



Breaking the Cycle

Taking stock of progress
and priorities for the future

Social Exclusion Unit Report – Summary





Office of the
Deputy Prime Minister

Creating sustainable communities

Breaking the Cycle

Taking stock of progress and priorities for the future

A report by the Social Exclusion Unit

Summary

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Prime Minister's Foreword



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

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

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

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

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

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

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

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

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

The report

1. This report takes stock after seven years of the Social Exclusion Unit. Based on a new programme of research and analysis, it outlines:
 - The progress made to date in tackling the causes and consequences of social exclusion.
 - The challenges which remain and those which might arise in the future.
 - The lessons learned about delivering services to disadvantaged people.
 - The priorities for future action.
2. The full report offers a detailed exploration of what drives social exclusion, including those factors which transmit poverty and disadvantage from one generation to the next. It identifies the main groups at risk, assesses the scale of the problem and outlines the Government's strategy since 1997.¹ By bringing together evidence from a range of national data sources, evaluation literature and the perspectives of service providers and users, it is possible to chart successes and identify the remaining challenges.

What is social exclusion?

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

What has the government done?

8. Since 1997, the Government has put in place a wide-ranging programme of policy reform, backed by considerable extra investment and underpinned by new principles for service design and delivery. A new approach was developed which emphasised prevention, reintegration of those already experiencing social exclusion, minimum standards for everyone, joint working between different agencies and evidence-based policy-making.

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

9. Policies are now in place to tackle all the main drivers of social exclusion and support is in place for all age groups. Particular emphasis has been placed on tackling some of the key economic causes of social exclusion, such as unemployment and poverty, and investing in children to break the intergenerational transmission of disadvantage. There has also been a new drive to renew deprived neighbourhoods and to create sustainable communities.
10. Major initiatives have been implemented to:
 - Tackle key economic causes of social exclusion such as unemployment and poverty, particularly child and pensioner poverty.
 - Promote equal opportunities for all.
 - Support communities, particularly in deprived areas.
 - Reintegrate some of those who have experienced more extreme forms of social exclusion, like rough sleeping.
 - Improve access to advice and services.

Progress to date

11. These policies have resulted in significant progress, particularly in tackling **poverty and unemployment**.
12. **A reduction in child poverty** has been one of the most notable achievements so far. In 2002/03 there were 700,000 fewer children living in poverty than in 1996/97. It is estimated that by 2004/05, if the Government had taken no action, 1.5 million more children would be in poverty.
13. There has been a large-scale expansion of nursery education and childcare services. Sure Start Local Programmes are now available to 400,000 children.
14. There were also 500,000 fewer **pensioners** living in relative poverty in 2002/3 than in 1997, and 1.8 million fewer living in absolute poverty.
15. **There are now 1.85 million more people in work than in 1997**, and there have been faster than average increases in employment among some disadvantaged groups including lone parents, people with disabilities and those over 50 years old. Long-term unemployment amongst those aged 18–24 halved between 1997 and 2003.
16. **Educational attainment** has risen at all key stages. There have been improvements for most ethnic minority groups, and progress in schools in the most disadvantaged local authority areas has been even faster than elsewhere. The National Literacy and Numeracy Strategies, and area-based initiatives such as Excellence in Cities, have been linked with these improvements. There has also been progress in improving adult basic skills.
17. Even some of the most intractable social issues appear to be improving. The number of homeless people sleeping rough has fallen by 70% and there has been a 99.3% decline in the use of Bed and Breakfast accommodation for housing homeless families with children since March 2002. Youth offending has reduced and juvenile reconviction rates fell by a fifth between 1997 and 2001. The conception rate for girls under 18 has fallen by 9.4%.
18. There has been a reduction in crime and the fear of crime, including among older people.
19. There are early signs that the gap between the most deprived local authority areas and the rest of the country is narrowing on some indicators such as rates of employment, educational attainment, and teenage conceptions.

Longer term benefits?

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

Sustaining the progress made

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

Remaining challenges

24. Progress has been less good in tackling some other significant drivers of social exclusion. The report identifies five key problems that continue to drive social exclusion, and that need to be made priorities over the next few years if overall progress is not to be held back. These are low educational attainment among some groups, economic inactivity and concentrations of worklessness, health inequalities, concentrations of crime and poor quality environments in some areas, and homelessness. **We need to give renewed attention to these areas as a matter of priority if we are to continue to drive forward the agenda to tackle social exclusion.**
25. Progress made by individuals can also be fragile, and is not always sustained. For example, 40% of participants who get a job after participating in the New Deal for Young People return to claiming Jobseeker's Allowance within six months. Progress in other areas of life – like giving up drugs or turning away from crime – can also be undermined easily. **We need to make sure that we continue to support people who have made progress, so that they do not slip back into a state of vulnerability.**
26. It will be important to monitor closely the extent and pace of progress in tackling these drivers of social exclusion. Where progress is not being made, we need to review current policies, and actively consider radical new approaches. It will also be important to pay particular attention to ensuring that gaps between different social groups and areas are clearly reduced.

Improving life chances

27. Children's life chances are still strongly affected by the circumstances of their parents. The social class a child is born into and their parents' level of education and health are still major determinants of their life chances and mean that social exclusion and disadvantage can pass from generation to generation.

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

Helping the most disadvantaged

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

Delivery: what works

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

How ready are we for the future?

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

Conclusions and next steps

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

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

- **Continuing to drive down child poverty**

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

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

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

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

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

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

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

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

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

- **Narrowing unjustifiable inequalities in poor health**

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

- **Reducing the level of homelessness**

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

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

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

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

Breaking the Cycle provides a comprehensive analysis of the impact of government policy seven years on from the launch of the Social Exclusion Unit.

Based on a new programme of research and analysis, the report outlines progress made to date in tackling the causes and consequences of social exclusion.

The report also examines the challenges that remain and that might arise in the future and identifies key priorities for action.

This is a summary of the main report – the full report is available from ODPM publications.
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