working Neighbourhoods Pilot gives more resources and flexibility to Jobcentre Plus offices to provide intensive, work-focused personal and local support on worklessness and sustaining work in 12 deprived areas. The Ethnic Minority Employment Strategy is also primarily area-based. And the Government is looking at how to make use of skills in the informal economy in deprived areas.72

Making work pay: The Government extended the national minimum wage to 16-17-year-olds from October 2004,73 when the rates for other age-groups also increase.74 A Bill improves minimum wage enforcement.75 But the Government ruled out using legislation to stop excessive boardroom pay.76 A study of working families tax credit found that it had led to an average increase of 7 percentage points in lone mothers working 16 or more hours per week.77 The Government accepted the case for abandoning payment of working tax credit via employers.78

Skills: There has been increasing emphasis on progression once in work. The Government outlined its strategy for enhancing adult learning and skills, including some free learning for adults without basic employability skills and a £30/week pilot grant for some adults in further education.79 This fits with the European Commission’s emphasis on lifelong learning. A report on progress on the national skills strategy was positive.80 Consultation began in Wales on a skills action plan.81

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The age cap for ‘modern apprenticeships’ will be abolished and the system reformed. A pilot programme, for free training from employers for low-skilled workers, will expand. In 6 cities lone parents gain access to some level 3 training.

**Balancing work and family life:** Employers will be helped to part fund childcare costs for their employees via tax-free vouchers. Employers granted almost 8 out of 10 requests for flexible working hours from parents with young children, though an NGO said many had to accept a cut in pay or status. The Government will explore options to extend maternity/paternity pay and leave, and may give flexible working rights to carers looking after elderly/disabled people. The Equal Opportunities Commission is investigating discrimination against pregnant women at work.

**Rights at work:** EU measures have extended the working time directive to more workers and introduced other rights for workers. The Government is consulting on the opt-out of the working time directive in the UK. The Gangmasters (Licensing) Act prohibits unlicensed gangmasters in agriculture and some other sectors.

**European Structural Funds:** The mid-term evaluation of the European Social Fund (ESF) Objective 3 programme found clear evidence of links between EU and UK level employment strategies; it also found that support, which helped beneficiaries obtain work and qualifications, was well received. Co-financing resulted in the engagement of a significant number of providers not previously involved with ESF.

**Objective 1.2: to facilitate access by all to resources, rights, goods and services**

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82 Department for Education and Skills, press release, 10.5.04.
87 Maternity Alliance, *Happy Anniversary? The right to request flexible working one year on*, 2004.
89 Prime Minister, cited in *The Guardian*, 23.4.04.
Ministers say increasing choice is the answer to inequalities in services. A report analysed the ‘double disadvantage’ whereby some 10 million people living in poverty pay more or get less for a wide range of public and private goods and services.

Social protection: Most benefits rose with prices in April 2004, and the savings threshold doubled. People coming from countries joining the EU can work, but cannot claim benefits for two years or more. It was proposed that only people with residence rights should get income-related benefits. Nationals of EEA countries would also be ineligible for local authority housing and homelessness assistance if their right to reside was conditional on self-sufficiency. The Government is piloting fixed amounts of housing benefit for private tenants. Concern about council tax levels induced it to give the over-70s £100 extra in 2004-05 and to begin consultation on alternative local tax systems. The Government said it reached its target for new tax credit claims early. But MPs and the Parliamentary Ombudsman criticised their introduction, and an NGO said problems for claimants continued. Policies to protect those on low incomes may result in increasing proliferation of means-tested provision and ‘passporting’, with unforeseen consequences.

The Disability Rights Commission suggests that almost a fifth of the working age population is affected by disability (not identical to incapacity, though often confused with it). Recent press stories suggested possible restrictions or cuts for incapacity benefit in future. But MPs said thousands of people already had their claims unfairly rejected because of inadequate medical examinations. And the number of beneficiaries has fallen, from 1,845,700 in spring 1995 to 1,478,800 in spring 2004. The inflow to incapacity benefit was over 1 million in 1995, but had fallen to just over 600,000 by 2001. The Government says it has ‘stabilised the numbers on incapacity benefit after a three-fold increase between 1979 and 1997’.

100 Social Security Advisory Committee statement, 23.3.04.
104 For example, expressed by Prof. John Hills, director, Centre for Analysis of Social Exclusion, London School of Economics, in oral presentation at Social Exclusion Unit conference, 22.3.04.
But the numbers of incapacity benefit claimants\textsuperscript{108} are still high, especially in some former manufacturing areas; and the number of women claimants is growing, because of the increased numbers working and paying national insurance contributions. Currently, the main response is to help claimants into the labour market (see 1.1).

Concern is rising about the long-term sustainability of current pension provision; the Pensions Bill proposed a protection fund to help workers whose pension fund became insolvent.\textsuperscript{109} The Pensions Commission’s interim report\textsuperscript{110} said many people are failing to save enough, and set out starkly the options facing the UK in terms of future policy. Many commentators reacted by calling for a higher basic (non-means-tested) state pension.\textsuperscript{111} The Government says that the poorest pensioners are on average £33 per week better off than they would have been under the 1997 system.\textsuperscript{112} The pension credit’ was introduced in 2003, with ‘lighter touch’ means testing and not taking all savings income into account.\textsuperscript{113} In April, pension credit rose with earnings and the savings element increased; but the basic state pension only went up with inflation.\textsuperscript{114} There is still a seemingly intractable problem with take-up of pension credit; and in one study, nine out of ten on pension credit said they believed the Government should provide a higher basic state pension without the need for means-tested benefits.\textsuperscript{115}

**Housing, and fuel poverty**: An official report identified problems of weak housing supply.\textsuperscript{116} One of the European Commission’s priorities for the NAPs is increasing access for the vulnerable to decent housing. The UK Government said non-decent social housing homes had been cut by 1 million since 1997, and announced new schemes to boost this.\textsuperscript{117} But MPs said the Government was in danger of not meeting the target of bringing all social housing up to the ‘decent’ standard by 2010, and that it was using this to end local government control of council housing.\textsuperscript{118} In the private sector, 70% of vulnerable households should also be living in decent homes by 2010. The Scottish Executive’s new social housing quality standard must be met by 2015.\textsuperscript{119}

There is increasing concern about the growth of ‘gated’ housing developments,\textsuperscript{120} in which inhabitants could be said to cut themselves off from the rest of the community, although levels are not yet approaching those in the United States. Social landlords

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\textsuperscript{108} Not to be confused with incapacity benefits claimants, which includes those who get a premium added to their means-tested benefits and those who retain rights to severe disablement allowance.


\textsuperscript{111} See, for example, Martin Wolf in *Financial Times*, 15.10.04.


\textsuperscript{113} Department for Work and Pensions press release, 3.10.03.


\textsuperscript{115} Age Concern England, *The Impact of Pension Credit on Those Receiving It*, 2004.


\textsuperscript{119} Scottish Executive letter, 4.2.04.

have argued that new EU guidance on housing design and crime prevention could lead to a rise in such ‘gated’ estates, because of its emphasis on access control.121

The Northern Ireland Executive published a consultation document on fuel poverty.122 The National Audit Office called for lower energy bills for pre-payment meter customers.123 Six energy suppliers set out measures to protect vulnerable customers from disconnection after a call from the energy regulator.124 A Public Service Agreement aims to abolish fuel poverty in vulnerable households in England by 2010.

**Health:** There will be fewer targets for health and social care standards, and more scope for local targets.125 A national service framework was published for children, young people and maternity services.126 Those on incomes just above income support level will get help with health charges.127 An Act will improve support for carers.128

**Education:** The new ‘floor targets’ involve more monitoring of educational under-achievers and vulnerable groups. The Government investigated education costs. Pilot school transport schemes vary arrangements more by family income than distance.129 A pilot scheme of ‘pupil learning credits’ for schools with high levels of disadvantage to provide additional learning opportunities to pupils was seen as meeting needs.130 But a report confirmed a steady decline in grants to help with school uniform.131 ‘Extended schools’ will involve better use of school buildings as a community resource. And the Government’s new strategy for special educational needs was also published in 2004.132

Most energy has gone into reforms for young people. For 14- to 19-year-olds in England, a single, more inclusive, diploma was proposed.133 Proposals were made to reform financial support for 16- to 19-year-olds.134 Funding to post-16 learners in Scotland was also reviewed.135 Means-tested educational maintenance allowances,

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121 National Housing Federation, press release 15.4.04.
piloted for those staying on after 16, were introduced nationally from September.136 This chimes with the European Commission’s priority to prevent early school leaving. It may improve the percentage of 16-18-year-olds in education and training, which only rose by an underlying 0.4 per cent from the end of 2002 to the end of 2003 (75.5%).137 Variable tuition fees were proposed in England, with measures to protect poorer students.138 Evaluation of changes in post-16 learning since 2001 found improvement,139 and enhanced work-related learning opportunities for 14-16 year olds are working well.140 Consultation began on further education fees, funding and support for learners, shifting subsidies from higher to lower level vocational courses.141

The Government set out a five-year plan for children and learning.142 It suggested linking childcare with early education via schools. Every school would be an ‘independent’ specialist school, with more freedom; and double the number of ‘academies’, with greater freedoms, would be created. Schools would be expected to have uniforms. LEAs criticised the Government’s failure to consult them on the plans.

Performance in schools supported by Excellence in Cities programmes has on average improved faster than elsewhere.143 A report on public spending on children in England found a 32 per cent increase in education spending in the 10 per cent most deprived local education authority (LEA) areas, compared with 25 per cent in the least deprived 10 per cent, over 1997/98 to 2003/04; but LEAs were not necessarily allocating such spending to the most deprived schools.144 The Government is to investigate if disadvantaged schools are getting the resources they should, and making best use of them. MPs said when assessing performance the Government should identify external factors such as deprivation with a substantial impact on academic achievement.145

Objective 2: to prevent the risks of exclusion

Health inequalities: The Government published a document on combating health inequalities,146 and consulted before a public health White Paper.147 Targets include

\[136\] Department for Education and Skills, press release 19.4.04.
\[140\] Sarah Golden et al., Implementing the Increased Flexibility for 14 to 16 Year Olds Programme: The experience of partnerships and students, Research Report 562, Department for Education and Skills, 2004.
\[147\] Reported in The Guardian, 4.3.04.
reducing life expectancy gaps by area and infant mortality differences by class. A Social Exclusion Unit report calls for a shift in attitudes towards people with mental health problems, and outlined an action plan to combat the stigma they experience.\footnote{148 Social Exclusion Unit, \textit{Mental Health and Social Exclusion}, Office of the Deputy Prime Minister, 2004.}


**Homelessness:** The Government announced plans to make it unlawful from April 2004 for English local authorities to place homeless families with children in bed and breakfast accommodation for over six weeks (excluding property owned by social landlords) except for emergencies.\footnote{154 Office of Deputy Prime Minister press release, 17.11.03.} Although at the end of March this target had been achieved,\footnote{155 House of Commons \textit{Hansard}, Written Ministerial Statement 4 May, cols 69-71WS, 2004; \textit{Numbers of Families with Children in B and B Accommodation on 31 March 2004}, Office of the Deputy Prime Minister, 2004.} the number of households in accommodation arranged by local authorities in England under homelessness legislation rose by 9 per cent in total over the year.\footnote{156 \textit{Statutory Homelessness: England first quarter} 2004, Office of the Deputy Prime Minister, 2004.} And Shelter reports that homelessness has risen over twice as fast among minority ethnic households compared to the general population since 1997.\footnote{157 Shelter, \textit{The Black and Minority Ethnic Housing Crisis}, 2004.}

**Family breakdown:** An important element in the strategy to provide 'work for those who can, security for those who cannot' which appears to be failing is child support (private maintenance payments for children). A new system was due to operate from March 2001 but implementation was delayed until March 2003, due to problems with the computer system. In September 2004, the Child Support Agency published its annual report,\footnote{158 Child Support Agency, \textit{Annual Report and Accounts 2003-2004}, London: Department for Work and Pensions.} which revealed that it was still failing on many of its targets, not just on the new scheme but also on the old scheme running in parallel. For example, the target to increase the proportion of new scheme maintenance calculations by 23 per cent by March 2004 resulted in a 2 percentage point decrease - only 28 per cent of cases reached calculation; the accuracy rate was 82 per cent, against a target of 90 per cent; only 54 per cent of old scheme assessments and only 50 per cent of new scheme
cases are fully compliant. Maintenance assessments are taking 12-15 weeks to process instead of the six weeks target. Only 25,000 ‘parents with care’ on income support are benefiting from the £10 per week child support premium. The Secretary of State for Work and Pensions told the House of Commons Work and Pensions Committee that a recovery programme would be delivering a satisfactory level of service by October 2004; but organisations representing parents with care and non-resident parents told the Work and Pensions Committee on 13 October that there was no evidence that this has been achieved.

Reforms in a Green Paper on child protection, including bringing children’s services together and appointing a children’s commissioner in England,159 are carried through in a Children’s Bill.160 Proposals to improve education for children in care include trying to reduce placement changes,161 and were followed up with a revised Public Service Agreement to that effect. A new Parenting Fund provides more parenting support.162 A Green Paper proposes a better family justice system for separating parents and their children.163 The Westminster Parliament and the Scottish and Northern Ireland Executives took action on domestic violence; but a report said failures in legal aid meant vulnerable women and children were missing out on legal protection.164

Objective 3: to help the most vulnerable

Child poverty: One of the European Commission’s six priorities is a focus on ending child poverty. A recent stock-take by the Social Exclusion Unit confirms the need to ‘keep up the momentum on child poverty as a matter of priority for the next phase of policy’ (p. 5).165 The Government has also announced recently its new three-tier long-term child poverty measure, including absolute and relative low income and material deprivation,166 and used these to specify targets for 2010, on the way to eliminating child poverty by 2020. Child poverty will be falling when all three indicators are moving in the right direction; and success in eradicating child poverty could be judged as being among the best in Europe on relative low incomes. But the threshold for defining material deprivation has not yet been set; and it is not clear what implications the child poverty measure has for measuring poverty for other groups.

The Welsh Assembly Government also began consultation on a taskforce report which identified a gap between its aspirations and the experiences of children and young

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161 Social Exclusion Unit, A Better Education for Children in Care, Office of Deputy Prime Minister, 2003.
162 Department for Education and Skills, press release 10.5.04.
167 Ruth Lister, Poverty (Polity Press, 2004) argues for the importance of distinguishing concepts, definitions and measures of poverty.
people in poverty. Specific concerns for the UK Government include families with disabled members, large families and some minority ethnic groups.

Analysis of public spending on children in England found real growth of almost 20% from 1996-97 to 2001-02, with spending likely to have become more ‘pro-poor’. The per child element of child tax credit increased by £3.50 per week in April (more than average earnings), but other elements were frozen. Proposals for the Child Trust Fund give all children a lump sum at birth, higher for those on low incomes and able to be added to, payable at age 18; there are some worries about possible mis-spending.

There has been new research on the discretionary Social Fund, which provides grants and loans to those on low incomes. Just under half of income support recipients are Social Fund ‘customers’ and some events (e.g. a child becoming 3 or 5) tend to trigger applications. Nearly half of those refused grants suffer hardship by doing without at least some things they applied for, with a similar proportion repaying loans. The Government is making Social Fund loans accessible to more people, but is also looking to extend other forms of loans to a wider group of those on low incomes.

**Child care:** There is now a registered childcare place for 1 in 4 children under 8, compared with places for 1 in 8 in 1997. There is widespread positive comment on Sure Start Local Programmes, and 3 out of 4 Early Excellence Centres are also seen as providing a good service. But a study argued that so far targeting investment on disadvantaged areas and families, and stimulating a private market for working parents, has maintained the division of services in the UK, while parents still pay on average six times more for a pre-school place than in Sweden. One report said there is a need to intervene to mediate market forces, which could lead to childcare provision being almost entirely determined by ability to pay, another recommended moving from area-based to universal provision. MPs said the Government should

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tackle risks to the viability of provision. The Government met its target of a free part-time early education place for every 3-year-old ahead of schedule. The 2004 Budget proposed additional investment in childcare. Financial support will also be provided for a wider range of childcare provision. The child poverty and spending reviews expanded these proposals and a longer-term childcare strategy is being developed.

**Asylum-seekers:** An NGO said refusing support to asylum-seekers not claiming asylum immediately on arrival is having a ‘devastating impact’. A report said further improvements were needed in the quality of decision-making on asylum. One study found housing was the main service refugees felt needed improving. The Government consulted on a national refugee integration strategy. There is concern about the influence of political parties with anti-immigration slogans and policies.

**Area disadvantage:** Area disadvantage is a key focus of policies on social exclusion. From the start, policies for deprived areas have had a long time horizon. They have also emphasised partnership - between statutory bodies, the private sector and voluntary/community groups – though studies show this is not always easy to achieve. ‘Floor targets’ have been developed, to try to ensure that mainstream services deliver to a good standard in deprived areas as well, rather than area policies always relying on ad hoc initiatives. Educational attainment at school leaving age has increased faster in neighbourhood renewal areas than in others. But a committee of MPs recently called on the Government to streamline area-based initiatives (in England) and review the wider impact on social cohesion of targeted and piloted approaches to neighbourhood renewal such as the New Deal for Communities. The Government has established the Area-Based Initiatives Gateway in response to concerns about the number of initiatives and the need to avoid community tensions. The development of Local Area Agreements will further rationalise this process, and bears witness to the increasing emphasis on local interpretation of national targets.

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181 Department for Education and Skills press release, 1.4.04.
189 Office of the Deputy Prime Minister, press release 14.4.04 (launch of floor targets website).
The UK Government says there is no simple north-south or urban-rural divide. The Community Regeneration Fund replaces previous schemes in Scotland, including Social Inclusion Partnerships; Community Planning Partnerships must prepare Regeneration Outcome Agreements to tackle local deprivation. The Welsh Assembly Government created a ministerial Social Justice and Regeneration post. The Northern Ireland Executive’s neighbourhood renewal strategy was published in 2003.

There is debate about the balance between area-based and other policies. Only half of poor people live in deprived areas, and the impact of personal characteristics is greater than area effects. But both the social makeup of an area and its physical characteristics do appear to have a negative effect. More emphasis is now placed on rural deprivation, emphasising access and isolation. A new national Public Service Agreement aims to improve public spaces and the built environment in deprived areas and across the country by 2008. Culture is a new focus in area regeneration.

Overarching framework

We argue that social exclusion policies should be seen in the context of an overarching framework of values. We emphasise aspects of this framework here.

Discrimination: The Government will create a single equality body, incorporating the current commissions on racial equality, disability and gender, but the Commission for Racial Equality (CRE) ‘unequivocally rejected’ the proposals, which it said had little support from black and minority ethnic communities. Proposals for a Scottish Human Rights Commission enjoyed high levels of support, however. The CRE said nearly 1 in 3 public bodies had a weak response to new duties to promote racial equality; and Home Office reports showed black and minority ethnic individuals were more likely to be stopped and searched by the police and to be crime victims. MPs following up the racial tensions in northern towns in England in 2001 emphasised that social cohesion should not be seen as a ‘law and order’ issue. The Government published guidelines on community cohesion for schools.

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192 Scottish Executive, press release 12.7.04.
195 The Prime Minister’s Strategy Unit is shortly to publish Improving the Prospects of People Living in Areas of Multiple Deprivation in England, which should provide a useful synopsis.
197 See, e.g., Department for Culture, Media and Sport, Culture at the Heart of Regeneration, 2004.
The number of disabled people has been revised upwards, to 10 million from 8.6 million, and is probably increasing; the draft Disability Discrimination Act (DDA) covers about 700,000 children. It imposes a duty on public bodies to promote equality of opportunity for disabled people, and includes transport in its remit.

Legislation to allow civil partnership for gays and lesbians had a Second Reading. The Prime Minister set up a Commission to report on how to tackle the gender pay gap and give women fair opportunities at work. A new law was proposed obliging public bodies to eliminate sex discrimination. The Equal Opportunities Commission will investigate the pay and career prospects of workers with caring responsibilities. Over half of employers have no plans to do an equal pay review. A pilot gender analysis of expenditure was undertaken in two departments; but the resulting report suggests that this process is currently at an early stage in the UK – and also hints that more thoroughgoing political commitment within departments will be needed.

In general, it could be argued that the Government has made some progress in tackling discrimination against various population groups. Moreover, it has taken a lead in challenging stigmatising public attitudes towards people with mental health problems and others. The lessons from these actions could usefully be applied to a Government-led drive to combat punitive attitudes towards people living in poverty.

Access to rights: Consultation suggested restructuring funding for civil legal aid to promote resolution outside the courts. A review of the Community Legal Service said its role in tackling social exclusion should be clarified; and a report highlighted difficulties faced by people lacking access to publicly funded housing advice. MPs said there was still ‘ample evidence’ of unmet demand for legal aid for advice. And Opportunity for All highlights access to the justice system as a key future priority.

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208 Department of Trade and Industry press release, 24.7.04.
The increased emphasis on tailored help for individuals, and increased devolution to frontline workers, may lead to more potential for discretion. Whilst there may be some advantages in discretion, it has also in the past been thought to give greater opportunities for unequal treatment and even discrimination against service users. The increasing use of discretion will need to be monitored carefully and should be accompanied by intensive staff training to ensure inclusive attitudes towards clients.

**Emphasis on responsibilities:** The Antisocial Behaviour Bill includes parenting orders, contracts and penalty notices, a similar Bill was passed in Scotland, and anti-social behaviour orders were introduced in Northern Ireland. Civil liberty and penal reform campaigners expressed concern about growing reliance on anti-social behaviour orders, especially for children. **Conditionality** seems to be increasingly emphasised; a paper analysed the potential for public policy to influence behaviour.

**Objective 4: to mobilise all relevant bodies**

**Background:** This report updates our previous analysis of participation by people suffering exclusion and their organisations in the NAP process; it also incorporates the findings of our fourth report. That report noted some broader developments, including the promotion of voluntary organisations as alternative public service providers (taken further in this year’s edition of *Opportunity for All*); faith communities were becoming increasingly significant players. A revised code of practice on consultation included stronger commitment to feedback. More recently, the Social Exclusion Unit’s recent stock-taking exercise confirms the importance of ‘championing the voice of the excluded’ in its future work. A Civic Pioneers’ Network of cities and towns has been launched, to promote new methods of governance, including ways for local people to participate in decision-making. In Scotland, a report by campaigners highlighted increased participation in policymaking processes since devolution, but called for deeper and broader consultation.

**Participation:** The 2004 Joint Inclusion Report recommends the continued promotion of participation of all stakeholders in the NAPs, ‘including marginalised persons themselves’ and civil society. The ‘exciting development’ of dialogue on the NAP between civil servants and people in poverty (and their organisations), led by the

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219 *Anti-Social Behaviour etc. (Scotland) Bill*, Scottish Executive, 2003.
Social Policy Task Force,228 has been consolidated. Although the 2004 Joint Report suggested extending participation of civil society beyond preparation of NAPs to their implementation and monitoring, in the UK there seems to have been more focus on preparing for the next NAP.229 However, Scottish Poverty Watch, a network of residents from deprived communities, held an event to discover the impact of government policies on people’s lives, using their stories.230 The postponing of the NAP to 2006 allows more time for structured participation to develop. The Participation Working Group (PWG), which includes people with experience of poverty and/or of participatory working, devised a toolkit to promote participation in debate on the NAP, now published.231

**NGOs:** The DWP and NGOs have submitted a joint bid for funding from the social inclusion action programme for awareness raising around the NAP. The DWP provided funding for the toolkit. But there is a real problem of insufficient sustainable funding for several of the NGOs most involved. The funding from the European Commission for EU-wide organisations such as the European Anti-Poverty Network is not mirrored at Westminster government level in the UK, though poverty-focused NGOs do enjoy a variety of relationships with the devolved administrations.232 There is NGO involvement in the peer review process, though their influence may be limited; and NGO representatives have discussed the UK NAP with officials in Brussels. NGOs may find themselves more involved, at various levels, in an ‘open method of co-ordination’ than in a process which involves directives. But it is as yet too early to say how significant their influence will be on the content of future NAPs.

**Other partners:** The devolved administrations may identify more with the NAP than with *Opportunity for All* – though the 2004 report says the UK Government is using the NAP to enhance dialogue on social inclusion issues with devolved and regional government, and sets out (in chapter 3 on partnership) an outline of anti-poverty activities in Scotland,233 Northern Ireland,234 and Wales.235 (The devolved administrations’ policies are outlined where relevant in other parts of this report.)

As noted above, *Opportunity for All* this year lays more stress on the role of Government Offices for the Regions in England. Local authorities and regional government did not take much part in drawing up the 2003-05 NAP, but the DWP is now trying to increase their involvement. *Opportunity for All* reports (p. 117) on the UK’s participation in the EU ‘local authority social inclusion project’, which seeks to

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228 A group of non-governmental organisations involved in the UK Coalition against Poverty and the European Anti-Poverty Network which engages in regular meetings with the Department for Work and Pensions around issues relating to the NAP/inclusion.

229 Monitoring/evaluation is mentioned as an aspiration, however (with specific reference to people with direct experience of poverty) in the NAP/inclusion 2003-2005 (p. 71), and is being followed up.


232 See, for example, *Poverty in Scotland: An agenda for action*, Poverty Alliance, 2003, about action on poverty in Scotland, including the development of genuine participation in anti-poverty policies. In *Opportunity for All* (2004), these are described as ‘innovative approaches’ which offer ‘new insights into ways of tackling poverty’ (p. 118).


234 See Vignette 1 below for more detail on Northern Ireland.

address their capacity to tackle poverty and social exclusion. The Government is encouraging councils to adopt targets on tackling child poverty and social exclusion.

To date, there has been little engagement of the social partners (unions and business) in the NAP. This is only perhaps in part due to the lack of visibility of the NAP in the UK. And the description of ‘partnership’ in chapter 3 of *Opportunity for All* focuses more on the capacity of the private sector - and the voluntary/community sector - to help deliver the anti-poverty strategy than it does on any potential role of holding the authorities to account or participating in policy-making. There are hints of concern about both groups, with business providers urged to be adaptable (p. 135) and the voluntary/community sector urged to take up capacity-building funds (p. 131).

**Conclusions:** It is difficult to tell how much the NAP/inclusion process will help embed a broader culture of participation. The NGOs see it as a good practice case study about strengthening relationships between government and civil society, which could be used in other policy areas both nationally and locally. However, though it mentions participation of people with experience of poverty in the NAP, does not lay much stress on this. (On the other hand, it does seem to draw increasingly on external sources of evidence.) And even the government department which might be seen as most closely concerned with the issues in the NAP, the Social Exclusion Unit, does not seem to be very involved in the debates on participation.

It is also difficult to know as yet how much influence participation will have on the content and priorities of future NAPs. Civil servants have pointed to the recent emphasis on debt as one issue which emerged clearly from their discussions with people with experience of poverty. But one author has noted that, whilst income (in)adequacy is another common concern of people with experience of poverty, the UK Government has not yet sought their views about the income levels needed to guarantee their human dignity.

One NGO is seeking funding to carry out such an exercise. The issue was also raised explicitly in the Poverty Watch event in Scotland. In the UK, there is still resistance to anything which could be a 'talking shop', with regular exchanges perhaps smacking too much of corporatism. This makes it difficult to take forward systematic monitoring, evaluation or ‘poverty proofing’ of policies. However, the hope is that ongoing dialogue will increasingly be seen as a positive exchange. And the UK’s EU Presidency in 2005, especially the NAP round table, will be a test of how far participatory ways of working have come. The Joint Report on Social Inclusion sees the participation of those with experience of poverty as a means to better policy-making. But it is clear that the NGOs involved, and people with experience of poverty themselves, also see participation in decision-making processes as both a key right and an integral part of tackling social exclusion.

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236 See especially p. 131 of the 2004 *Opportunity for All* report, which appears in places to equate service delivery by the voluntary and community sector with community participation. The final report of the cross-cutting review of the voluntary and community sector, set up in the 2002 spending review, is due to be published soon and will reveal more of the Government’s view of its role.

237 The 2003-2005 NAP mentions the possibility of similar involvement in wider antipoverty strategies.


239 ATD Fourth World is currently seeking funding for this project.


241 Commission of the European Communities, *Joint Report on Social Inclusion* (SEC(2003)1425), 2003. (The UK is not listed among countries which are promoting ‘structured and ongoing dialogue’.)
Vignette 1: NORTHERN IRELAND: A NATIONAL VIEW ON THE IMPACT OF GOVERNMENT ANTI-POVERTY STRATEGY

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Northern Ireland has been a small country within the United Kingdom since 1922 (population approximately 2m). It is a jurisdiction in its own right, but does not constitute a state. A variety of political arrangements have governed the relationship between the UK Government and its subsidiary authorities in Northern Ireland.

For some of the period since 1922, that is 1972 to 1998, and 2002 to the time of writing, the governance arrangements in force have been described as ‘direct rule’ – meaning that public policies developed in and for England and Wales, and legislation passed in Westminster, have been ‘read across’ to Northern Ireland, with the necessary legal instruments being Orders made in the UK’s Privy Council.

These arrangements included two periods of self-government (and two of ‘direct rule’). The first period of self-government from 1922 to 1972 saw a Northern Ireland Parliament responsible for all matters except foreign policy, taxation and national security. The second period of self-government (1998-2002) involved a more restricted number of public policy domains. During this period, a local Assembly and Executive had powers in relation to most social welfare fields, including social security, but had no income tax raising powers.

The Assembly’s powers in relation to social security permitted social security variance between GB and Northern Ireland, subject to UK Exchequer approval, which was conditional on any increase in public expenditure being met from within ‘the Northern Ireland block vote’ (see also Tomlinson, 2002242). During the 1999-2002 period, the local Assembly maintained social security parity with GB, despite evidence that the same level of benefit purchases significantly less of the basics of a ‘normal standard of living’ in NI than GB (see DWP Select Committee).243

Despite significant ‘read across’ and policy similarity, Northern Ireland has maintained its own distinctive structures and institutions of delivery in social services, social security, education, health care and has its own official statistics and research functions. McLaughlin (1998),244 McLaughlin and Fahey (2000)245 and Tomlinson (2002)246 all provide further information on the history and nature of social policy and welfare institutions in Northern Ireland and their relationship with the rest of the UK.

Neither UK official statistics nor British academic social policy literature have usually included Northern Ireland in either empirical or analytical terms.

The UK’s first NAP outlined indicators of poverty and social exclusion set by the UK Government and the Scottish Executive. The plan referred in an Appendix to the unique Targeting Social Need policy in Northern Ireland as ‘Northern Ireland’s anti-poverty strategy’. In fact this policy was not and is not an anti-poverty strategy (McLaughlin et al., 2003). The UK NAP did not acknowledge that it would not be possible to report on progress against the indicators selected on a full UK basis, as much of the data required to do so were absent for Northern Ireland.

The Commission’s first report on the NAPs noted that the UK’s introduction of more devolved governance within the union and the UK NAP’s emphasis on local delivery would require the UK to ensure that co-ordination methods were effective so as to maintain a social inclusion strategy behind the whole range of local regional and national policies (ibid). Duffy (2002) concluded that failures of such co-ordination and the UK’s weak involvement of sub-national authorities in the NAPs process was such that the UK had failed to address objective 4, ‘mobilising all actors’. Northern Ireland and Welsh actors had not been mobilised, and by 2002 neither the Welsh nor Northern Irish Assemblies had agreed indicators of poverty nor measures of the success of anti-poverty policies nor sub-national NAP plans. Sub-national neglect has compounded other problems in the UK’s approach to NAPs. For example, despite a commitment to reducing child poverty, the UK government had neither an official definition nor a measure of child poverty or of poverty in general.

In the Northern Irish case, the combination of national and sub-national neglect of poverty meant that statistics comparable but not fully identical to those produced for the UK as a whole under NAPs I were first published in December 2002 and the prevalence of poverty in the Northern Ireland population was first measured by Hillyard et al in 2003.

They show that on the income line measure of poverty used by the UK Government in respect of England, Wales and Scotland for the preceding decade (the Households Below Average Income series), Northern Ireland had a high prevalence of household poverty. Hillyard et al also showed a higher level of poverty in Northern Ireland using alternative poverty measures such as the deprivation measure developed by Gordon et al. (2002).

249 Duffy, K., EAPN Follow up on the National Plans for Social Inclusion, European Anti-Poverty Network, 2002 at www.eapn.org/publicationen.htm
Comparison of the prevalence and composition of poverty between Northern Ireland and the UK using the UK’s official income line measure is methodologically fraught for four main reasons.

1. Comparison of a population of approximately 55 million with one of 2 million is arguably inherently inappropriate.

2. Although Northern Ireland is part of the UK, there are highly significant purchasing power differences between the UK and Northern Ireland. For example, housing costs were on average 29% lower in NI than in the UK as a whole in 2003 but fuel and light were 25% more expensive; travel and food were 13% and 5% more expensive respectively. For households on the lowest incomes, these more expensive elements of their standard of living may result in higher deprivation in NI, even if household incomes are the same as in the rest of the UK. The structure of the UK’s social assistance scheme means that the ‘benefits’ of lower housing costs are not experienced directly by most low-income households.

3. It is the population in paid employment who benefit most directly from Northern Ireland’s lower housing costs. Wages are around 85% of those in Great Britain mainly due to the protective impact of the large public sector, which has uniform pay rates throughout the UK. Households earned on average 20% less than in the rest of the UK in 2002. As a result, there is likely to be less of a deprivation between NI and GB working families than between NI and GB workless households.

4. The dataset used to create regional HBAI figures has not been the same in NI and GB since the early 1980’s. In 2003 the first year of an equivalent dataset, the Family Resources Survey, was created, but its results will not be robust or publicly available for some years.

For all these reasons, GB/NI comparisons of ‘income line’ poverty statistics are fraught with difficulty, both in the measurement of prevalence and in analysis of composition. Comparison should be of mixed or deprivation measures. The most recently available income poverty figures were produced for the Select Committee’s investigation into child poverty in the UK. These showed 27% of children in Northern Ireland living in households below 60% median income after housing costs and 22% in such households before housing costs, compared with 20% and 29% respectively in England (Work and Pensions Committee, 2004:77). These figures are based on the first year of the Family Resources Survey and there are doubts about their reliability (NISRA personal communication).

As noted above, the Targeting Social Need (TSN) policy in Northern Ireland had been re-packaged and re-labelled in passing in the UK’s NAP 1 as an anti-poverty strategy for Northern Ireland. TSN, however, emerged in the early 1990’s from a set of conflict management, not anti-poverty, concerns. These conflict management concerns included a belief that socio-economic inequalities between the majority
Unionist and the minority nationalist populations contributed to support for political violence among the latter and to international support (for example from the USA) for the proscribed paramilitary organisation, the IRA. TSN was the third priority for public expenditure in Northern Ireland. Government departments and public agencies were expected to skew their activities and resources towards those social groups and areas in greatest ‘need’.

The policy’s origins and deficiencies in its implementation were documented by Quirk and McLaughlin (1996)253 (see also Dignan and McLaughlin, 2002)254. The policy was given a degree of re-labelling and renewed political support as part of the Equality and Human Rights Agenda in the ‘Peace Talks’ leading to The 1998 Northern Ireland Act.

The 1998 Act re-launched TSN as New Targeting Social Need (NTSN) and attempted to ensure implementation through new bureaucratic procedures and practices.

The evaluation of New Targeting Social Need in 2004, however, concluded that only around one-third of NTSN actions by governments and non-departmental public bodies had met their own objectives, a third had been unmet and the final third could not be evaluated as they had not been linked to identifiable outputs.

The evaluation identified difficulties in assessing the collective impact of actions and outputs claimed to be ‘NTSN’ (see McClelland and Love (2002)255 and McClelland and Gribben (2002)256). The evaluation concluded that the policy had been insufficiently strategic and had been distracted by a plethora of minor actions from its overall objectives.

By mid-2004, a consensus between the non-governmental and governmental sectors had emerged and this was that the NTSN and TSN policies had not been successful either in their own original terms and intentions, nor were they fit for purpose in terms of functioning as sub-national components of the NAP (McLaughlin et al, 2003).257 Accordingly the government department responsible, OFMDFM, proposed the creation of a Northern Ireland Regional Anti-Poverty Action Plan with a format consistent with that of the UK NAP (OFDFM (2004)). If agreed and implemented, it is proposed that the strategy will be co-ordinated through an anti-poverty forum composed of all the social partners and stakeholders.

Poverty and Social Inclusion Indicators for Northern Ireland

Although it is not possible to exactly replicate all of the UK NAP indicators for Northern Ireland (McClelland and Love, 2002\textsuperscript{258}, see also Bodgett and Vidler 2000\textsuperscript{259}) considerable relevant data are available and these are summarised below:

Improved economic conditions together with some supply side changes have led to reductions in joblessness since 1998. The relative position of lone parents and those with health and disability problems, however, has worsened.

Over the period 1990-2002, the number of children living in households in the bottom 30% of the income distribution decreased. The proportion of lone parent families within the bottom 30% of households, however, increased over this period, from 19% in 1990/94 to 25% in 1999/2002 (Dignan, 2003).\textsuperscript{260} Overall, 25% of households with dependent children were in the bottom 30% of the income distribution.

Over the shorter time period 1998-2002, one indicator of social exclusion in Northern Ireland showed considerable change and this was a decrease in the ILO unemployment count among 11-64 year olds. This had been 8.7% in 1998 and had decreased to 6.7% in 2000. Joblessness and receipt of income maintenance benefits among working age people stood at 68% of the working age population in 2001. All other NAP indicators remained stable over the 1998-2002 period (McClelland and Love, 2002).\textsuperscript{261}

The proportion of working age adults in employment was 66.0% in 2000 (73.1% males, 58.5% females). The proportion of lone parents in employment was 48.3% in 2001 (but only 34.8% among the minority Catholic community).

The incidence of low birth weight children was 6.3% of all births in 2001.

The proportion of school leavers with no qualifications was 4.8% in 2001 (6.4% males, 3.2 females).


Vignette 2: WEST-CITY, LONDON: A LOCAL VIEW ON THE IMPACT OF GOVERNMENT ANTI-POVERTY STRATEGY

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London School of Economics

‘West-City’ is a mixed residential and commercial area bordering London’s financial district.262 It is among the 1% most deprived wards in England,263 its 30,000 residents are predominantly low-income and 61% live in social housing, but it also contains £1m-plus properties and is home to large numbers of highly-paid professionals. Wealthier residents have been attracted by West-City’s proximity to the financial district, by local designer businesses that have followed its light industry heritage, and by its burgeoning night-time economy of upmarket clubs and bars. Alongside these changes there has been an increase in the proportion of ethnic minority residents, some high-income, most not, many originally from the UK but many also new to Britain. This diversification began in the 1960s, but the area became particularly economically and ethnically heterogeneous during the late 1990s264 – these dynamics bring specific challenges, and opportunities, for the attainment of social inclusion.

The UK Government’s social inclusion strategy has three aims: addressing current social exclusion; getting the basics right; and preventing future social exclusion. These mirror the European Union’s concern with current social exclusion and the risk of future social exclusion. This account of the local conditions is framed by these: the first section discusses elements of current social inclusion; the second considers the efforts being made to get the basics right; and the third considers factors protecting future inclusion.

Current social inclusion
Income is a key component of social inclusion. West-City’s financial profile has altered with the influx of higher-income residents, and this can make it difficult to assess policies’ overall impact. However, our longitudinal study of low-income families265 offers insights into the local experience. The Families Study shows some marked increases in household incomes among those in work, through policies such as tax credit schemes and the minimum wage. As most of the Study families have school-age or pre-school children, these findings also suggest that these policies are reducing child poverty among households with adults in employment. However, in-work policies do not affect the economically inactive and the Study highlights the difficulties that unemployed parents experience in budgeting for their family on benefits. These findings not only detail the hardship faced by children living in

262 This vignette is based on two studies at the Centre for Analysis of Social Exclusion, London School of Economics: the ESRC’s Dynamics of Low-Income Areas Study, and the Families Study.
263 72rd of the 8,000+ wards in England (Indices of Deprivation, 2004, UK Office of the Deputy Prime Minister (ODPM), 2004).
poverty, they also suggest that the policy focus on earned income should be balanced by more attention to the needs of workless households.

Health can be significant in social inclusion, potentially compromising opportunities and quality of life. Study families note improvements to local primary and secondary health care services, which is encouraging; but the number and severity of health problems, which they continue to report, is not. Their experiences are mirrored in Census data\(^{266}\); despite West-City’s influx of younger and wealthier people, its health indicators have not improved significantly. Its long-term limiting illness rate has increased to 20.2% (although this increase, of 12%, is less dramatic than the 38% national increase); and a further 12% of residents declare their health ‘not good’. These data are particularly noteworthy given West-City’s young population. The Families Study indicates that juvenile health is indeed problematic, with very high rates of asthma and long-term limiting illnesses.

**Getting the basics right**

In the last two years, the Government has begun to balance its interest in the health and wealth of the household with increased concern for the standards of housing itself. Housing is viewed as crucial both to residents’ well-being, and the success of whole areas. ‘Decent homes’ (defined as ‘warm, weatherproof, with reasonably modern facilities and in reasonable repair’\(^{267}\)) is the aim, with all social housing to be ‘decent’ by 2010. Much of the social housing in West-City falls short of this standard; the local authority estimates that only 29% of its stock is decent.\(^{268}\) Most problems follow from age and poor maintenance, but overcrowding is also an issue. The Government has introduced three ways of accessing funding for improvements: transferring stock to housing associations; PFI (bringing the private sector in to develop, through a private finance initiative); or creating an ALMO (arms length management organisation, to manage local authority-owned housing). Some housing has been transferred to housing associations, and has been significantly improved; but many council tenants oppose transfer, and neither ALMO nor PFI is yet a local option. The housing needs comprehensive regeneration within the next five years in order to meet the decent homes target, but the difficulties entailed are considerable, and in the meantime many council tenants are concerned both about their current housing conditions and the future of their home.

The aim of decent homes has been accompanied by the idea of ‘decent places’, aiming for ‘cleaner, greener, safer’ areas: clear of litter and rubbish, with open and green space, and a sense of safety. The Government has prioritised these issues because the failure to ‘get these basics right’ can affect local quality of life and so contribute to social exclusion. In West-City, dedicated funding (from the Neighbourhood Renewal Fund in particular, which aims to narrow the gap between disadvantaged areas and others) has contributed by supporting and enhancing local service delivery; but the major catalyst for change was the introduction of neighbourhood wardens in 2001. These uniformed workers walk around areas dealing with environmental issues (graffiti, vandalism, litter) and providing a front-line contact for residents. Their presence typically reassures people about local safety; but in West-City the wardens have been particularly successful, deterring negative youth

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\(^{266}\) 2001 Census (Office for National Statistics).
\(^{267}\) ODPM website, 2004.
behaviour by setting up structured activities with young people, and addressing older people’s sense of vulnerability and exclusion by accompanying them to and from evening events, as well as tackling the environmental issues that contribute to ‘decent places’. The wardens have been backed by greatly intensified policing, whilst local regeneration funding has paid for security improvements to tower blocks and upgrades to some of the open spaces.

West-City receives Neighbourhood Renewal funding to improve local service delivery; the money is limited (part of the borough-wide £15m per year), but is helping services to meet the nation-wide ‘floor targets’ (minimum standards for all). West-City also has one of 39 New Deal for Communities schemes, the government’s most ambitious area regeneration initiative. The NDC has not increased employment and housing opportunities, as residents anticipated, but it has brought improvements (such as a new bus service, the neighbourhood wardens and security improvements to tower blocks). However, large initiatives do take time to establish; now, with more staff employed and the community-led Board more settled, there is a local perception that the investment will start to show greater impact.

Future social inclusion
This third section considers factors that the EU and UK social inclusion strategies see as protecting against future exclusion: employment, education and area regeneration. Employment levels in West-City have improved in recent years. Local economic activity rates rose slightly over the 1990s, particularly among lone parents, whilst the proportion of workless households fell (Figure 1). These trends have continued since 2001, but the rate of improvement has slowed. West-City’s unemployment level is around half what it was when Labour took office in 1997, but the greatest declines were in the 1990s; between April 2001 and April 2003, local unemployment fell only 3%, although it declined 10% nationally (Figure 2).

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<th>1991</th>
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<tr>
<td>Economic activity (% work-age adults)</td>
<td>60</td>
<td>62</td>
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<tr>
<td>Economic activity of lone parents (% lone parents)</td>
<td>23</td>
<td>36</td>
</tr>
<tr>
<td>Households with no employed adult (% work-age households)</td>
<td>52</td>
<td>44</td>
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Figure 1. Employment levels, 1991-2001
Education can act as a catalyst for social inclusion, but this depends both on qualifications and on attendance. West-City schools have variable records, but the government’s approach of increasing resources, introducing structures such as the literacy hour, and expecting a tougher stance on discipline and truancy, has been praised by parents in our Families Study. Their increased confidence in local schools is validated by the schools’ performances. GCSE results (for the 16+ public examinations) have improved every year since 2000 at both senior schools, and are now above the local average for top grades and the national average for all grades. Results for National Curriculum Tests at 11+ have improved year-on-year since 2001 at five of the seven junior schools.

Social inclusion trajectory?
West-City is a community in tension. The rapid rise in prosperity at its south is ‘a different world’ from the large council estates at its north, which are themselves subject to intense competition for housing. Here there are tensions between newcomers and established families: competition for both housing and school spaces. Crime and environmental problems are serious. Many families want to move out to somewhere cleaner and safer. Families in the estates, who are overwhelmingly low-income, see the improving streets, gentrified houses, upmarket bars and boutiques as a ‘leg-up’ for the area, but one that is not yet benefiting them. But some indicators – in-work households, school performance, street supervision – show that things are definitely improving.
Vignette 3: KIRKSID EAST, LEEDS: A LOCAL VIEW ON THE IMPACT OF GOVERNMENT ANTI-POVERTY STRATEGY

Caroline Paskell
Centre for the Analysis of Social Exclusion
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‘Kirkside East’ is a residential area of 18,000 people on the outskirts of Leeds, in West Yorkshire.269 It is among the 5% most deprived wards in England270 and, although a third of homes271 are in private ownership, this is almost entirely the result of council tenants taking up the right to buy their homes, rather than in-moving by wealthier residents. Kirkside East was built in the 1930s-1940s to provide local authority housing and has had little further development, giving it a uniform appearance: wide streets of semi-detached houses, with many open areas, bordering countryside.272 A large shopping complex, on a main city road, has brought many visitors since opening in 2000 but has not prompted housing developments. The population fell by 6% from 1991 to 2001 (less than most low-income areas in northern cities), but its profile has changed little: still almost exclusively white (98%) and younger than the Leeds and UK populations.273 Such continuity has fostered strong family links; these could offer stability on which to improve, but could also hamper further social inclusion.

This vignette considers three aspects of social inclusion: the first section discusses current social inclusion; the second considers efforts made to get the basics right; and the third outlines factors that protect against future social exclusion.

Current social inclusion
The 2004 Indices of Deprivation ranked Kirkside East in the worst 3% of English wards on income. There have been some improvements: our longitudinal study of low-income families274 indicates that income levels have risen for many of those in work, boosted by the working families tax credit in particular. However, in-work policies do not affect the economically inactive, and the Government’s focus on earnings as crucial to social inclusion, at least for working-age people, may overlook the needs of those not in work. This is particularly significant in Kirkside East, which has low skill levels, many young families, and in which 49% of working-age households are without employed adults.275

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269 This vignette is based on two studies at the Centre for Analysis of Social Exclusion, London School of Economics: the ESRC’s Dynamics of Low-Income Areas Study, and the Families Study.
271 2001 Census (Office for National Statistics).
275 2001 Census (Office for National Statistics).
Kirkside East’s health indices also highlight social inclusion challenges. Census\(^{276}\) health indicators show particular problems with limiting long-term illness: 23% of residents have some form, notably more than the national average of 18%. The proportion of working-age residents with long-term limiting health problems is average for low-income areas (11%, and 9% for England overall), but this nevertheless indicates widespread poor health, as does the 13% of residents whose health is ‘not good’. However, child, youth and community services are all focusing on health needs and promoting healthy living, so the near future may see improvements.

**Getting the basics right**

The health and wealth of households contribute significantly to social inclusion, but the Government is now also recognising the contribution made by the basics of ‘decent homes’ in ‘decent places’.\(^{277}\) The Government aims to make all social housing ‘decent’ (‘warm, weatherproof, with reasonably modern facilities and in reasonable repair’) by 2010. This is less of a challenge in Kirkside East than in many other council estates, as most housing is already of a reasonable standard and of a popular semi-detached design. However, parts of the estate have problems with vacant housing and much of the stock will need major modernisation to get it to the full standard - an estimated £20-30,000 per unit.\(^{278}\) Funding for these improvements has been made available through the creation of an arm’s-length management organisation (ALMO), which manages properties on behalf of the local authority. This is one of three ways to access large-scale government funding to improve housing; the others are transferring stock to housing associations or engaging the private sector through PFI (private finance initiative). Improvements have started: in 2002-3, much of the lowest demand housing was dealt with through demolition or upgrades: unpopular low-rise 1960s flats were demolished and two tower blocks comprehensively renovated. In addition, the ALMO is looking to promote home ownership by subsidising first-time mortgages. However, while there is money for a broader programme of repairs and upgrades, this will not be complete for over three years, continuing the dissatisfaction with housing that is prevalent among the residents.

The Government’s notion of decent homes is framed by wider a concern with the local environment. Its ideas of ‘liveability’ and ‘sustainable communities’ emphasise the role that environments play in residents’ satisfaction with, and longer-term commitment to, their area. The primary aim is for areas to be ‘cleaner, safer, greener’: clear of litter, with green space and a sense of safety. In some ways, Kirkside East is close to these ‘decent places’ targets. Bordering the countryside, it has a sense of space that is reinforced by thousands of gardens and many green communal areas. However, these open areas are not high quality: fairly bland, often heavily littered and sometimes damaged by people racing or dumping cars on them, they are under-used, even actively avoided. Kirkside East has neighbourhood wardens (uniformed workers who walk around the area tackling environmental issues and enhancing local supervision); but their remit is more limited than in other areas (where the role includes youth work and support to elderly people), and they only work during the

\(^{276}\) 2001 Census (Office for National Statistics).


\(^{278}\) Community Investment Team manager.
day-time, so their visibility is lower and their impact is less than typical of these schemes. The contribution of the wide-ranging youth provision is also overlooked by many residents. As much of the youth work is conducted on the streets, it may actually perpetuate perceptions of young people as always on the street, causing public disorder and anti-social behaviour.

**Future social inclusion**

This third section considers factors that the EU and UK social inclusion strategies see as protecting against future exclusion: from early years provision through to employment. Education performance in Kirkside East’s schools have been improving at both junior and senior levels since 2001, and the three junior schools’ results for the national 11+ tests are now close to the national and city averages. However, both senior schools’ GCSE results (the 16+ public examinations) are still significantly below national and city levels. One school is closing in 2005, to be replaced by a city academy, intended to bring a new impetus, boosted by enhanced resources and a wider catchment area. Kirkside East’s alternative education facilities (lifelong learning centre and provision for young people excluded from school) do not produce many qualifications, but their high attendance rates indicate that they do have positive impacts on quality of life.

Investment in pre-school years is now recognised as crucial to future social inclusion. Government funding for pre-natal and early years health contributes to local improvements, but in deprived areas such as this the Government has reinforced the investment through Sure Start, a programme that brings together early education, childcare, health and family support. Sure Start’s catchment areas have been criticised for being somewhat arbitrary; but those Study families who do attend are positive about the contribution it is making, both to children and their parents. Some of the mothers have started working since their children began attending Sure Start, and they and others appreciate the social bond that the programme fosters among parents. These positive comments are borne out by the evident rapport between parents and workers, and the sense of confidence that the staff convey in their dealings with the children. Both from my observations and from parents’ comments, it appears that Sure Start is indeed promoting social inclusion.

Employment is considered to be at the core of current social inclusion and a key protection against future social exclusion. Kirkside East’s employment rates have risen since the late 1990s (Figure 1), but have not increased greatly on their 1991 levels. The 2001 Census showed minimal changes in both economic activity rates (58% in 1991, 59% in 2001) and workless households (50% in 1991, 49% in 2001). The opening of the shopping complex brought a notable job windfall in 1999 and since, especially as the major company gave residents priority in job applications, but this was not enough to significantly alter unemployment levels. As a local worker commented:279

> That company’s involvement has been good, but it’s not ‘the solution’. Kirkside East needs more than local jobs. In Leeds there’s no problems with employment opportunities, but the socio-economic issues are a problem; the jobs are around but we need to look at how people can access them.

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279 Interview with researcher, December 2003.
This is the long-term challenge: ensuring that investment in early years and performance at school can translate into actual employment, and so continue to protect against social exclusion.

**Figure 1. Indexed unemployment, 1996-2003**

*Social inclusion trajectory?*
Kirkside East has many assets: it is within the most successful Northern city in England; on a main route into the centre; with a strong and stable community, and with many extended families. But it has a poor reputation as a large, mono-functional council estate and it needs significant investment. If it is to become more integrated into the wider city, it needs far more diverse uses, more mixed tenure and more housing that can attract wealthier residents and hold on to younger families in work, who at the moment often want to leave.

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Vignette 4: POOR TRANSITIONS: SOCIAL EXCLUSION AND YOUNG ADULTS

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School of Social Sciences and Law,
University of Teesside281

This vignette is based on a study of the longer-term transitions of young adults in neighbourhoods beset by the problems of social exclusion in extreme form. The research involved tracking and re-interviewing participants from two earlier studies of socially disadvantaged 15- to 25-year-olds undertaken in a Teesside town in North East England. The current study282 set out to explore what had become of young people living in the poorest neighbourhoods in the poorest town in Britain, several years after we first contacted them. As they moved into young adulthood, had their longer-term experiences of disadvantage changed or stayed the same?

We found that while individuals reported feeling considerable subjective change in their lives, because of key turning points and critical moments (especially in respect of family and housing, and among offenders and dependent drug users), their objective circumstances had remained constant and their experiences of poverty persisted. Despite continued commitment to finding and getting better work, most were still experiencing poor, low-waged, intermittent work at the bottom of the labour market. After obtaining poor school qualifications, further poor quality training and education had not improved their employment prospects. This lack of progression had ramifications in other aspects of their lives, resulting in social exclusion.

Despite numerous welfare and training initiatives in the study area over many years, the impoverished situations of most of our interviewees remained largely unchanged. Although programmes such as tax credits, the New Deal for Young People and Sure Start did improve some individuals’ situations in ways that would otherwise not have occurred, they did not change the overall economically marginal position of those to whom we spoke. Indeed such initiatives, insofar as they rely on ‘getting people into work’ by making them ‘more employable’, in effect channel people to, and then trap them in, poor quality and precarious work, thus encouraging rather than challenging the continuation of poor work. The study concluded that a fairer and more effective approach to facilitating successful moves into young adulthood in poor areas needs to address income redistribution through the tax and benefit system and to ensure the creation of secure, decent jobs locally.

Several policy implications follow from our findings. Firstly, the causes as well as the effects of social exclusion need to be addressed. Current social exclusion policy, remedies and adjustments at best deal only with the effects of poverty, economic marginality and social exclusion and offer little that might change the underlying causes and conditions that create them. For example, defining ways in which to

281 The study was conducted by a team of researchers all working at the University of Teesside: Colin Webster, Donald Simpson, Robert MacDonald, Tracy Shildrick, Mark Simpson, Andrea Abbas and Mark Cieslik.
improve drugs education, to better control drug supply and markets and to revise the
treatment of addicts are all laudable exercises; but none tackles the social and
economic conditions which give ‘poverty drugs’ their appeal. Despite various
initiatives of these sorts over the past ten years, Teesside continues to have some of
the deepest problems of drug-related crime and youthful addiction in the country.
Similarly, a whole raft of anti-poverty initiatives in the past and recently have been
implemented in the town we studied; yet it remains the poorest district in England.
The failure of such initiatives beyond the temporary respite they may bring to some
individuals leads us to ask some more strategic, higher level questions about current
policy agendas and resultant interventions towards tackling poverty, social inclusion
and exclusion.

Secondly, current assumptions and principles for tackling social exclusion that shape
government policy need to be reassessed. The reduction of poverty and alleviation of
social exclusion are not being delivered in practice and the current mechanisms for
their delivery are not having the desired effect. For example, the New Deal will reflect
the local labour market conditions and context in which it operates. In our study, poor
and casualised local labour market opportunities meant that individuals were placed in
New Deal options that they did not want, were short-lived, were of poor quality and
provided little long-term benefit in terms of future occupation. They did not enhance
educational opportunities for the less well qualified and led to low-waged,
unrewarding and insecure employment.

Similarly, those experiencing family poverty and in receipt of working families tax
credit and children’s tax credit thought them important and welcomed them as a way
of alleviating low income. Nevertheless, lone-parent families – those most in need –
benefited least from these credits. Young mothers who were unable to work because
they prioritised childcare over employment, or experienced difficulties with childcare
arrangements, did not benefit. Those in employment and receiving tax credits were
trapped in poor work, and those without children were not eligible at that stage.
Initiatives such as Sure Start, geared to encouraging lone parents to work, need to take
account of local labour market conditions – the quality and availability of work – and
personal circumstance and life events - for example, the need for flexible childcare,
health problems and social misfortune that can influence or delay the ability to work.

Thirdly, anti-poverty policies and initiatives that ignore the underlying problem of
poor work will not lift people out of poverty. Current policy emphasises supposed
deficits in employability and skills among marginalized young adults. This is to be
rectified by training, advice, incentives and childcare support. However, this marginal
redistribution of income and opportunity will not lift people out of poverty, unless
they have access to good quality training and rewarding and secure employment. Poor
training and poor employment opportunities tend to be synonymous. Income from
decent rather than poor work, for those able to work, is the best way of lifting people
out of poverty. Although the minimum wage raises the income threshold of poor work
for some, it does not resolve how people might progress beyond this ‘minimum’.
Those who are unable to work, or ‘choose’ to delay work, because of childcare
responsibilities and/or the disincentives of poor work, need more generous income
support to lift them out of poverty traps. This might in the short term have the effect
of deterring individuals from seeking poor work, but it may also have the beneficial
longer-term effect of deterring poor offers of work. A more comprehensive and
generous redistribution of resources and opportunities, such as the creation of available and accessible good quality training, flexible childcare and decent jobs, might allay the longer-term social exclusion and economic marginality experienced by the individuals featured in our study. We suggest that the current Government’s much-vaunted ‘joined-up’ policy towards reducing poverty and social exclusion, to be effective, needs to rediscover demand side labour market reform, by creating more secure, better quality, decent jobs in places like Teesside.

Finally, in conditions of poor work and a precarious local labour market we question the appropriateness of the ‘employability agenda’ – moving people from welfare to work – that permeates current government policy towards socially excluded young adults living in poor neighbourhoods. Of course, paid employment is important as a route out of disadvantage by providing the income that lifts people out of poverty and its associated problems. This has not happened, however, for the people to whom we spoke. Most of the many jobs they and their partners had occupied have been insecure, low-paid, unskilled and lacking in prospects. They operated in a local labour market typified by pervasive under-employment and unemployment. Tax credits and other benefits received simply boost the low pay from these jobs to something nearer a decent living level. These are the sort of unattractive low-level jobs that will always be present in local labour markets and under current arrangements; there is every possibility that this sort of poor work will continue to form the basis of economic life for the people to whom we spoke, and for their children in future years.

While we recognise place as important in understanding the problems of social exclusion, we raise further questions about the Government’s continuing commitment to privileging area as the conduit for social inclusion policies. Such policies have not worked on Teesside. For us, the key shortcoming of area-based policies to counter social exclusion is that they cannot address the national and international trends that make particular places economically marginal and create some groups as socially excluded. This brings us to our main policy conclusion.

Youth policies propose remedies that imply that the problem of exclusion lies in the deficits of the target population who, without the necessary or right sort of knowledge and skills, are unable to take advantages of the opportunities said to exist. Therefore policies for young adults in poor neighbourhoods are usually geared towards employability and training schemes, help with job-search, interview and personal skills. This, however, ignores the availability and quality of existing employment opportunities in places like Teesside. The problem is framed in terms of the supply of labour being poor quality, not the poor quality of the demand for labour. Yet, both the supply and demand of labour decide the development and nature of employment opportunities.

Our diagnosis of why extended transitions into adulthood in places such as Teesside are continuing to be hindered by the conditions of social exclusion closely implicates de-industrialisation and the decline of a once buoyant heavy industrial manufacturing sector of the local economy. This structural factor has caused a decline in the number of ‘decent’ jobs available locally and this and the resultant poverty is a cardinal reason for the disadvantaged positions in which individuals find themselves as they have moved through the life-course. Problems of poor demand for labour and a paucity of realistic opportunity, training and support in respect of ‘decent’ work characterise the
‘conditions of choice’ for the people to whom we spoke. Although these are conditions of the place, not (just) the individuals we studied, it is unlikely that area-based initiatives alone will resolve the problem of social exclusion in places like Teesside.
Vignette 5: THE CONCENTRATION OF CHILD POVERTY IN POOR NEIGHBOURHOODS

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Background

Many of the social inclusion initiatives that have been taken by the UK Government and the devolved administrations in Scotland, Wales and Northern Ireland are concentrated on deprived neighbourhoods. Sefton estimated that those directed at children have grown since 1997 and (in England) make up about 5 per cent of the total welfare spend on children. There are a number of problems with these programmes. They often involve matched funding from local authorities, which takes resources away from mainstream services. They also tend to demand partnerships or other collaborative working, which is heavy on staff time. There are overlaps in the coverage of area-based measures. In the cross-cutting review of spending on child poverty in Scotland, the Convention of Scottish Local Authorities (COSLA) was particularly critical of these central initiatives. However, the criticism that this vignette is concerned with is that they exclude a lot of poor children that do not live in poor neighbourhoods. We examine whether this is the case by investigating the concentration of poor children by Super Output Areas (SOAs).

The data is derived from the English Indices of Deprivation 2004 and uses as the measure of child poverty the Income Deprivation Affecting Children (IDAC) Index. This comprises the percentage of children under 16 in SOAs who were living in families in receipt of income support and jobseeker’s allowance (income based) or in families in receipt of working families tax credit/disabled persons tax credit whose equivalised income is below 60 per cent of the median before housing costs. This measure is not identical to the conventional income measure but according to the 2002/3 Households Below Average Income analysis, 62 per cent of children in

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283 In England these include:

**Early years**: Surestart local programme, Neighbourhood Nurseries initiative, NOF’s Out of School Programme/ Neighbourhood Childcare Initiative, Early Excellence Centres, Child Trust Fund, Sure Start Maternity Grant.

**Education**: Excellence in Cities, Behaviour Improvement Project (BIP), Education Action Zones, Pupil Learning Credits, Vulnerable Children’s Grant, Educational Maintenance Allowance (EMA)

**Health**: Welfare Food Scheme, National School Fruit Scheme, Five-a-day local communities initiatives, Teenage Pregnancy Strategy, Brushing for Life.


households with incomes less than 60 per cent of the median after housing costs were on IS or WFTC. The measure has the advantage over the previous data on the distribution of children on benefit of now including children in families receiving income related support in work as well as out of work benefits. There is no other source of data that enables one to count child poverty at neighbourhood level.

Super Output Areas are geographical areas, smaller than most electoral wards, aggregates of Census Output Areas containing an average of 1,500 people. There are 32,483 SOAs in England.

Results

Chart V.1 shows the child poverty rates ranked by the cumulative proportion of SOAs. Child poverty rates vary from 99.3 per cent in one SOA in Westminster, London, to 0.3 per cent in one SOA in the Chilterns. There are a large number of SOAs with few poor children - 50 per cent of SOAs have less than 14.5 per cent of their children in poverty and 75 per cent of SOAs have less than 30 per cent of their children in poverty. There are a minority of SOAs with large proportions of their children in poverty - the top 10 per cent of SOAs have more than 45 per cent and the top 1 per cent of SOAs have more than 70 per cent.

Chart V.1: Spatial distribution of child poverty rates

Chart V.2 plots the cumulative proportion of child poverty against the cumulative proportion of SOAs. It is possible to use this to read off what proportion of poor children fall into what proportion of SOAs. Thus we find that half of all poor children live in 21% of SOAs, a third live in 12% of SOAs and a quarter live in 8.5 per cent of SOAs.
Conclusion

So there is no doubt that child poverty in England is concentrated. However, there are SOAs with poverty rates in excess of 98 per cent within local authority areas which are otherwise fairly affluent – for example, there are two SOAs in Bristol with child poverty rates over 97 per cent and three SOAs in Westminster, London with rates over 96 per cent. If a policy were concentrated on the poorest 20 per cent of SOAs (as was Sure Start), it would miss 52% of all poor children in England defined in this way.