The impact of government policy on social exclusion among working age people
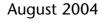
A review of the literature
for the Social Exclusion Unit
in the Breaking the Cycle series

Social
Exclusion
Unit

The impact of government policy on social exclusion among working age people

A review of the literature for the Social Exclusion Unit in the Breaking the Cycle series

Office of the Deputy Prime Minister

Creating sustainable communities

Social Exclusion Unit

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Chris Hasluck and Anne E. Green
Institute for Employment Research
University of Warwick

Office of the Deputy Prime Minister, London

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1. Introduction

This literature review was undertaken by the Warwick Institute for Employment Research on behalf of the Social Exclusion Unit as one of four reviews relating to the impact of government policy on social exclusion over the life course. The aim of this review is to consider the evidence (if any) of the impact of government policies on social exclusion amongst adults of working age (defined here as women aged between 25 and 59 or men aged between 25 and 64).

Social exclusion is a multifaceted concept embracing a lack of, or limited, participation in key domains of modern life. In the case of people of working age, a key dimension of social exclusion is exclusion from the world of work, as this group of people is defined in terms of their availability for work (working age). For this age group, worklessness is not only a key indicator of social exclusion but it is also a factor reinforcing other aspects of social exclusion, including poverty, homelessness and ill health. For this reason, this review focuses largely, but not exclusively, on issues relating to participation in the labour market and access to work. This approach to the literature and evidence is broadly consistent with Objective II of the Department of Work and Pensions' Public Service Agreement (PSA), namely to:

> *'promote work as the best form of welfare for people of working age, while protecting the position of those in greatest need'.*

2. Scope of the review

There are a vast number of policies that have the potential to impact on social exclusion amongst working age adults. The review does not attempt to report on each and every individual programme or initiative that could possibly relate to social exclusion. Instead the approach taken is to focus on a number of broad aspects, or domains, of social exclusion and to consider the main policies and initiatives relating to each domain. The domains considered include the following:

- **welfare to work** considers New Deal programmes and related initiatives;

- **making work pay** focuses on a variety of policies including work-focused interviews, transitional support (such as benefit 'run ons' and the Adviser Discretion Fund), recent tax and benefit reforms and the National Minimum Wage;

- **learning and skill acquisition** looks at initiatives such as Work Based Learning for Adults, Adult Basic Skills and Employer Training pilots in the context of recent policy such as *Success for All* and the *Skills Strategy*;

- **long-term sickness and disability** examines the impact of initiatives such as New Deal for Disabled People, Access to Work and the strategy set out in *Pathways to Work*;

- **local area and neighbourhood renewal** reviews a wide range of area-based initiatives including New Deal for Communities, Sure Start, Excellence in Cities, Action Teams for Jobs, Employment Zones and Health Action Zones;

- **housing and homelessness** considers a wide range of initiatives such as the Rough Sleepers Unit, the Homelessness Act, Homeless to Home, Business Action on Homelessness and Progress2work (amongst others); and

- **information and communications technologies** examine a range of initiatives with particular emphasis on Wired-up Communities, UK Online and learndirect.

Each of these aspects of social exclusion is considered in the review. For each domain, a brief account is given of the main policy initiatives that might impact upon social exclusion. This is then followed by a consideration of the evidence (if any) of impacts on social exclusion and an examination of the factors that have affected that impact. Finally, issues that need to be addressed in each domain in the future are identified. The concluding section of the review sets out the key messages that have emerged from the review of policy and evidence.

3. Key messages from the evidence review

Key messages to emerge from the evidence were as follows:

- There is strong evidence of widespread impacts from policy both in terms of entry to employment and 'soft' outcomes that affect future employability and participation in work. It needs to be borne in mind, however, that these outcomes were achieved in a buoyant economic and labour market context. Current policies focus primarily on 'the supply side' in the sense of helping the excluded enter the labour market. There is scope for developing policy that would draw the excluded into employment through stimulating the demand for labour.

- In many domains there are both national programmes and local initiatives/programmes. Indeed, the *raison d'être* of some local initiatives is to fill the gaps left by national policy. Whatever the motivation, the result is a patchwork quilt of initiatives, policies and targets that can be quite difficult to navigate, thus raising the question 'how much is too much?'. The multiplicity of initiatives can lead to difficulties in policy implementation. This may also lead to difficulties in evaluating policy, and in measuring the impacts. Moreover, because of the holistic nature of many initiatives, the impacts may be felt across a number of different domains.

- While the development of a range of different programmes can target resources, such a proliferation can result in confusion (and lack of awareness) amongst those such programmes are intended to support. It can also lead to issues of overlap, lack of co-ordination and ineffectiveness. This finding highlights the need to streamline policy in some areas and the need for partnerships and other forms of collaborative working by the relevant agencies.

- There may be a shortage of people with the skills necessary to help deliver policy effectively and consistently. Policy dynamism compounds this problem since staff implementing initiatives may be insufficiently aware of, or trained to deal with, rapid changes in programme rules, eligibility or involvement of partners.

- It is increasingly recognised that many aspects of social exclusion are interrelated, with some individuals suffering social exclusion in several different domains. Joined-up problems necessitate joined-up approaches/policies if they are to be tackled successfully. The move towards joining up policy has resulted in great emphasis being placed on partnership working and joint action at national and local level across domains. Nonetheless, given differences in statutory responsibilities and targets, and the multiplicity of targets, partnership working is not without its difficulties; not all partners want to, or find it easy to, work together.

- While it would be unfair to claim that policy has been concerned only with quantity rather than quality, there is evidence that initiatives have been more successful in achieving quantitative targets (such as job entry) and less successful in achieving qualitative targets (such as higher earnings and more sustained jobs). There are, of course, exceptions to this generalisation, such as New Deal for Lone Parents (NDLP).

- Despite the development of a wide range of programmes, most evaluation evidence points to the fact that the most disadvantaged people continue to benefit least from policy. There are several reasons for this, including:

  – the disadvantaged and socially excluded are (by definition) the hardest to help;

  – the scale of disadvantage often exceeds the capacity of policy (timescales, provision, multiple disadvantage); and

  – the most disadvantaged are less likely to take up programmes where entry is voluntary.

  There may, therefore, be a case for greater targeting of the disadvantaged within programmes and initiatives.

- Because of the wide range of (sometimes competing) programmes for working age adults, it may be desirable to target resources. This targeting may relate to groups of benefit recipients or to geographical areas. By directing resources to where they are needed and by tailoring provision to the specific needs of individuals or areas, a greater impact may be achieved.

- Policy to tackle social exclusion in terms of aiding entry to employment has focused on tackling multiple barriers facing individuals (many of which may be personal, although some are environmental). This emphasis explains the use of **personal advisers**, which has been a key feature of policy initiatives over the time period covered by this review.

- There is a need to provide support for some of the most disadvantaged people on an extended basis. For this group, getting a job or getting a home represents only the first hurdle in the journey out of social exclusion and assistance may be required in the early days in employment. Continuing help is required if positive outcomes are to be sustained.

- It must be acknowledged that government policy to reduce social exclusion **takes time**. It takes time for partnership arrangements to be set up, and for strategies to be formulated and put into operation. Hence, 'quick fixes' are not always possible. In the past, short-term funding streams have meant that follow through of successful initiatives has not always taken place, and staff with skills and knowledge may be lost. In addition, those who are hardest to help often require assistance over a long time period. In some programmes there is insufficient time to help the most socially excluded/deprived people and places. Combating social exclusion is about **cultural change** and cultural change takes time.

Chapter 1: Social exclusion and working age people

1.1 Introduction

The aim of this review is to consider the evidence, if any, of the impact of government policies on social exclusion amongst adults of working age (defined here as women aged between 25 and 59 and men aged between 25 and 64). Social exclusion is a contested term (Hills *et al.*, 2002) but it is generally taken to describe situations where people or areas suffer from a combination of linked and mutually reinforcing problems – such as unemployment, poor skills, low incomes, poor housing, high crime, bad health and family breakdown. Social exclusion is thus a multifaceted concept embracing a lack of, or limited, participation in key domains of modern life, including (Bynner, 2001; Burchardt *et al.*, 1998):

- work;

- consumption;

- wealth;

- community life; and

- citizenship.

Amongst those who experience social exclusion, the nature of that experience varies across the life course. The experience of children is different from that of adults, although the two are related. In the case of people of working age, the principal dimension of social exclusion is, arguably, exclusion from the world of work, as this group of people is defined in terms of their availability for work (working age). This is not to say that exclusion from work is the only dimension of social exclusion affecting working age adults. Nonetheless, a lack of access to work is central to social exclusion amongst this age group. Lack of participation in the labour market is not only a key indicator of social exclusion but it is also a factor reinforcing and exacerbating other aspects of social exclusion, including poverty, homelessness, ill health, restricted mobility, and so on.

1.2 Social exclusion and the labour market

The Chancellor of the Exchequer stated in his pre-budget statement of 10 December 2003 that the United Kingdom had experienced the longest sustained period of economic growth since 1870. This has been reflected in rising levels of employment and falling unemployment. Between June 1997 and June 2003 employment increased by 1.6 million from 25.6 million to 27.2 million (an increase of 6.3%) and now stands at the highest level ever recorded. This increase in the demand for labour has been an important driver for reducing social exclusion amongst working age adults. As demand has risen, many adults at the margins of work have been drawn into employment and out of worklessness. Unemployment, especially long-term unemployment, has fallen sharply.

Despite the generally favourable economic conditions, not all adults and not all areas have benefited evenly from falling unemployment and rising employment. In 1997 almost 19% of households containing working age adults had no one in employment (amounting to 4.6 million adults) and, despite economic growth and rising employment, the number of such workless

households had fallen only slightly (to 17% and four million adults) by 2003 (Gregg and Wadsworth, 2003b). A striking feature of the UK economy in recent years has been the juxtaposition of rising employment and falling labour force participation, especially amongst working age men. During the late 1970s the inactivity rate amongst men aged 25–64 averaged around 6%. By 2002 the rate had increased to over 13% (Faggio and Nickell, 2003). Inactivity rates have also increased amongst other subgroups of the population, including lone parents, those who are disabled or who have health problems and people with low skills or no skills. In general, changes in patterns of labour market participation at individual level have resulted in a shift towards more work in fewer households, hence a polarisation between 'work rich' and 'work poor' (or 'workless') households.

While the fall in labour market participation is an important factor in creating social exclusion, it must not be assumed that those who were successful in entering work were free of the risk of social exclusion. A number of longer-term labour market trends were working in the direction of increasing social exclusion for some people. These trends included an increase in low pay and in the dispersion in earnings, particularly between the skilled and less skilled, an increase in the number of self-employed (especially in the 1980s) amongst whom the risks of poverty were higher than for the employed, and the increasingly flexible, episodic and insecure nature of many areas of employment.

1.3 Who is socially excluded from the world of work?

Analyses based on a nine-year sequence of Labour Force Survey data (Berthoud, 2003b) provide an insight into how individual characteristics of disadvantage can shape labour market prospects. Six subgroups at high risk of non-employment were identified:

● men and women without partners (especially lone parents);

● disabled people;

● those with low qualifications and skills;

● those in their 50s;

● those living in areas of weak labour demand; and

● members of certain ethnic minority groups.

Only four per cent of individuals with none of these disadvantages were non-employed. The average figure for the population as a whole was 17%. The more disadvantages, the greater the risk of non-employment. More than 90% of people with all six disadvantages were non-employed. Nearly one in ten adults had characteristics that increased their risks of non-employment to over 50%.

There is a relatively persistent geographical pattern to worklessness which is concentrated in cities, industrial areas and former coalfields (Green and Owen, 1998). Two-thirds of the local authority districts with the lowest employment rates in 1997 were also among the bottom 30 in 2001.

Areas with very high levels of worklessness also tend to have high levels of incapacity benefit claimants. This reflects the movement of unemployed people into sickness and early retirement (Webster, 2000). Around 70% of inactive prime-age males report sickness or disability as the reason for their inactivity (Faggio and Nickell, 2003). Similarly, adults with no qualifications also tend to be more concentrated in some local areas and regions than in others. For instance,

according to the 2001 Census of Population, the proportion of the population aged 16–74 years with no qualifications ranged from less than 20% in London Central and the Surrey local learning and skills council areas, to over 40% in parts of the West Midlands (such as the Black Country). Such area averages disguise even more marked variations at the micro area level, as highlighted in the Indices of Deprivation.

1.4 Reviewing policy to reduce social exclusion

A recognition that certain groups and areas traditionally fare worse than others in the labour market informs a key Department for Work and Pensions (DWP) Public Service Agreement (PSA) target:

'To increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle, lone parents, ethnic minorities, the over 50s and the 30 local authority districts with the poorest initial labour market position – and reduce the difference between their employment rates and the overall rate'.

DWP is, of course, not the only department concerned with policy to reduce social exclusion. The Department for Education and Skills (DfES) is primarily responsible for policy relating to education, skills and learning while the Department for Trade and Industry and the Office of the Deputy Prime Minister both have policy interests in social exclusion and local and regional development. These departments, together with DWP, are responsible for the delivery of a wide range of policies that are designed to directly or indirectly impact upon social exclusion.

There are a vast number of policies that have the potential to impact on social exclusion. It is not within the scope of this review to report on each and every individual programme or initiative that could possibly relate to social exclusion amongst working age adults. Instead the approach taken is to focus on a number of broad aspects, or domains, of social exclusion and to consider the main policies and initiatives relating to each domain. The domains considered include the following:

- **welfare to work** considers New Deal programmes and related initiatives;

- **making work pay** focuses on a variety of policies including work-focused interviews, transitional support (such as benefit 'run ons' and the Adviser Discretion Fund), recent tax and benefit reforms and the National Minimum Wage;

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- **local area and neighbourhood renewal** reviews a wide range of area-based initiatives including New Deal for Communities, Sure Start, Excellence in Cities, Action Teams for Jobs, Employment Zones and Health Action Zones;

- **housing and homelessness** considers a wide range of initiatives such as the Rough Sleepers Unit, the Homelessness Act, Homeless to Home, Business Action on Homelessness and Progress2work (amongst others);

- **information and communications technologies** examine a range of initiatives with particular emphasis on Wired-up Communities, UK Online and learndirect.

Each of these aspects of social exclusion is considered in detail in the remaining sections of this report. First, an account is given of the main policy initiatives in each domain of social exclusion. This is followed by a consideration of the impact on social exclusion of each type of policy or initiative and an examination of the factors that have affected that impact. Finally, any gaps in knowledge or policy are identified before general conclusions are drawn in the final section.

CHAPTER 2: Key policy developments since 1997

2.1 Introduction

This section describes the main types of policy initiative aimed at working age adults. The section describes what each type of policy sets out to achieve, how they are intended to work, how they were evaluated and it sets out any relevant PSA targets. In reviewing these policies it is important to recognise the extent of overlap between policies. For instance, Employment Zones can be seen as both an area-based initiative and as part of the wider welfare to work agenda. There are also important overlaps between initiatives focused on working age adults and those aimed at other age groups. Policies relating to education may be seen as being directed at young people but in the longer-term they affect adults too, since the consequences of poor educational attainment will be felt throughout adult working life.

2.2 Welfare to Work

Immediately after the UK general election in 1997, the new Labour government began to implement its 'Welfare to Work' strategy. The aim of this strategy was to encourage and help entry into work and, in the longer-term, to reduce dependency on welfare benefits. The strategy involved, first, a fundamental review of the tax and benefit system and, second, a series of labour market interventions under the New Deal initiative. The former was intended to increase the incentive to work while the latter, covering a range of programmes aimed at young unemployed people, long-term unemployed people, lone parents and disabled people, was intended to help non-working people into jobs and to increase their long-term employability.

New Deal programmes

New Deal was intended to contribute to an increase in the sustainable level of employment and a reduction in social exclusion by:

- helping young and long-term unemployed people, lone parents and disabled people who wish to work, into jobs and helping them to stay and progress in employment; and

- increasing the long-term employability of young and long-term unemployed people, and lone parents and disabled people who wish to work.[1]

The New Deal has been delivered by means of a number of different programmes, each aimed at a different target group. While sharing the common goals of New Deal, these programmes have been quite distinct in terms of their objectives, the basis on which participation takes place and the range and type of provision available. While this remains the case, there is evidence that the different New Deal programmes have been converging, to some extent at least, in terms of their structure and provision (Hasluck, 2000a).

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1   *New Deal: Objectives, Monitoring, Evaluation*, Employment Service, 1997.

The main New Deal programmes that directly affect working age adults are:

- New Deal 25 Plus (ND25plus);

- New Deal for Lone Parents (NDLP);

- New Deal 50 Plus (ND50plus); and

- New Deal for Disabled People (NDDP).

ND25plus was introduced in June 1998 and was mandatory for all job seekers who had been claiming Jobseeker's Allowance (JSA) for two years or more. ND25plus was enhanced in April 2000 and substantially re-engineered in April 2001. NDLP was introduced in prototype form in 1997 and launched nationally in 1998. Participation in the programme was voluntary for eligible lone parents (those claiming Income Support or a number of other benefits). ND50plus was launched in April 2000 as a voluntary programme for people aged 50 or above (and their dependent partners). NDDP was introduced nationally in July 2001, with voluntary participation for people claiming a range of incapacity-related benefits.

All New Deal programmes embody two key principles. First, is the 'job first' principle that asserts the primacy of job search as the most effective way to help participants into long-term sustainable jobs (with training and other activities only given as a last resort to overcome barriers to employment). Second, 'personal advisers' are seen as the best method of delivering a flexible and targeted service to participants.

There is a fundamental distinction to be drawn between ND25plus and the other adult New Deal programmes. The former served long-term unemployed people on JSA who (under JSA rules) are expected to be actively seeking work. ND25plus clients are thus required to participate and may be required to participate in particular activities as part of the programme. The original ND25plus programme merely required jobseekers to participate in a 26 week long period of advice, guidance and supported job search. The version operating since April 2001 has not only required participants to take part in a streamlined advisory gateway but also requires those who have not obtained work at the end of that 16 week period to enter an intensive activity period (IAP) during which they may be required to undertake activities such as Basic Employability Training, work experience placements, short courses and similar activities. Participants remaining out of work at the end of the IAP are required to enter a follow through period of intensive support from a personal adviser.

Unlike those on ND25plus, participants on NDLP, ND50plus and NDDP are not required to participate, but do so on a voluntary basis. The nature of the support provided varies although the role of the personal adviser remains paramount. Since April 2001 all (eligible) lone parents claiming Income Support have been required to attend a mandatory work-focused interview (WFI) with a personal adviser. The purpose of the WFI is to move lone parents closer to the labour market and encourage participation in NDLP. Lone parents who opt to enter NDLP receive a series of interviews with their personal adviser and this is the main form of support, although some financial help is available to defray the cost of training and childcare. ND50plus offers advice and guidance, an in-work training grant and (until April 2003) a tax-free employment credit of £60 per week (in a full-time job) or £40 (in a part-time job). A 50 plus element in the Working Tax Credit has now replaced the latter. NDDP offers support to disabled clients through a network of external Job Brokers from the public, private and voluntary sectors, who operate very much like personal advisers in offering support and guidance and who can also act as facilitators to help clients obtain more specialist support if required.

Evaluation of New Deal

New Deal programmes have been subject to extensive monitoring and evaluation, reflecting the government's commitment to 'evidence-informed policy'. The broad evaluation strategy was set out in *New Deal: Objectives, Monitoring and Evaluation* (Employment Service, 1997).

The initial New Deal evaluation programme (covering New Deal for Young People (NDYP) and ND25plus) was a very substantial and ambitious one involving the full range of evaluation techniques ranging from detailed qualitative interviews to large-scale quantitative surveys of participants and employers. The evaluations addressed a number of research questions, including the effect on employment and unemployment of the target group, the effect on individuals, the impact on employers, the most effective way of delivering New Deal, the impact on total unemployment, the net impact on Exchequer costs and the wider consequences of New Deal on social exclusion. This programme was largely complete by 2000.

Evaluations of other New Deal programmes (such as NDLP, NDDP and ND50plus) and enhanced versions of the original New Deal programmes (ND25plus) have generally been on a more modest scale than the earlier evaluations and have tended to answer a smaller range of evaluation questions. Nonetheless, a considerable body of evidence has now accumulated about these programmes, albeit often relating to issues of delivery, participant experiences and immediate impacts rather than the broader issues of macroeconomic effects, cost-effectiveness or the indirect effects on social exclusion.

The two PSA targets most closely aligned with New Deal and the employment elements of the welfare to work initiative are:

DWP4/DTI6
Over the three years to spring 2006, increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle – lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications, and the 30 local authority districts with the poorest initial labour market position, and significantly reduce the difference between their employment rates and the overall rate;

DWP7
Target: In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate. Work to improve the rights of disabled people and to remove barriers to their participation in society.

2.3 Making work pay

Possibly the most fundamental issue to be addressed by policies relating to social exclusion and the labour market is that of striking a balance between support for people who, for one reason or another, are excluded from work while at the same time not undermining the incentive to obtain employment. 'Moral hazard' is a phenomenon found in the insurance industry where by insulating people from the consequences of certain situations, the incentive to avoid those situations is reduced.[2] In the context of social insurance, financial support for those unable to obtain work may have the same disincentive effects.

We can expect disincentive effects to be most marked amongst those for whom benefits while out of work are high, relative to what could be earned in work. Given that many people who are socially excluded would only command low earnings even if they were to obtain a job (for

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2   For instance, generous household content insurance may reduce the incentive for householders to take active steps to prevent burglaries (secure in the knowledge that stolen items will be replaced).

instance, because of low skills or because they belong to a group against whom employers discriminate in employment), then it is clear that benefits and social security policies risk reinforcing social exclusion and have a role to play in helping people to escape exclusion from the job market by making work pay in relation to the alternative of labour market inactivity.

Key initiatives

There are a wide range of initiatives that, either directly or indirectly, help to increase the incentive for people on benefit to obtain employment by 'making work pay'. These can, for convenience, be grouped into four:

- policy to encourage and inform;

- transitional support;

- tax and benefit reforms; and

- introduction of a national minimum wage.

Improving information about the financial gains from work

There are several processes through which policy can operate to make work pay. People on benefit may see employment as an unattractive or impractical alternative to inactivity for a number of reasons. First, there may be a culture of benefit dependence in which the excluded believe that they are financially better off claiming benefits rather than working. This perception will be correct in some instances, but not all. One approach to making work pay is therefore to address these misconceptions and lack of information and to demonstrate to benefit recipients that they would, in fact, be better off in work than remaining on benefit. A particularly good example of this is the 'better-off calculation' performed by NDLP personal advisers. Usually carried out in the first interview (GHK, 2001), the better-off calculation is a computerised process using information on client circumstances, potential earnings in likely jobs and information about benefits, enabling advisers to demonstrate to many lone parents that, contrary to their expectations, they would be financially better off in work than by remaining on benefit.[3] Around 85% of NDLP participants received a better-off calculation (Lessof *et al.*, 2003). Such demonstrations are less necessary for JSA claimants since under JSA rules clients are required to seek and accept employment. Nonetheless, any demonstration that a job seeker would be better off in employment is likely to make the process of placement into employment somewhat easier than would otherwise be the case.

Supporting the transition from benefit to work

A second barrier to work may be the cost of the transition to work. Even if better off in work, a benefit recipient may still be deterred from entering work by costs associated with leaving benefit. Barriers to entry to work can arise because:

- earnings are usually paid in arrears, so creating a (one-off) gap in income;

- it may be some time before in-work benefits become established;

- benefit recipients often have no savings to cushion them, even for a few days;

- some living costs are on-going, such as rent and utility bills;

- work itself involves start-up costs, such as clothing, tools and travel costs;

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3   A key variable in the better-off calculations is the number of children. As a rule, lone parents with less than three children were better off in work than on income support while such gains were less evident for those with three or more children.

- initial take-home earnings may be reduced if an emergency tax code has to be applied; and

- starting work may reduce entitlement to other benefits.

Moreover, the predictability of benefit is one of its main features and this contrasts with earnings that can involve uncertainty. Earnings may fluctuate or not last. Earnings may relate to output (or commission) or go down if the employee is absent due to illness. Where a job does not last, it may be time-consuming to re-establish a claim for benefits, and the claimant may not be assessed in the same way as before. Harries and Woodfield (2002) found that the need for transitional support was greatest amongst benefit recipients with dependent children or other dependents, those with substantial accumulated debt, those with regular housing costs (mortgage or private rent) and those with few informal networks to access financial support to help them through the transition.

A number of initiatives are designed to address this problem. These include:

- the Job Grant;

- Housing Benefit Run On (HBRO);

- Council Tax Benefit Run On (CTBRO);

- Mortgage Interest Run On (MIRO);

- Lone Parent Run On (LPRO);

- Adviser Discretion Fund.

Job Grant was introduced in April 2001 and provided a grant of £100 for clients who have made a continuous claim for Income Support (IS), Jobseeker's Allowance (JSA), Incapacity Benefit (IB) and Severe Disablement Allowance (SDA) for 52 weeks or more. They must be moving into work of at least 16 hours per week and expect their employment to last for at least five weeks. Job Grant is not available to anyone receiving lone parent run on or to anyone aged under 25 at the time of starting work.

LPRO was introduced in October 1999 and offers a two-week extension of IS or income-based JSA payments to lone parents who have claimed Income Support, or income based JSA continuously for at least 26 weeks. HBRO was first introduced in April 1996 when claimants were required to make a formal claim for it. Since April 2001 HBRO has been paid automatically. Recipients of HBRO receive housing benefit for four weeks after they leave benefits to start work. To qualify for a run on, a claimant must leave benefit to start work after being on IS or JSA for at least 26 weeks. The work must be expected to last at least five weeks. Eligibility conditions for CTBRO are the same as those for HBRO.

The Adviser Discretion Fund (ADF) was introduced in April 2001 to enable payments (up to £300) to be made to New Deal participants to help overcome specific barriers to searching or securing employment. Since 2002 a number of other types of benefit recipient have also become eligible for support from the ADF. A key feature of ADF (as compared to previous financial support) was that decisions about funding rest with personal advisers. This was intended to provide a flexible means of addressing barriers to job search or entry to work (where a small amount of money can help) and to allow a better match between the support provided and the needs of the client. ADF payments have averaged around £100 per person, although in some cases larger payments have been made and it is permissible in some cases to exceed the £300 ceiling. ADF is most commonly used to help with the purchase of work clothing, tools and equipment, travel or transport costs and (in the case of lone parents) up-front childcare costs (ECOTEC, 2004).

Tax and benefit reforms

The relative financial reward from employment compared to income from benefits (the so-called replacement ratio) is affected by taxes on earnings and the level of benefits when out of work. In principle, it is possible to consider each (taxes and benefits) separately. With the recent introduction of tax credits that are paid to eligible people in work, the distinction between taxes and benefits has become blurred and for that reason they are treated together in this section.

In 2002–2003, around £120 billion was spent on social security benefits in Great Britain. Over 30 million people (over half the population) were in receipt of income from at least one social security benefit (HM Treasury). The range of benefits on offer is considerable. In a recent review of the UK benefit system, the Institute for Fiscal Studies (IFS) identified 30 specific benefits and related tax credits of relevance to working age adults (Leicester and Shaw, 2003). Excluding benefits specifically for older people, benefits can be classified into six broad types (with key benefits indicated under each):

- Benefits for families with children:
  - Child Benefit;
  - Working Tax Credit;
  - Child Tax Credit; and
  - Statutory Maternity Pay.

- Benefits for unemployed people:
  - Jobseeker's Allowance; and
  - New Deal programmes.

- Benefits for people on low incomes:
  - Income Support;
  - Housing Benefit; and
  - Council Tax Benefit.

- Benefits for sick and disabled people:
  - Incapacity Benefit;
  - Attendance Allowance;
  - Disability Living Allowance;
  - Severe Disablement Allowance;
  - Invalid Care Allowance; and
  - Industrial Injuries Disablement Allowance.

- Benefits for the bereaved:
  - Widows and Bereavement Benefits; and
  - Industrial Death Benefit.

- Other benefits.

However, few of these benefits are exclusive to people of working age (for instance, many people on Income Support are people above retirement age). IFS estimated that benefits received by people of working age (16–59/64) accounted for around 26% of social security expenditure (with 10% by people with disabilities, 15% by children and 49% by people over working age).

The most significant benefit initiative since 1997 that is likely to impact upon employment has been the introduction of tax credits. This form of in-work support has the effect of increasing the incomes of households conditional upon household members being in employment and is intended both to provide a greater incentive for members of workless households to enter employment and to raise low household incomes. Working Tax Credit (WTC) replaced Working

Families Tax Credit (WFTC) and Disabled Person's Tax Credit (DPTC) in April 2003. In turn, WFTC replaced Family Credit in October 1999 and in the same month the DPTC replaced the Disability Working Allowance.

Families with children and workers with a disability are eligible for WTC provided that at least one adult works 16 or more hours per week. People without children are also eligible but must be aged 25 or above and must work at least 30 hours per week. WTC consists of a basic payment to those eligible plus a number of additional components, all of which are subject to a means test. There are, for instance, payments to couples and lone parents, payments for couples jointly working more than 30 hours per week, supplementary payments for people with disability, severe disability and for people over the age of 50 who are returning to work. Payments can also be made to cover an element of childcare costs. In October 2003, around 1.7 million families were receiving WTC of which around 160,000 had no dependent children.

The main benefit for unemployed people is Jobseeker's Allowance (JSA). This benefit was introduced in October 1996 and represented a somewhat stricter benefit regime than that operating previously. There are two types of JSA: contributory JSA (payable to those with the necessary National Insurance contributions) and income-based JSA payable to claimants who pass a means test. Where eligible, an unemployed person can receive contribution-based JSA for six months. Thereafter, they become eligible for income-based JSA if they pass the means test. Claimants cannot work more than 16 hours per week while receiving JSA and must be capable of starting work immediately and be taking active steps to find a job.

There are two main taxes that impact upon earnings: income tax and national insurance contributions. Income tax is a complex system in which some, but not all, income is taxed, notably, earnings up to a certain amount (the personal allowance) and particular types of income including many non means-tested benefits. Apart from the routine revision of personal allowances and other minor changes, the income tax regime in the UK has been largely unchanged for many years. The most significant innovation has been the introduction of a form of negative income tax in the shape of the new tax credit system; see Adam and Shaw (2003) for a detailed description of the current UK tax regime.

National insurance contributions are notionally payments that entitle individuals to certain contributory social security benefits, but in practice there is little relationship between such contributions and benefits received. National insurance contributions are thus simply an additional tax on earned income. In the past, the national insurance system has been a source of significant disincentives to enter employment, creating 'tax traps' with a high marginal tax rate affecting people working on low wages and in part-time jobs. Most of these anomalies have been eliminated and the national insurance system simplified. The most recent changes, such as the removal of the upper earnings limit for employees and the alignment of key national insurance thresholds with thresholds in the income tax regime, have virtually eliminated any grounds for distinguishing between national insurance and income tax.

National Minimum Wage

There is a limit to the extent to which any reform of taxes on earnings can help reduce poverty and associated social exclusion because the very lowest paid groups in the workforce pay little or no tax and thus receive no benefit from such reforms. One method of addressing this is to use tax credits that top up the incomes of people working in low paid jobs (see above). An alternative approach is to raise the wages of the lowest paid by means of a statutory national minimum wage. This has the advantage over tax credits of passing the direct costs of reducing low incomes from the taxpayer to employers but it runs the risk of increasing unemployment should employers cut jobs in response to any increase in wage costs.

A statutory national minimum wage (NMW) was introduced into the UK in April 1999. The NMW was set at £3.60 per hour for adult workers (those aged 22 or above). Since then the NMW has been revised and from April 2004 has been £4.85 per hour for adult employees.

2.4 Learning and skills

Lack of skills, qualifications and work experience are associated with frequent or long periods of unemployment or worklessness and, in turn, can lead to poverty, poor health and social isolation. Aiding entry to paid work is a central element of the government's strategy to tackle social exclusion. Education, training and skills acquisition are policy instruments that support the goal of reducing social inclusion as well as being vital for increasing productivity and economic competitiveness.

Since 1997 there have been significant reforms of both policy and the institutions charged with delivering learning and skills policy. The effects have been felt across the board, not only in the most obvious areas such as education and training but also in industrial, regional and economic development policy, urban and rural policy, business support, social welfare and many other aspects of government activity. The system for delivering for skills and workforce development has become increasingly complex with many different agencies being involved.

To address issues of literacy and numeracy, a national strategy, *Skills for Life,* was launched in 2001 (Department for Education and Skills, 2001). As part of this strategy, DfES has been working with a number of agencies and organisations to encourage adults to improve their basic skills. In collaboration with the Learning and Skills Council (LSC), it has been leading a campaign to ensure that 750,000 adults improve their literacy and numeracy skills by 2004. It has also been working with learndirect and is supporting the work of Sector Skills Councils to address sector-specific issues of basic skills. Reforms designed to improve the responsiveness of the supply of learning and training were set out in *Success for All* (Department for Education and Skills, 2002). This was a response to perceived issues of poor quality provision in much of the further education sector. Subsequently, a 'blueprint' for the delivery of future learning and skills policy was set out in *Realising Our Potential* (Department for Education and Skills, 2003). This White Paper explicitly addressed the criticism that the institutional framework for delivering skills policy has been uncoordinated and confusing. The strategy sets out a number of partnership arrangements designed to improve delivery in this regard. These partnerships are intended to bring departments and agencies with responsibility for skills and business support together at the national level and to encourage regional and local co-operation between organisations so that the planning and funding of learning and training is more effective.

Within this broad context of learning and skills policy, there is a wide range of initiatives that impact on the participation in learning and seek to enhance the skills of working age adults. The Department for Education and Skills is responsible for delivering pre-16 education and for managing the delivery of post-16 education through agencies such as the National Learning and Skills Council for England and the Higher Education Funding Council. While these aspects of learning and skills are immensely important in the long term for adults, they largely fall outside the remit of the current review that focuses on people above the age of 25. In terms of government policy directly relating to the education, learning and skills of people of working age, the focus has been on providing support for those with no or low level qualifications and skills since those who have experienced educational failure in the past are the least likely to engage in post-school learning. Running parallel with the need to address basic and foundation level skills, government policy has also sought to encourage training and workforce development that would contribute to the reduction of skill shortages and increase competitiveness. Intermediate skills (skills roughly equating to NVQ Level 3) have frequently been cited as an area where the UK lags behind its major competitors.

Many labour market policies and initiatives contain an element of training or skill development for adults, even if this is not their primary purpose. Examples include NDYP where participants may engage in full-time education and training for up to 12 months, ND25plus, where participants may be referred to short courses in basic skills, key skills as well as 'soft skills' (Hasluck, 2002), and NDLP where training in a new job may be supported by means of the In-Work Training Grant (Lakey *et al.*, 2002). Where this is the case, the impact of such skill development is considered as part of the overall impact of such programmes. In other instances, initiatives have as their main aim a specific learning or training focus for adults. Examples of such initiatives include:

● Adult Basic Skills (Skills for Life);

● Work Based Learning for Adults (WBLA); and

● Employer Training pilots.

A number of initiatives have been introduced to address deficiencies in basic skills amongst adults. These include the Adult Basic Skills (Skills for Life) programme that is intended to improve adult literacy, numeracy and language skills at national and local level. Introduced in nine pilot areas in April 2001 the programme was rolled out nationally in September of that year. Closely allied to that programme, as well as the WBLA programme, is Basic Employability Training that was launched in April 2001. This programme was intended to address issues of literacy and numeracy skills in people aged 25 or above. Most significantly, the 2003 Skills Strategy White Paper announced the Foundation Skills for Employability initiative. This will give a new entitlement to free learning leading to the first NVQ Level 2 qualification. Eligible learners (those with no or below Level 2 qualifications) will be able to enrol on publicly funded learning programmes.

The principal programme for training non-employed adults is WBLA. WBLA is a voluntary programme intended to provide training for people aged 25 or above who have been claiming JSA or other benefits (such as Income Support, Incapacity Benefit, Widows Benefit, Maternity Benefit, Severe Disability Allowance and a number of other benefits) for six months or more. Around 15% of WBLA participants were claiming a benefit other than JSA and, of these, around half were lone parents. People judged to be seriously disadvantaged could enter the WBLA programme from day one of claiming their benefit. WBLA operates in parallel with ND25plus. WBLA clients on JSA enter ND25plus after 18 months of benefit claim, while ND25plus clients may leave to enter WBLA (and this is regarded as a positive outcome for ND25plus).

WBLA aims to help people find the occupational and employment skills they need to find work. Key objectives of the programme are:

● to help adults without work and with poor employability skills move into sustained employment;

● to help long-term employed people to gain occupational skills needed to fill local skills shortage difficulties; and

● to help long-term unemployed people to make a success of self-employment.

These objectives are mirrored in the four types of provision, or opportunities, available under WBLA, namely:

● Basic employability training (BET);

● Longer occupational training (LOT);

- Self-employment provision (SEP); and

- Short focused training (SFT).

The training available on WBLA depends on the length of time on benefit. Those claiming for 6–12 months are entitled to up to six weeks of training (mainly short courses or a four week BET course). Those claiming for 12 months or longer are entitled to up to 12 months of training. Such training usually consists of a package of training aimed at overcoming the individual's barriers to work (combining BET, work placements and work trials and vocational training leading to recognised qualifications). People with severe disadvantage are eligible for up to six months BET provision.

Employer Training Pilots were launched in September 2002 in six local LSC office areas. The aim of ETP was to reimburse employers for some of the costs of training employees. The programme is intended to increase the volume of employer-led training at NVQ Level 2 and was aimed at employees with no or very low level qualifications. Under the ETP programme employers can access free training programmes, financial support to cover the cost of employees attending courses in working time and a broking service to help match the training obtained to their needs. The ETP was extended to a further six pilot areas in 2003 and is intended to operate until 2005. The pilots were flagged up in the 2003 Skills Strategy White Paper as an important indicator of policy for the future.

Learning and training creates possibilities for social inclusion via the attainment of formal qualifications and acquisition of skills (including 'soft' skills). There has been a fundamental downward shift in the demand for unskilled labour and a rise in the premium to qualifications (Gregg and Wadsworth, 2003b). Hence, the Treasury and Dfes (2001), concluded that a key economic driving force behind trends in worklessness has been a marked shift in the employment and earnings prospects of workers with low skills. It has been estimated that in 1986, 62% of jobs required qualifications, but by 1997 the figure had increased to 69%. Analysis of cohort data (Bynner, 2001) has demonstrated the greater significance of possession of qualifications and literacy and numeracy skills as protection against future unemployment for successive cohorts of young people.

Formal educational qualifications confirming attainment play an important role in employers' judgements about hiring individuals. In deciding whom to hire, employers seek easily accessible and comparable data, such as GCSEs, hence the link between attainment, labour market participation and earnings (Sparkes and Glennerster, 2002). Work by Bynner and Parsons (1998) also emphasises the impact on adult outcomes of poor basic skills, especially for individuals at high risk of social exclusion from other factors. The evidence indicates that individuals who leave schools with low levels of (formal) educational attainment and poor basic skills are at a higher risk of experiencing social exclusion as adults. Those who lack basic literacy and numeracy skills are at particular risk.

A number of government targets focus on groups who are disadvantaged in the labour market as well as up-skilling to combat social exclusion and enhance competitiveness – for example:

DfES 10
To improve the basic skills levels of 1.5 million adults between the launch of Skills for Life in 2001 and 2007, with a milestone of 750,000 by 2004;

DfES 11
To reduce by at least 40% the number of adults in the UK workforce who lack NVQ2 or equivalent qualifications by 2010.

2.5 Disability

The government is increasingly focusing attention on people receiving sickness and disability benefits, and helping such recipients to obtain paid work. Between 1985 and 1998 the number of people claiming incapacity benefit increased from 1.1 million to 2.3 million. By 2003 there were approximately 2.7 million people of working age receiving incapacity benefits. Increasing concerns have been expressed that at least a measure of this increase reflects 'hidden' unemployment,[4] particularly since this increase outstrips increases in the real levels of recorded disability.[5]

Disabled people are a highly **diverse** group, with a wide range of impairments. Berthoud (2003a) has analysed Labour Force Survey data to 'unpack' the employment rate amongst disabled people, and has shown that some disabled people have a very high likelihood of being in work, while others display a very low likelihood. His analysis showed that the severity of impairments plays a crucial influence, but also confirms that disabled people are sensitive to other disadvantaging factors, such as poor qualifications and age. Berthoud (2003a, 172) concluded that the combination of disability and other disadvantages is a particular problem,[6] since:

- disabled men's[7] employment prospects are more sensitive to other disadvantages than those of non-disabled men; and

- disadvantaged men's employment prospects are more sensitive to disability than those of men without such disadvantages.

Hence, in considering the probability of entry into work, and designing policies to help gain entry, it is important to recognise these other characteristics.

The government has targets to raise the employment rate among disabled people over the three years to 2006, and to reduce significantly the gap in employment rates between the disabled and the rest of the population.

Key Initiatives

In 1992 the Disability Working Allowance (DWA) was introduced in an attempt to help disabled people stay in, or move into, work, **if they wished to do so**. The DWA was a benefit that topped up wages of disabled people working 16 hours or more per week. In October 1999 the DWA was replaced with the Disabled Person's Tax Credit (DPTC), and in April 2003 was subsumed within the Working Tax Credit (WTC).

The government's key initiative to encourage disabled people to work is the New Deal for Disabled People (NDDP). It is complemented by the Working Tax Credit and by attempts to combat discrimination of disabled people in employment via the 1995 Disability Discrimination Act (DDA). NDDP started off as a pilot programme in September 1998, encouraging experimentation and

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4   Benefit rates for Incapacity Benefit (IB) are higher than for Job Seekers Allowance (JSA), so for recipients there is a financial incentive to move from JSA to IB.

5   In summer 2002 6.9 million people (19% of the population of working age) had a long-term disability.

6   The employment rates for disabled and non-disabled men with no other disadvantages (such as being aged 50 years or more, having no partner, having low education and skills levels, being located in a high unemployment region and being from a disadvantaged minority ethnic group) are 65% and 95%, respectively. However, for, disabled and non-disabled men with four other disadvantages, the respective employment rates are 10% and 53%.

7   The analysis was confined to men, since the presence of children is a further complicating factor in explaining participation in employment of women.

innovation in service provision,[8] and subsequently was extended nationally from July 2001. The programme is voluntary. The national extension of NDDP comprises an 'NDDP gateway' at Jobcentre Plus offices and a network of around 60 job brokers who deliver the programme locally (Stafford, 2003). The job brokers comprise a mix of public and private sector organisations, and are concerned with providing assistance in finding work, and/or in developing skills. Although they receive a registration fee, funding is mainly based on job entry and sustained employment outcomes. Clients also have access to support programmes such as Access to Work. Following the Green Paper *Pathways to Work* (DWP, 2002) pilots to help people on IB move into work and to test measures to promote job retention have been established in seven Jobcentre Plus districts.

2.6 Area/Neighbourhood Renewal

The development of area-based initiatives (ABIs) stems from evidence that social exclusion is not evenly distributed geographically, but is concentrated in particular areas. Unemployment and non-employment display a distinctive, and relatively persistent, geographical pattern: as noted in section 1.3, two-thirds of the local authority districts with the lowest employment rates in 1997 were also among the bottom 30 in 2001. Moreover, the precise nature of problems (e.g. of worklessness), and the processes that have led to spatial concentrations, vary from area to area (Martin, 2003), so suggesting that policies should vary from area to area. The aim of area/neighbourhood renewal policies is to challenge social exclusion in a co-ordinated way, and to reduce and/or close spatial 'gaps' in economic and social well-being, with cognisance to the specific nature of problems, circumstances and opportunities in particular local areas.

There is an ongoing debate concerning the role of people and place-based factors in understanding geographical patterns of worklessness and social exclusion. Geographical concentrations of social exclusion may be the result of the uneven spatial distribution of population subgroups susceptible to social exclusion. Hence, a supply-side explanation of spatial concentrations of worklessness might suggest supply-side feedbacks lead to local 'hysteresis' effects, giving rise to local worklessness hot spots where entrenched worklessness is higher and employability is lower. These hot spots might be only a short travelling distance from areas with relatively plentiful job opportunities, yet problems in the non-employed residents from such areas filling these jobs might arise because of mismatches in skills, aptitudes and attitudes between the unemployed and employers. Other barriers to work might include lack of information, poor transport, debt, benefit traps and the informal economy.

By contrast, demand-side explanations suggest that persistent local disparities in non-employment are mainly due to a lack of local demand for labour. Changes in the nature and composition of employment, such that available jobs do not match the skills of the unemployed, and employer discrimination may compound problems. Indeed, it has been argued that 'spatial mismatch' (a spatial separation of jobs and residences) may compound 'skills mismatch' (Kasarda and Kwok-fai Ting, 1996). This occurs as a decline of local low skill jobs leads to greater spatial and skills mismatches for residents with limited education, generating greater competition for the low skilled jobs that remain.

However, there is also recognition that over and above such uneven spatial distributions, neighbourhoods can have negative intrinsic characteristics[9] that cause them to lose out in residential sorting processes.[10] These neighbourhoods then acquire further problems (Lupton and

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8   Two versions of NDDP were piloted: Innovative Schemes and Personal Adviser Schemes. The former comprised 24 pilots, evaluating different approaches to engaging and supporting people into work, and were run by partnerships from private, public and voluntary sectors. The latter schemes provided a more conventional New Deal approach, with a personal adviser.

9   These characteristics include location, housing stock and economic structure.

10   So that they draw in the least advantaged members of society who have the most restricted choice about where they live.

Power, 2002). Evidence from social surveys conducted in Single Regeneration Budget (SRB) areas supports this view: "… in the areas examined the majority of the local community population is deprived so that social exclusion affects the whole area. The problems interact with each other and persist as the area acquires a poor image and residents become resigned to the difficulties and tolerate what becomes a culture of social exclusion in which the area becomes dependant on the state for income and many people become excluded from participating in the wider society" (Rhodes *et al.*, 2002: 23). Hence, neighbourhood concentrations of worklessness might be caused and perpetuated by the housing system. Turok (2003) argues that such spatial concentrations of worklessness at neighbourhood level are different from the spatial concentrations of worklessness caused by de-industrialisation and de-urbanisation.

The governance context for area-based initiatives (ABIs) is the regionalisation of government services and decision-making, and at a more local level the establishment of a Neighbourhood Renewal Unit (NRU) to co-ordinate the implementation of a National Strategy for Neighbourhood Renewal. This strategy aims:

- to deliver economic prosperity, safe communities, high quality schools, decent housing, improved physical environment and better health to the poorest parts of the country; and

- to narrow the gap between the most deprived neighbourhoods and the rest of the country.

Local Strategic Partnerships (LSPs) have been established as the main bodies focusing public services on those areas that the local community feels need specific attention, through the development of integrated local strategies for neighbourhood renewal. The resulting Local Neighbourhood Renewal Strategies (LNRS) are designed to bring services together at local level. This activity is supported by a Neighbourhood Renewal Fund (NRF) targeted on Neighbourhood Renewal Areas established in the 88 most deprived local authority districts in England. The NRF offers a ring-fenced funding stream delivered through LSPs, for activities including:

- supporting neighbourhood renewal investment to tackle social and economic problems;

- increasing level of economic activity within disadvantaged communities;[11] and

- encouraging micro and social enterprises to start up and survive.

There is a multiplicity of ABIs in operation (Tunstall and Lupton, 2003); Alcock (2003) notes that the Regional Co-ordination Unit lists around 50 ABIs. Lawless (2004) suggests that if the late 1990s and early 2000s are compared with equivalent experience ten years earlier there are more ABIs covering a wider range of outcomes, including health, crime, the physical environment as well as worklessness. Key area/neighbourhood renewal policies in operation since 1997 which impact on the working age population include:

- Single Regeneration Budget (SRB);

- Health Action Zones;

- Employment Zones;

- Action Teams for Jobs;

- Local Worklessness Pilots;

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11   The focus is on the most deprived wards.

- Excellence in Cities;

- Sure Start; and

- New Deal for Communities (NDC).

The ABIs listed above are programmes supported by central government. In addition, there is geographically targeted EU funding. Furthermore, in many areas local government has developed social inclusion initiatives to work with target groups in poorer neighbourhoods. In May 2003 the Local Government Association, the Department for Work and Pensions and Jobcentre Plus signed a National Employment Accord. The Accord is an agreement to work in partnership with others to increase employment rates (especially among disadvantaged groups and areas), to reduce poverty and encourage social inclusion through the use of innovative and flexible approaches and collaborative working at local level.

Some of these programmes/policies listed above focus on specific aspects of social exclusion (for example, the 'health' focus of Health Action Zones) and/or focus on some subgroups of the population to a greater extent than on others. So, for example, SRB programmes were diverse in nature: some covered unemployed people, others were targeted at adult learners, minority ethnic groups, and so on. Other policies may be characterised as being more holistic – encompassing different dimensions of social exclusion (such as worklessness, health, crime, housing, etc). New Deal for Communities is one such policy, focusing on all residents within a particular area, and intended to reduce the gap between the poorest neighbourhoods and the rest of the country. Some of the other policies highlighted above may be considered as hybrid policies, in that they have a particular area focus – Employment Zones, Action Teams for Jobs and the Local Workless Pilots are examples of national welfare-to-work policies that have a local focus. So, for example, Action Teams for Jobs aim to increase employment rates among disadvantaged groups[12] in deprived areas, by providing new and flexible ways to help people who want work to get and keep jobs. Outreach services based in the target communities are a key feature of the approach adopted. The proliferation of area-based initiatives is such that a Regional Co-Ordination Unit (2002) review pointed to 'partnership overload' and some unnecessary duplication of bureaucracy, leading to a lack of integration between some initiatives. A rationalisation and integration, where possible, into mainstream programmes was recommended.

Of the area/neighbourhood renewal policies outlined above, the SRB is the longest established. SRB was introduced in the mid 1990s, combining twenty previously separate programmes, with its main purpose being a catalyst for local regeneration. The first round began in 1995–6 and the sixth and final round was announced in 2000–2001. It was designed to complement and attract other resources (private, public or voluntary) with the aim of helping improve local areas and

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12   Including:
- ethnic minorities;
- ex-offenders;
- lone parents;
- persons with a disability;
- ex-regulars in HM Forces;
- rough sleepers;
- refugees and asylum seekers;
- people whose first language is not English;
- people lacking basic skills;
- people with serious/long established drug and alcohol problems;
- people who have been jobless for more than 12 months;
- people who are 50 years old or more; and
- people who have completed Employment Zone or New Deal 25 plus and face the prospect of returning to benefit.

enhancing the quality of life of local people by tackling need, stimulating wealth creation and enhancing competitiveness. Central to the initiative has been an emphasis on a partnership-led approach to regeneration. Interested parties[13] come together to devise a local regeneration scheme and seek financial support through an annual bidding round run and organised first by the Government Offices for the Regions, and then by the Regional Development Agencies. The activities supported by SRB were intended to make a real and lasting impact on the local areas/target groups in question and to encourage partners to come together in a joint approach to meeting local needs and priorities.

In SRB and in other area/neighbourhood renewal policies, targets are generally set locally, and relate to the specific local context and subgroups. For hybrid programmes there has been a trend towards tightening of targets. In this context it is salient to note that in phase 2 of the Action Teams for Jobs, targets were tightened.

Typically, holistic area-based policies are intended to work by means of **specific projects** targeted to address specific problems/issues that are of particular importance in the local area in question. Hence, New Deal for Communities (NDC) is a £2 billion ten-year programme in 39 of the most deprived neighbourhoods in England focused on outcome-based delivery across five themes: crime, health, education, work, and housing and the physical environment. Each area comprises around 4,000 dwellings. Seventeen 'Round 1' NDC partnerships were announced in 1998 and a further 22 'Round 2' partnerships in 1999. The NDC Partnerships are implementing approved delivery plans over a ten-year period. In relation to work and the labour market, NDC programmes draw on recent developments in worklessness policy at national level – including:

- promoting enterprise by helping businesses to start up, develop and grow;

- raising skills through better education and workforce training;

- welfare-to-work policies which prevent unemployed people from becoming detached from the labour market and help the long-term unemployed and inactive back to work; and

- targeted measures to assist areas and groups facing the most serious barriers to work.

Examples of typical outcomes for each of the five themes and associated projects are listed in Table 2.1.

13   SRB partnerships involved a range of organisations from the voluntary sector, the business community and the local community, as well as public sector agencies.

Table 2.1 **Examples of NDC outcomes and projects**		
Theme	**Outcomes**	**Examples of projects**
Crime	Reducing crime Reducing burglary Lowering fear of crime and increasing perceptions of safety Reducing car crime Reducing anti-social behaviour	Neighbourhood wardens/guardians Increases in police numbers and activities Security hardware for domestic properties CCTV Community safety strategies Enhanced security through design Victim/witness support schemes Improved street lighting Drug/alcohol abuse projects
Health	Improving mental health Enhancing life expectancy	Mental health projects Healthy living centres Drug/alcohol abuse project/worker/services Health advice and information centres Health awareness training
Education	Mainly related to enhancing educational performance of children/young people at Key Stages	IT facilities Adult education programmes Literacy programmes
Work (lessness)	Reducing unemployment Helping new businesses to start Attacking unemployment amongst BME groups Improving the skills for work base	Training and skill centres and schemes Childcare facilities Job matching interventions Employment adviser/advice centres IT training initiatives Intermediate labour markets
Housing and the physical environment	Improving the quality of housing Reducing the stock of unfit dwellings Improving environmental quality Reducing void rates Improving open spaces	Neighbourhood management Housing redevelopment Infrastructure improvement Demolitions of unfit/unpopular dwellings Environmental improvements – litter, etc. Traffic calming

While many of the outcomes will be similar across NDC areas, the types of projects implemented will vary in accordance with the characteristics or issues in each area as highlighted in their delivery plans. A resident-led board, acting together with associated stakeholders and existing community/voluntary services within the area in question determines NDC strategy. Such **resident involvement** – linked to 'empowering' and 'up-skilling' of local residents – is a key feature of neighbourhood regeneration programmes.

Area/neighbourhood renewal programmes have typically been evaluated using a variety of methods. Hence, SRB and Action Teams for Jobs were evaluated via case studies, assessment of management information and analysis of delivery plans and surveys.[14] Value for money assessments were also made in the case of SRB. NDC is subject to a long and complex evaluation programme. At national level, this incorporates a household survey in all NDC partnerships, the collection and analysis of partnership and programme secondary and administrative data, and local studies in each of the 39 NDC areas – involving interviews with a range of key actors and agencies. Additionally, there are separate evaluations of each of the five themes – focusing on studies of

14   Surveys were with clients and employers in the case of Action Teams for Jobs. In SRB surveys could also involve residents.

particular projects, such as those focusing on job brokerage, lifelong learning, etc., in the case of the 'work' theme. At local level, local evaluation of particular projects is underway in many of the individual NDC areas.

PSA targets help to steer policy at different geographical scales. At regional level, the Office of the Deputy Prime Minister (ODPM), the Department of Trade and Industry (DTI) and the Treasury share a PSA target to make sustainable improvements in economic performance of all English regions and, over the long term, to reduce the persistent gap in growth rates between regions. At local authority district level, the Department for Work and Pensions (DWP) has a PSA target to increase the employment rate of the 30 local authority districts with the poorest initial labour market position, and to reduce the difference between their employment rates and the overall rate.

Alongside these PSA targets, the adoption of 'floor targets'[15] in social inclusion and neighbourhood renewal policy promotes a minimum standard which under-performing areas are required to achieve. The NRU is concerned with narrowing the gap between deprived areas and the rest of the country so that no one should be seriously disadvantaged by where they live. As outlined above, the NRU is responsible for overseeing a comprehensive neighbourhood renewal strategy that responds to local circumstances rather than directing everything from Whitehall. The strategy aims to harness the substantial reserves spent by key government departments and service providers rather than rely on one-off regeneration spending. The NRU has adopted the following:

- *To promote better policy integration nationally, regionally and locally; in particular to work with departments to help them meet their PSA floor targets for neighbourhood renewal and social exclusion.*

Table 2.2 lists relevant targets that emphasise the importance of activity in many policy domains.

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15   'Floor target' is a generic term that was used in the Spending Review 2000 to describe targets that promote a minimum standard for disadvantaged groups or areas, or a narrowing of the gap between them and the rest of the country.

Table 2.2 **PSA Floor Targets of relevance to the adult population**

Floor Target	Description
6 (DH target 11)	Starting with local authorities, by 2010 to reduce by at least 10% the gap between the fifth of areas with the lowest life expectancy at birth and the population as a whole.
7 (DfT target 5)	Reduce the number of people killed or seriously injured in Great Britain in road accidents by 40%, and the number of children killed or seriously injured by 50%, by 2010 compared with the average for 1994–98, tackling the significantly higher incidence in disadvantaged communities.
9 (ODPM target 2, shared with HMT and DTI)	Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006.
10 (ODPM target 7)	By 2010, bring all social housing into decent condition, with most of this improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.
11 (HO target 1)	Reduce crime and the fear of crime; improve performance overall, including by reducing the gap between the highest crime Crime and Disorder Reduction Partnership areas and the best comparable areas; and reduce: • vehicle crime by 30% from 1998–99 to 2004; • domestic burglary by 25% from 1998–99 to 2005; and • robbery in the ten Street Crime Initiative areas by 14% from 1999–2000 to 2005; and maintain that level.
12 (DTI target 6)	Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with: • an increase in the number of people considering going into business; • an improvement in the overall productivity of small firms; and • more enterprise in disadvantaged communities.
13 (DTI target 7, shared with ODPM and HMT)	Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006.
14 (DTI target 10, shared with DWP)	In the three years to 2006, taking account of the economic cycle, increase the employment rate and significantly reduce the difference between the overall employment rate and the employment rate of ethnic minorities.
15 (DEFRA target 4)	Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people.
16 (DWP target 4, ethnic minorities part shared with DTI)	Over the three years to spring 2006, increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle – lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications, and the 30 local authority districts with the poorest initial labour market position, and significantly reduce the difference between their employment rates and the overall rate.
17 (HMT target 6, shared with ODPM and DTI)	Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006.

2.7 Housing and homelessness

In the past, much housing policy was concerned with the quality and volume of the housing stock. A key feature of housing policy since 1997 has been the tendency to consider housing in a broader context. One aspect of this broader context is that housing problems are viewed not only in narrow housing terms, but also in terms of their links with wider issues of sustainability[17], social exclusion, regeneration and 'liveability'. The latter is about making an area a 'good place to live', and encompasses aspects of both the physical and socio-economic environment. In physical terms it is about improving housing and neighbourhood quality. Hence, in NDC programmes, for example, housing is often considered to be a major factor that contributes to a poor physical/built environment and quality of life, encourages crime, fear of crime and joblessness, and underpins the economic and social lethargy of the local community. In turn, unpopularity and poor quality of the housing stock may contribute to a negative image, and may cause employers to regard job applicants from such areas as 'no hopers'. Hence, at local level, housing strategies are increasingly about balanced communities, and so improving quality, choice and mix in housing. In social terms it means changing the 'life worlds' of certain residents and helping them to address the problems and issues they face. Provision of accommodation alone, meeting minimum quality standards, may not be enough.

Homelessness and rough sleeping: social exclusion at the 'sharp end'

Homelessness, and more particularly, rough sleeping, is amongst the most visible and extreme manifestation of social exclusion. Homelessness can result from a range of structural and personal factors, but the three main causes[18] are:

- parents, relatives or friends being unable or unwilling to provide accommodation;

- relationship breakdown; and

- end of assured household tenancy.

Rough sleeping may be considered as being at the 'sharp end' of social exclusion – affecting a relatively small number of people, who are amongst the most vulnerable in society. The focus in this section is specifically on homelessness, although it should be noted that other government policies in this period have focused on neighbourhood management, tenant participation, etc.

It is salient to note that the first report produced by the Social Exclusion Unit (SEU), in July 1998, was on rough sleeping (SEU, 1998). The report emphasised that homelessness was a 'joined up problem' needing a 'joined up solution', and recommended setting up the Rough Sleepers Unit (RSU), with a clear remit to focus on those who had not been helped by previous policy initiatives. In order to reduce rough sleeping to as near zero as possible, the need for a **comprehensive** policy, encompassing the elements listed in Table 2.3, was identified:

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17   The ODPM is concerned with (amongst other objectives) 'delivering thriving, inclusive and sustainable communities in all regions'.

18   As measured by recorded reasons for loss of last settled home for households accepted as homeless and in priority need in England.

Table 2.3 **Key elements of a comprehensive policy to combat rough sleeping**
● Whitehall departments' policies and special initiatives for rough sleepers need to be joined up and given sustained political priority;
● more attention needs to be given to preventing the flows into rough sleeping, particularly from prison, the Armed Forces and people who have been looked after by local authorities;
● delivery at local level needs to be intensively co-ordinated;
● priority needs to be given to what works in helping people move off the streets and into suitable accommodation;
● services for people who have been sleeping rough need to be focused on returning them to training, employment and independent living;
● better information is needed on the effectiveness of interventions to help rough sleepers;
● where rough sleepers are being denied access to public services, action needs to be taken; and
● everyone – business, the voluntary sector and individuals – needs to be engaged in helping to solve the problem.

Source: SEU (1998)

Previous attempts at tackling rough sleeping were seen to have suffered from fragmentation of different agencies tackling rough sleeping.

The SEU report also highlighted the overlap between rough sleeping (and homelessness more generally) and a range of other issues – notably drug, alcohol abuse and mental health problems. For example, a Contact and Assessment Team (CAT) in London identified that over 75% of rough sleepers in the area had mental ill health or substance abuse problems, or both. The SEU Report (1998) indicated that 50% of rough sleepers were alcohol reliant, 20% were drug users, and 30–50% had a serious mental health problem. Likewise a London GP quoted in a study of Access to General Practice for People Sleeping Rough (Pleace *et al.*, 2000) indicated that:

> *Almost every health problem is over-represented. There are higher rates of respiratory disease, cardiovascular disease, dermatological disease, much higher rates of violence from others and self-inflicted trauma; higher rates of mental health problems; higher rates of drug and alcohol use. Everything that happens, happens more.*

The need to tackle non-housing problems, if resettlement was to be effective, was also emphasised. The complexity of the problem of rough sleeping was also reiterated by Prime Minister Tony Blair's emphasis on **prevention** in his introduction to the government's strategy on rough sleeping, *Coming in from the cold:* (see ODPM 1999, also ODPM, 2001a), suggesting that a lasting difference on the streets could only be made by:

> *… stopping people from arriving there in the first place. That is why prevention is a key part of this strategy.*

Homelessness and (non) participation in the labour market

There has been increasing recognition of links between homelessness and the labour market, and of the 'catch 22' dilemmas some socially excluded individuals find themselves in, such as (in this particular context) 'no job, no home; no home, no job'. It is recognised that employment and training schemes can help prevent homelessness, and that work – whether paid or unpaid – is a key route out of homelessness. Hence, schemes designed to improve employability by building confidence and self-esteem through education and training leading to work opportunities can be the first step towards a permanent move to a more independent lifestyle.

Obviously, the degree of support needed to access the labour market varies from individual to individual, with homeless people often suffering multiple barriers to employment. The London Framework for Regional Employment and Skills Action (FRESA) (London Skills Commission, 2002) recognises that:

> … homeless people suffer particularly acute multiple barriers to participation in the labour market. Rough sleepers often have very low skill levels, low levels of physical and mental health, and some have severe problems with alcohol and drug abuse. Homeless people in temporary accommodation also face barriers to entry into the labour market, owing to factors such as the lack of a stable address. In addition, they lack awareness of the benefits to which they are entitled, due to the complexity of the benefits system.

Key Initiatives

Attempts to combat rough sleeping predated the 1997 Labour Government. The Rough Sleepers Initiative (RSI) operated in central London from 1990 to 1999 and was extended to 36 other areas in England from 1997. However, following the SEU report on rough sleeping, associated policy received greater impetus. The Rough Sleepers Unit (RSU) was established, with a strategy emphasising the key principles set out in Table 2.4:

Table 2.4 **Key principles of the RSU strategy**
● tackling the **root causes** of rough sleeping;
● pursuing approaches which help people off the streets, and reject those that sustain a street lifestyle;
● focusing on those in most need – and offering less to those more able to help themselves;
● never giving up on the most vulnerable – by providing them with specialist support; and
● helping rough sleepers to become active members of the community – especially by building self-esteem and enhancing readiness for work.

The RSU *Coming in from the cold* strategy (ODPM, 1999) emphasised three key elements:

● helping vulnerable rough sleepers with drug, alcohol or mental health problems off the streets;

● rebuilding the lives of former rough sleepers through education, training and employment; and

● preventing a new generation of rough sleepers, especially young people leaving care and those leaving prison or the Armed Forces.[19]

A key initiative in reducing homelessness was the setting up of 22 multi-disciplinary contact and assessment teams (CATs) around the country, which adopted a new approach to helping vulnerable rough sleepers come off the streets by accessing advice, specialist services and accommodation. In terms of provision of accommodation, the emphasis was on a range of provision, including direct access hostels and shelters (as a first port of call from the streets), specialist hostels and specialist support schemes – so providing targeted support, prior to a move to more permanent accommodation.

In summary, key features of initiatives on rough sleeping and homelessness are **partnership** in the face of the **complexity** of problems facing individuals, and providing **targeted services** to **help those who are hardest to help**.

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19   These groups were identified as being particularly 'at risk'.

Homelessness: a 'holistic' approach

In March 2002 the government published its report, *More than a Roof*, setting out a new approach to tackling homelessness (ODPM, 2002). The emphasis was on a 'holistic' approach based on:

> *'look[ing] at the whole picture, and not just the isolated issues'.*[20]

The Homelessness Directorate was set up to foster sustainable communities by tackling homelessness more effectively. It was charged with taking forward and investigating the underlying causes and trends of homelessness, collecting information on homelessness more effectively, testing new and innovative approaches to prevent and reduce homelessness and promoting good practice.

The *Homelessness Act 2002* placed a duty on local authorities to have a strategy in place by the end of July 2003 to tackle and prevent homelessness and ensure that accommodation and support is available for people at risk of homelessness, based on a review of homelessness in their district. As part of such reviews, local authorities were issued with guidance on drawing up profiles (including history of employment and benefits) of those experiencing homelessness. The good practice handbook for homeless strategies (ODPM, 2001b) required local authorities to link in with other programmes and strategies – including those relating to employment and training. Following on from this, Supporting People teams at local authority level were required to produce supporting people strategies co-ordinated with homelessness strategies for the same local area by March 2004. Hence, the emphasis of recent homelessness initiatives has been on building 'links between homelessness and other policy initiatives.' The rationale is that joint work can result in higher quality, more efficient and cost-effective services.

Resettlement initiatives

An example of an initiative to sustain a move out of homelessness is the Shelter 'Homelessness to Home' Service. This was a three-year project funded by the Community Fund that was designed to help formerly homeless families sustain a tenancy and live successfully in the community (Jones *et al.*, 2002). Many homeless families have few personal and financial resources with which to manage a home and take an active part in social and economic life. They may become homeless with only very few, or no, possessions of their own and little prospect of earning a reasonable income. In addition, they will quite often have lost the social support from friends and family that most of the population enjoys. Also, aspects of becoming homeless, particularly if they escaped violence, may have left them traumatised and alienated. Many previously homeless people find themselves in difficult environments – for example, in property in a poor state of repair, in neighbourhoods characterised by high levels of crime, drug abuse, unemployment, etc. The Homelessness to Home Service provided resettlement support in terms of:

- assistance with housing and moving home;

- practical assistance in making a home;

- financial advice and support;

- help with accessing other services/advocacy; and

- social and emotional support.

In practice, a good deal of the support provided was in terms of handling benefit claims.

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20   Response to the report by Stephen Byers.

Employment and training initiatives and the homeless

DWP benefits delivered through Jobcentre Plus[21] are available to homeless people, as they are to other people of working age: an address is not needed for a claim to be made. Rough sleepers are one of the groups that can enter New Deal as soon as they make a claim for JSA. Recent years have seen a wide range of opportunities offered by mainstream training and employment providers that are specifically targeted at disadvantaged groups including homeless people. There is also recognition that social enterprise has an important role to play in helping homeless people as a first step towards mainstream employment.

A range of voluntary services provides assistance for homeless people (ODPM, 2003a). These include Business in the Community's 'Business Action on Homelessness' (BOAH) programme, funded by the Homelessness Directorate to link up statutory and voluntary agencies with the corporate sector and provide training and work placements that improve the skills and employability of homeless people. Homeless people are provided with a three-stage training to prepare them for work:

1. **Ready to Go**: a two-day supported business training programme that is concerned with confidence building to prepare people for work;

2. **Ready for Work**: providing two-week placements, with the option of extending placements – the aim is to build confidence, develop new and existing skills and provide a reference on completion of the placement; and

3. **Ready for Jobs**: a job bank of vacancies that companies have opened up to 'job ready' homeless people in London.

'Off the Streets and into Work' (OSW) provides learning-related services to people who are homeless, or at risk of homelessness, across London. OSW collaborates with a range of delivery and strategic partners to provide joined-up services. The aim is to move people towards employability through provision of training, advice and guidance, supported employment and specialist job brokerage.

Jobcentre Plus has a programme called 'progress2work' (p2w) to help recovering drug users into work. Many p2w participants have housing issues. The key elements of progress2work are joint planning, treatment and support with drug treatment agencies, special employment case workers, use of mainstream programmes like New Deal, help with job placement and continuing support for the first 13 weeks of employment. progress2work Linkup provides a similar service to ex-offenders.

There are also specific local schemes. Examples highlighted as good practice by the Homelessness Directorate in terms of linking homelessness strategies with employment and training initiatives include Steady Work and Lifelong Training programmes in Plymouth, and a Jobs, Education and Training (JET) service in Canterbury. The Homelessness Directorate is concerned with highlighting and sharing good practice exemplars.

Sustainable communities

Building thriving, inclusive and sustainable communities and tackling homelessness comes under the auspices of the Office of the Deputy Prime Minister (ODPM). Key objectives include:

- working with the full range of government departments and policies to raise the levels of social inclusion, neighbourhood renewal and regional prosperity;

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21 Including Income Support, a Social Fund Community Care Grant, Housing Benefit, Incapacity Benefit, etc.

- ensuring that all social housing meets set standards of decency by 2010, by reducing the number of households living in social housing that does not meet these standards by a third between 2001 and 2004, with most of the improvements taking place in the most deprived local authority areas as part of a comprehensive regeneration strategy; and

- delivering effective programmes to help raise the quality of life for all in urban areas and other communities.

The latter involves achieving a better balance between housing availability and the demand for housing in all English regions while protecting valuable countryside around our towns, cities and in the greenbelt, and ensuring the sustainability of existing towns and cities. In the longer term, improvements to housing supply and increased investment in prevention should help to tackle the problem of homelessness.

The *Communities Plan*, published in February 2003 (ODPM, 2003b); includes reforms of housing and planning, to bring about development that meets economic, social and environmental needs now and in the future. Key elements of the Plan are outlined in Table 2.5:

Table 2.5 **Key elements of the *Communities Plan***
- **addressing housing shortage** – including accelerating growth in the four 'growth areas' of Thames Gateway, the London-Stansted-Cambridge corridor, Ashford and Milton Keynes-South Midlands;
- **addressing low demand and abandonment** – in parts of the Midlands and northern England covered by nine pathfinder schemes;
- **affordable housing** – £5 billion has been allocated for the provision of affordable housing for the three years from the publication of the plan, including £1 billion for housing 'key workers' in the public sector; and
- **tackling homelessness** – including ensuring the ending of use of bed and breakfast hostels for homeless families by March 2004.

Evaluation methods and targets

Evaluation methodologies have concentrated on process evaluation. This has involved review of policy documents, case studies with project workers and service recipients on particular programmes, and reviews of case files.

2.8 Information and communication technology (ICT)

ICT initiatives are associated with PSA targets across a number of government departments. The Office of the e-Envoy, part of the Prime Minister's Delivery and Reform team based in the Cabinet Office, is 'leading the drive to get the UK online'. As noted on the Office of the e-Envoy website[22]: "The primary focus of the Office of the e-Envoy is to improve the delivery of public services and achieve long-term cost savings by joining up online government services around the needs of customers. The e-Envoy is responsible for ensuring that all government services are available electronically by 2005 with key services achieving high levels of use." Hence, it is concerned with meeting the Prime Minister's target for Internet access for all who want it by 2005.

22 www.e-envoy.gov.uk/Home/Homepage/fs/en

As part of the Department for Education and Skills aim to help build a competitive economy and inclusive society ICT has an important role to play in raising participation and quality in post-16 learning provision, and in tackling the adult skills deficit. Likewise, ICT provision and use is fundamental to the Department of Trade and Industry target of making the UK the best place in the world for e-business, with an extensive and competitive broadband market. Moreover, it has been suggested that ICT can contribute to the neighbourhood renewal strategy of reversing economic decline in deprived neighbourhoods and helping residents of disadvantaged areas compete for jobs, reviving communities, providing decent services and partnership working.

Here, the focus is on ICT and social exclusion/inclusion. Early in the government's first term the Social Exclusion Unit commissioned 18 policy action teams (PATs), each with a specific remit to examine social exclusion in relation to a specific issue. PAT 15 was concerned with addressing the issues of access to, and use of, ICT specifically by people living in the poorest neighbourhoods. A major impetus underlying the report produced by PAT 15 (Department of Trade and Industry, 2000) was the recognition that the 'Information Age' is having a profound effect on the way individuals live their lives and interact with one another in a society that is already divided socially and economically. Low levels of access to, and take-up of, ICT among more deprived communities may lead to a 'digital divide'[23] between the 'information rich' and the 'information poor'. In 2001 it was estimated that the proportion of people excluded through the digital divide ranged from 20% in the more affluent areas to more than half of the working age population in more disadvantaged areas (Hall Aitken Associates, 2001).

ICT developments have the potential to impact on the form and substance of economic competitiveness and social cohesion. The arguments for social inclusion and economic development in the 'Information Age' are mutually re-enforcing. Lack of access to ICT leads to, or reinforces, disadvantage at a number of levels. For children, not having access to computers and the Internet at home or in the community may make it harder to keep up at school and this may impact on their attainment and life chances in adulthood. For adults, computer literacy can be important for re-entering the labour market. For the community as a whole, lack of access to communications networks can limit the use of better quality services, make it harder to access opportunities in other areas, and reduce the possibilities for enhancing local social cohesion. Hence, it has been argued that improving the exclusion of the 'information poor' is vital if those on low incomes and/or in disadvantaged areas are to gain and exploit ICT skills to enable them to participate fully in the economy and in society (Department of Trade and Industry, 2000; Cabinet Office, 2000; Department for Transport, Local Government and the Regions, 2001).

There is ongoing debate about the nature and magnitude of the 'digital divide'. As noted by BECTA (2001): "'Digital divides' involve a complex web of interconnected social, economic and cultural factors that cannot be fully captured by a definition that focuses solely on access or ownership." Population subgroups such as white working class males in coalfield areas (Shaddock, 1999), ex-offenders, ethnic minorities (Owen *et al.*, 2003), the disabled (Carey, 1999), women (Women Connect, 1999), the homeless, refugees, single parents, the less skilled, the non-employed and those residing in more deprived areas have been identified as being at risk of further exclusion if they do not have access to the Internet (Russell and Stafford, 2002). An important age dimension emerges from research on the digital divide, with older people less likely to have access to and use ICT than younger people.[24] Economic and educational factors (which are themselves closely related) have been identified as key determinants of technology ownership and Internet use (Gardner and Oswald, 2001), with those without qualifications, the unemployed or inactive having lower than average levels of PC and Internet awareness and use. Benchmark research amongst a large, nationally representative sample of adults to identify and quantify the groups who use ICT and those

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23   'Digital divide' is the term that government and other agencies use to describe inequalities in access to and use of ICT.

24   While 94% of 16–24 year olds have accessed the Internet, only 47% of 55–64 year olds and 17% of those aged over 65 years have done so (National Audit Office, 2003). To some extent, this might be expected to reflect a 'cohort effect': many of the current generation of older people might not have been introduced to ICT in their education or employment, whereas future older generations will have greater familiarity with ICT.

who lack access to ICT conducted in 2000 and 2001 confirms that the greatest barrier to Internet use is non-ownership of a PC (Russell and Stafford, 2002). According to the ONS (2003), only 12% of the lowest income decile has home Internet access compared with 86% of the highest earners.

The precedent of past technological revolutions in communications suggests that those who adopt them early will disproportionately enjoy the social and economic benefits. Most private sector activity, particularly in the development of the telecommunications infrastructure has been placed on the development of the most lucrative markets, thus excluding people and places which are least profitable (Graham and Marvin, 1994). Although the cost of ICT is decreasing in real terms, the market mechanism is likely to exacerbate existing differentials in access and use, so requiring government action to mitigate the consequences of the divide. Cost is the main barrier among interested non-users in relation to computers and the Internet (Russell and Stafford, 2002). Perceived cost is more of a barrier for those in the most deprived areas (35% of those in the highest income quartile mention cost as a barrier) than in the least deprived areas (14% of respondents in the lowest income quartile perceive cost as a barrier). Latent interest in computers and the Internet is greatest in the most deprived areas.

In the context of the March 2000 UK government commitment to achieve 'universal access' to the Internet, the rationale for policy intervention in ICT is to bridge the gap in society between those who have access to and are able to use ICT competently, and those who do not. The importance of familiarity with ICT (Halcyon Consultants, 2003) rests on:

1) the belief that exclusion and poverty should not be reinforced by lack of access to and knowledge of something new and important that has the potential to transform social and economic behaviour;

2) the view that the 'network society' offers a means of building the strength of communities and overcoming isolation – both of individuals and groups; and

3) the recognition that those who most need access to support services are those who are most likely not to have the means to do so – especially if those services are available online.

From a labour market perspective, awareness and the ability to use ICT is recognised increasingly as a basic skills requirement. Indeed, the Skills Strategy recognises ICT as the third essential 'Skill for Life' (alongside literacy and numeracy) and seeks to strengthen the range of free introductory courses available in basic ICT skills such that individuals can access training when and where they need it.

Key ICT initiatives

Foley *et al.* (2003) suggest that interventions to address the digital divide can be subdivided into two main groups:

● those aiming to provide equality of opportunity – in terms of Internet access (and eGovernment) services; and

● those that seek to address the causes of social exclusion – recognising that a lack of access to ICT has the potential to further exclude individuals and groups.

Hence, ICT initiatives have been concerned with widening access through public provision of ICT facilities and encouraging their use, and also with aiding access to ICT in the home. Foremost amongst such initiatives are:

● Wired up Communities (WuC), and, more particularly,

● UK online centres, which have a far greater geographical spread.

It should be noted that alongside these government initiatives, there have been many locally-funded projects (some using ESF, SRB or other ABI monies [including New Deal for Communities, etc.]), often similar to UK online centres but not necessarily branded as such, designed to promote ICT take-up and use amongst particular target groups and in specific local areas.

The Wired up Communities (WuC) programme was overseen by the Department for Education and Skills and was funded by £10 million from the Capital Modernisation Fund (CMF). The programme ran from September 2000 until March 2003[25] and had the overall aim of assessing how individual access to the Internet can transform opportunities for people living in the most disadvantaged communities by developing new ways of using education, work and leisure services. More specifically, there were four interrelated objectives – with different timescales — as follows:

- **Access**: To contribute to the social exclusion agenda by enabling most people in disadvantaged communities to have access to ICT, and to allow people in specific disadvantaged communities easy access to the full range of government and other services through the Internet (timescale: immediate).

- **Learning**: To increase ICT and other skills in disadvantaged communities and support the learning of local adults and children (timescale: short-term/intermediate).

- **Employment**: To promote economic inclusion and improve the employment prospects of people in the communities through improving their access to jobs and training (timescale: medium-term/intermediate).

- **Social cohesion**: To help communities use new technologies to develop and sustain community co-operation, capacity and mutual support (timescale: ultimate).

WuC was implemented in two phases, and seven pilot projects across England were funded reflecting a variety of technological (PC/set-top box) and spatial (urban, rural, coalfield) characteristics. Each project sought to provide ICT to enable home access to the Internet and to develop associated services to help overcome barriers to use of the Internet. The pilots had licence to experiment, but the general approach was one of 'saturation coverage' in delineated disadvantaged areas, with an emphasis on getting ICT into people's homes and providing training for them to use it.

The government launched the **UK online centre** brand in summer 2000, as part of the drive to ensure that everyone who wants to can access the Internet by 2005. This followed funding of six pioneer projects in October 1999 and thirteen pathfinder projects in early February 2000. The aim of the UK online centres was to bridge the gap between those in society with and those without access and ability to use ICT competently and confidently, through public provision of ICT facilities and training. Specifically, the UK online initiative aimed to help those people who do not currently use the Internet to:

- learn where and how to gain access;

- learn how to use a PC or the Internet; and

- get help with using technology.

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25   This represents an extension of the initial timescale, so allowing more time for programme development and local implementation.

The UK online centres were intended to be located in places people visit every day, with convenient opening hours to offer easy access. The government's target to provide 6,000 centres was achieved in autumn 2002.[26] Of these, over a third were in libraries and a fifth were 'branded centres' in the community, voluntary, private and further education sectors. The rest were Capital Modernisation Fund (CMF) funded centres: by March 2003 there were 3,052 such centres.[27] The initiative focused on adults in disadvantaged communities,[28] with six specified target groups:

- unemployed people;

- lone parents;

- people with disabilities;

- minority ethnic groups;

- those with basic skills needs; and

- people over the age of 60 who had not been involved in learning activities for some time.

Hence, the aim was to direct services to those who were most excluded. The spread of types and sizes of UK online centres is very wide, from small outreach projects with a handful of laptops to major fixed centres with 50 or more Internet-enabled workstations. Around half of the centres already existed in some form before CMF funding, and there was a trend for newer centres to provide more informal programming than the established centres. The key success criteria for the UK online initiative are the extent to which the centres increase ICT awareness, ICT skills and people's participation in local communities.

It is also relevant here to mention learndirect: the largest publicly funded online learning service in the UK.[29] It delivers University for Industry (UfI) courses and comprises a network of learning centres and 'hubs', co-ordinated through regional offices. UfI aims to put individuals in a better position to get jobs, improve their career prospects and boost business competitiveness. Specifically, its mission is to work with partners to boost people's employability, and organisations' productivity and competitiveness by inspiring existing learners to develop their skills further, winning over new and excluded learners (of particular relevance here), and transforming the accessibility of learning in everyday life and work. One of two main drivers for UfI is 'widening participation' – including the Skills for Life programme which is designed to deliver basic skills. For some users of UK online centres, moving onto a learndirect course is an important way of enhancing skills.

26   From April 2003 the Department for Education and Skills passed the management of the UK online centre initiative to the University for Industry (UfI).

27   The New Opportunities Fund granted £69 million revenue funding to UK online centres in England through its Community Access to Lifelong Learning (CALL) programme.

28   The UK online centres were located in the 2,000 most deprived wards in England.

29   Eighty per cent of learndirect courses are provided online.

Evaluation methodologies and targets

ICT initiatives have been evaluated by means of surveys (with local residents, ICT users and service/facility providers) and by means of qualitative case study research methods designed to give greater insights into relevant attitudes and processes.

In the case of the WuC evaluation, the methodology involved:

● a review of relevant documentation;

● interviews with key stakeholders;

● baseline and follow up surveys (completed six to nine months after the initial survey) of between 160–200 individuals in WuC pilot communities and matched comparator areas; and

● further qualitative research to explore the implementation and initial outcomes of the programme.

In the case of the UK online initiative, user and case study visits were conducted at different stages of the rollout in a phased evaluation. An initial pioneer and pathfinder evaluation studied the six pioneer and 13 pathfinder projects which received notification of funding in late 1999/early 2000 (Hall Aitken Associates, 2001) and a further evaluation study (Hall Aitken Associates, 2002a) was based on a follow-up survey of early users of the centres and a survey of new users. Initial interviews took place over October to December 2001. The further survey of the original pioneer and pathfinders projects took place one year later. A first evaluation of the full programme provided both formative and summative evaluation outputs, and used a combination of a user survey, a centre manager survey and 21 case studies designed to track the development of specific projects over time (Hall Aitken Associates, 2002b). The final phase of the evaluation of CMF-funded UK online centres (Wyatt *et al.*, 2003) involved a large-scale user survey,[30] manager surveys[31] and case studies.

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30   7,563 users at 283 centres completed an initial user survey questionnaire. A follow-up user survey six to nine months later was returned by 1,861 people. A second follow-up survey for users in the first round had 394 responses.

31   A web-based centre manager survey in April 2002 was sent to 420 centres and had a 63% response rate, while a web-based centre manager survey in April 2003, sent to 2,699 centres, had a 24% response rate.

CHAPTER 3: Impact of policy

3.1 Introduction

This section examines the evidence relating to impacts. In particular, it considers what impacts have been observed, who was affected and who, if anyone, was left out or adversely affected. Any evidence of the overall, or net, impact of policy and initiatives on social exclusion is also considered.

3.2 Impact of welfare to work policy

Participation in programmes

Very substantial numbers of people have participated in adult New Deal programmes. In the period between June 1998 and March 2001, there were 354,000 starts on ND25plus and a further 314,000 between April 2001 and December 2003 (National Statistics, 2004). By March 2003, around 98,000 people had started on an Employment Credit as part of ND50plus while nearly 38,000 had registered on NDDP. Between October 1998 and September 2003 around 540,000 lone parents agreed to start on the NDLP caseload (National Statistics, 2003).

The great majority of ND25plus participants have been men (83%), reflecting the general gender pattern of JSA claimants and the tendency of men to remain on benefit for longer than women. Around a quarter (23%) of all starts on ND25plus were people over 50 years of age. Between April 2001 and December 2003 almost 97,000 participants entered a job from ND25plus. Around 85% of such job starts were by participants in the 25–49 age group, with 15% of job starts from the 50 plus group contrasting with the 25% of programme starts (National Statistics, 2004).

New entrants to NDDP were approximately split equally between men and women but many were from older age groups (around 30% were over 50 years of age). The most common health conditions or disabilities were problems with neck or back, legs or feet or mental health conditions. For around three quarters their condition affected their everyday activities. As might be expected, those most able to enter work did so more quickly than those facing the greatest health and disability barriers. The consequence of this was that there has been a build-up of sick and disabled people on benefits and NDDP (the stock) who have been out of work for long periods of time. Amongst this group the proportions of older men was much higher than amongst new entrants. Moreover, half of this stock (including three-quarters of those out of work for five or more years and 80% of those aged 50 or above) expected not to work again (Woodward *et al.*, 2003).

Participation in NDLP as a proportion of lone parents on benefits has increased in recent years but still only accounts for nine per cent of lone parents claiming Income Support. The great majority of participants were lone mothers (reflecting the composition of the eligible population) and tended to be younger on average than the clients of other adult New Deal programmes. Since October 1998 around half (51%) of NDLP participants have left the programme and entered work of at least 16 hours per week.

Job entry from New Deal programmes

The evidence relating to the employment impact of New Deal programmes is somewhat patchy but tends to point in the same direction. Early evaluation of ND25plus, based on a large national survey of employers offering subsidised employment, found that two-thirds (67%) of ND25plus

recruits were retained after the subsidy ended at six months and 60% were still retained after nine months (Hales *et al.*, 2000). Those ND25plus participants with the greatest probability of being retained included those with:

- qualifications;

- higher-skilled occupations (and higher wages);

- more previous experience;

- no personal health or other problems;

- jobs in larger establishments, especially in the public sector; and

- jobs in organisations with an expanding activity level.

Most employers reported that their involvement with ND25plus had no direct impact on their business but almost two-fifths (39%) reported being more positive about recruiting long-term unemployed people. Over two-thirds (71%) of employers also reported that they had observed beneficial effects on ND25plus participants, notably increased self-esteem, acquisition of new skills, ability to do more responsible work and a greater receptivity to training. Based on the answers given by employers about their recruitment decisions, it was concluded that almost 40% of those entering a job would not have done so but for ND25plus. Later analysis based on administrative data found that the re-engineering of ND25plus from 2001 onwards was associated with a reduced time spent on, and increased rate of exit from, the programme (Hasluck, 2002).

Substantial employment impacts have also been observed in relation to NDLP. While only modest gains were detected from the prototype NDLP, much greater impacts have been observed from the national programme. Since October 1998, around 50% of leavers have left Income Support and entered work of at least 16 hours per week. The programme is estimated to have more than doubled the probability of employment for participants, increasing the exit rate to work by 24 points, from around 19% amongst non-participants to 43% amongst participants (Lessof *et al.*, 2003). The programme was also associated with a lowering of barriers to employment and improved knowledge of in-work benefit but may have had a negative effect on the likelihood of entering training (Evans *et al.*, 2003). Lone fathers, teenage lone parents, lone parents with ill health or disability and members of ethnic minorities were less likely to leave NDLP for employment as were lone parents with larger families (clearly other factors were limiting the scope for NDLP). Lone parents having repeat spells on NDLP had a better than average chance of leaving the programme for work.

Issues for New Deal

Meeting client needs

The original design of New Deal envisaged a flexible programme of support tailored to the needs of individual clients. There is no doubt that New Deal provision is much more flexible than the provision that preceded it. Nonetheless, evaluation evidence shows that in some instances New Deal provision has been fairly inflexible. This has been particularly the case with ND25plus. In part the problem stems from the reluctance of providers to make provision available for long-term unemployed adults even when they are prepared to offer such provision for young people or other groups. This reluctance stems from perceptions, and experience, of this client group and recognition of how difficult the hardest to help can actually be. The relatively small numbers of clients in some localities also prevents financially viable provision. This can force personal advisers to refer their clients to whatever is available rather than the support they really need (Winterbotham, Adams and Hasluck, 2002).

Programme participation

One striking feature of the original ND25plus programme was the extent to which participants leaving ND25plus were simply returning to JSA (Hasluck, 2000b). Of those entering ND25plus between June 1998 and March 2001, 55% returned to JSA. The re-engineering of the programme in April 2001 was designed to reduce the number of participants returning to JSA and in this regard was successful (Hasluck, 2002). Nevertheless, this pattern is still in evidence amongst participants over 50 years of age of whom over 40% left ND25plus to return to JSA (compared to around 12% of the 25–49 age group). Part of the explanation for the high proportion of participants returning to JSA after the original ND25plus was that participation beyond an initial interview stage was not mandatory and many participants opted out of the programme. This was no longer the case after 2001 when participants were required to enter an intensive activity period and then follow through. The much improved job entry rate and lower return to JSA can be attributed to this change. However, in the case of participants aged 50 or over, participation in the IAP was not mandatory and this may partly explain the greater proportion returning to JSA.

Many participants who leave New Deal programmes subsequently re-enter New Deal. Indeed some participants have been through New Deal programmes several times. In the case of ND25plus, repeat participation was associated with harder to help clients and a negative effect on their attitudes to the programme (Hasluck, 2002). Repeat participation is found on other programmes. On NDLP repeat spells appeared to be associated with an increased chance of entering work (Evans *et al.*, 2003). Nonetheless, significant levels of re-cycling of participants is likely to result in the eventual blunting of the impact of New Deal programmes. In the case of NDLP, around seven per cent of participants were on their third or subsequent spell on the programme (Evans *et al.*, 2003).

Reaching the hardest to help

Large numbers of people have passed through New Deal programmes into work. It is less clear that these were all seriously disadvantaged people at risk of social exclusion. Indeed the evidence from NDLP, NDDP and other voluntary programmes is that such programmes tend to be taken up by those closest to the job market already, while the seriously disadvantaged and hardest to help do not enter such programmes in the first place (Hales *et al.*, 2000a; Hasluck, 2000c). This has been particularly the case with ND25 plus (Wilkinson, 2003). Recent survey evidence relating to the NDDP eligible population found that less than half of those who were potentially eligible for the programme had even heard of it (Woodward *et al.*, 2003).

In the case of ND25plus, the mandatory nature of the programme ensures that all those who could benefit potentially do, in fact, enter the programme. The disadvantage of this is that a large number of participants may be those who are not seriously disadvantaged and do not need significant help to enter work. The consequence can be that large amounts of resources are spread across a large number of clients when a greater impact could be achieved by targeting resources on the most disadvantaged and hardest to help. There is a growing body of evidence to suggest that personal advisers are not particularly accurate in their assessment of client needs and that more effective targeting of clients might be achieved in other ways. Adviser discretion may be inconsistent, inaccurate or may not be used in clients' best interests. Some evidence suggests that matching clients and provision by means of advisers was no more efficient than a random assignment of services to clients (Hasluck, 2004).

Achieving sustainable employment

While there is no doubt that New Deal programmes have helped many participants enter a job, there is only limited evidence about the sustainability of such employment. Of those participants known to have left the re-engineered ND25plus for a job, 22% returned to JSA within 13 weeks. More positively, Hales *et al.* (2000b) found that most participants in subsidised employment on ND25plus were retained by their placement employer or found similar work with another employer. Lone parents who entered work from NDLP were slightly less likely to have left work after six months than non-participants (12% compared with 14%) although the difference was

small (Lessof *et al.*, 2003). In the longer-term, lower levels of sustainability have been observed. Evans *et al.* (2003) found that of participants who left NDLP for work between June and August 1999, 41% had returned to income support by the beginning of 2002. Stronger evidence of employment sustainability relates to the New Deal 50 plus. Qualitative research undertaken with a sample of ND50plus participants found that around two-thirds remained in work two years after entering work from the programme (Atkinson *et al.*, 2003). This survival rate was high in comparison to other New Deals and active labour market policy in general and was attributed to the voluntary nature of the programme and the sort of individuals attracted to it (characterised by their strong commitment to working and their positive dislike of living on benefits).

The evidence relating to sustainability of employment is rather mixed and, where positive, appears to relate to the least disadvantaged of job seekers. Consequently, concerns have been raised about the lack of in-work support for the most disadvantaged once they have entered a job. The concern is that without such support they will quickly return to benefits. Evans *et al.* (2003) show that lone parents were most at risk of returning to benefits in the first six months after entering work. ECOTEC (2003b) concluded that there was a need for more in-work support with the 50 plus age group, as did Corden *et al.* (2003) in relation to NDDP. Advice and guidance were the main forms of in-work support identified. Many personal advisers had no contact with their clients once they had entered work.

3.3 Impact of making work pay

Policies designed to make work pay seek to increase the incentive for people outside the workforce to enter the labour market and employment. As such, policy seeks to create a climate or context within which employment is seen as financially desirable. A key issue for evaluation of initiatives under this heading is the extent to which they have influenced participation in the labour market and encouraged socially excluded people to seek work rather than remain on benefits.

Easing the transition to work

Evidence from the evaluation of New Deal for Lone Parents has pointed to advice using 'back to work' calculations as having a significant impact on NDLP clients (Hales, *et al*, 2000). This evidence indicates that some barriers to employment arise from a lack of awareness by the socially excluded of the potential benefits from entry to work. Quantitative analysis of administrative data has found little evidence that lone parent work-focused interviews (WFI) had any sizeable impact on the rate at which lone parents left Income Support, although they did find that WFI had greatly increased the rate of entry into NDLP (Knight and White, 2003: Knight and Lissenburgh, 2004: Thomas and Griffiths, 2004). While this suggests that WFI had virtually no direct impact on social exclusion, there may have been an indirect impact since WFI appears to have greatly increased the number of lone parents exposed to the support offered by NDLP.

Discretionary funding through the Adviser Discretion Fund (ADF) can help ease the transition to work by providing funding to tackle small but significant impediments to entry to work or early retention of jobs. ADF provides flexibility that has proved popular with advisers and clients alike. Evaluation of ADF has pointed to high levels of job entry amongst clients who have received support from ADF (ECOTEC 2003a). It is, of course, much more difficult to establish how much of such job entry was attributable to ADF. In the first place, ADF is usually part of a larger, holistic, package of support, so identifying the contribution of separate elements of support may be difficult. Second, ADF funding is most likely to go to people who are job ready but face some barrier that can be overcome by means of a small amount of financial support (so there is likely to have been a significant deadweight element).

Evaluation of ADF has highlighted a number of issues that need to be addressed. First, personal advisers have not always fully used the discretion available to them. ECOTEC (2004) comments that advisers appear to have been less creative in their use of ADF after April 2003. This conservatism in use of ADF seems to have resulted from a tightening of the rules following the widening of access to ADF as a consequence of concerns about the potential for increased fraud and over-payment. Jobcentre Plus staff have not always been fully informed about ways in which ADF funding could be used, limiting their creativity in the support offered. A second concern has been the level of financial support available, particularly in respect of lone parents. ADF was never intended to address long-term childcare funding issues. Nonetheless, lone parents and advisers often seek to use ADF to deal with short-term barriers, such as the need to provide deposits for childcare, or to use ADF as a contribution towards childcare costs. Where this happens, dissatisfaction is often expressed about the level of financial support. The relatively low upper limit to ADF funding (normally £300) may also be insufficient to adequately deal with clients who face multiple disadvantage and thus require multiple awards, or clients who return to benefits after a period in temporary work and who have exhausted their entitlement to funding from the ADF (ECOTEC, 2003a).

Qualitative evaluation of transitional support has also demonstrated that perceptions were as much a barrier to employment as were tangible financial barriers (Harris and Woodfield, 2002). The evidence shows the importance of publicity around transition packages and the critical role of advisers in promoting these measures. Low levels of awareness lessened the potential for a widespread incentive effect. Some people said that transitional support had been an influence in their decision to return to work, whilst others said that they thought it would have encouraged them to return to work earlier had they known about it.

When it came to the actual financial experiences of a transition, the evidence indicates that the provision of financial assistance can make a dramatic difference to the ability of people to cope with the return to work. The nature of this impact varies from providing much needed motivation through to crucial financial support and stability of household finances. Having said that, the evidence also indicates that for others the scale of transitional support had been insufficient with some people reporting that they had been forced into new or greater debt by the return to work and that the transitional support had been insufficient to prevent this.

Where there was a lessened impact, a number of factors were found to account for the reduced effect of the measures:

- poor administration and problems with receipt of the measures, especially in relation to the timing of receipt of the job grant and problems with automatic **run-ons;**

- measures not amounting to enough to overcome additional expenditure (specifically relating to childcare and travel costs);

- households having sufficient finances of their own and therefore having less need for additional assistance; and

- **run-ons**, in particular, were identified as critical in ensuring financial stability during the transitional period.

Staff of the key agencies delivering transitional support were clear that a successful package of measures relied upon effective publicity and administration of the support. The less complex the system of support the more likely it would be to produce the required outcomes. In particular, staff were concerned by the number of competing transitional benefits, all of which required different forms of administration and had different eligibility requirements. The complexity of transitional benefits currently available had the following impacts:

- confusion about who was eligible for what measures;

- reduced promotion of measures for fear of misdirection; and

- ineffective delivery of elements of the package due to confusion about eligibility or lack of awareness.

A simplified set of eligibility criteria and co-ordinated administrative systems relating to the easement package were, therefore, seen as critical to effective transitional support.

Taxes and benefits

It is difficult to assess the impact of changes in the taxation system on social exclusion. A number of general conclusions can be drawn. First, the real value of the personal allowance has increased in real terms, from £4,329 in 1994–95 to £4,759 in 2002–03 (measured in April 2003 prices). At the same time, the proportion of total tax liability for the top ten per cent of tax payers increased from 48% in 1996–97 to 53% in 2002–03 (Adam and Shaw, 2003). These changes suggest a shift in post-tax income, however marginal, towards the lower paid.

More fundamentally, the basis for taxation has shifted markedly in the last decade from a system providing financial support to married couples to one providing financial support to households with children. This trend has been substantially reinforced through the introduction of the working tax credit and child tax credit (and their predecessors). It is too early to be able to assess definitively the impact of tax credits on income distribution and poverty. Brewer (2003) argues that the reforms will not achieve their stated aims of reducing poverty and increasing work incentives amongst those without children. He argues that:

- those without children who might be entitled to working tax credit tend not to be in poverty (as currently defined);

- there is no evidence that childless individuals are deterred from working by inadequate financial incentives; and

- the working tax credit is likely to increase work incentives for some but worsen it for others.

The latter point is borne out by evidence relating to the predecessor of WTC, namely WFTC. Brewer *et al.* (2003) estimated the impact of WFTC during the period April 1999 to April 2000 to amount to a net increase in labour supply of around 94,000 people and reduce the number of workless households by a similar amount (95,000). The impact was not uniform with the largest response to WFTC being by lone mothers whose labour supply was estimated to have increased by almost 70,000 (or 4.6 percentage points). The labour supply of fathers was also estimated to have increased (by just over 30,000, or 0.8 percentage points) but the labour supply of mothers living in couples was estimated to have actually fallen slightly (by around 6,000 or 0.2 percentage points). Brewer *et al.* (2003) also estimated the net impact of the totality of tax and benefit reforms during the period April 1999 to April 2000 and found a lower increase in labour supply and smaller reduction in workless households. This suggests that the impact of WFTC was partly offset by other fiscal changes during the period.

The National Minimum Wage

In their first annual report, the Low Pay Commission (LPC) estimated that around 1.9 million adult workers were covered by (received a pay rise as the result of) the national minimum wage (LPC, 1999). Subsequent reports from the LPC have revised this estimate down to 1.2 million (LPC, 2003) but Dickens and Manning have cast doubt even on that figure. They estimate that the coverage of the NMW may amount to no more than about 815,000 adult workers.[32]

Looking at the increase in NMW from £4.20 (October 2002) to £4.50 (October 2003) Dickens and Manning (2002) found that the NMW had a measurable impact on the distribution of household incomes, most noticeably in the case of working age households. They estimated that around 25% of households in the bottom two income deciles would have gained from the increase in NMW. The main beneficiaries of such wage increases would be women who tend to be paid less than men (Dickens and Manning, 2002). The latter result contradicts earlier findings on the NMW and the gender pay gap (Robinson, 2002), but Dickens and Manning attribute the different findings to measurement error in data used in earlier studies.

Critics of the NMW point to the potential adverse effects on employment. So far little evidence has emerged at the national level that such job losses have materialised in the UK (Stewart, 2002: Stewart, 2003). In part this may reflect the lower coverage of the NMW. It was also the case that the NMW was introduced at a time of rising employment so that the impact of the NMW, such as it was, would take the form of slower employment growth rather than job losses and such a difference would be very difficult to detect. In a detailed study of employment in the care sector, Machin, *et al.*, (2002) found very large changes in wages at the lower end of the pay distribution. They estimated that employment in businesses most affected had fallen by around two to four per cent for each ten per cent increase in the NMW. They found no evidence that businesses ceased trading because of such wage increases.

Overall, the evidence relating to the introduction of the NMW is that it has had a measurable effect on the incomes of low paid working age households without significant costs in terms of job losses. Such policy should, however, be seen in conjunction with, and as complementing, other policies such as working tax credits.

3.4 Impact of policy on learning and skills

It is too early to judge the impact of the recent changes and reforms of skills policy signalled by the 2003 Skills White Paper (Department for Education and Skills, 2003) since many of the proposals have yet to be fully implemented. This section considers the evidence relating to specific initiatives that have operated since 1997 and are of particular relevance to social exclusion amongst working age adults.

Outcomes and impacts

In the two years of operation since April 2001, just over 135,000 people entered WBLA (of whom almost 113,000 have left the programme). The proportion of WBLA leavers entering a job within 13 weeks of leaving varied by region and client group. The highest rates of job entry were in the North East and the South West regions while the lowest job entry rates were in London and the South East. The highest rates of job entry occurred amongst WBLA clients who entered Longer Occupational Training (LOT) while the lowest rates of job entry were found amongst those entering Self-Employment Provision (SEP) and Basic Employability Training (BET). The lower job

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32   One possible reason for the fall in the number of employees covered by the NMW is that employers have increased pay rates for the lower paid much faster than the average, possibly to avoid the stigma of being minimum wage employers. This would imply an indirect impact on low pay from the NMW.

entry rates on the latter two opportunities might be expected since these WBLA clients, by definition, faced the greatest barriers to employment in terms of deficiencies in the areas of literacy and numeracy. The low job entry from self-employment training also reflects the large proportion of such participants who left SEP before Stage 3 (Stages 1 and 2 are designed to screen out infeasible business proposals).

Over 70% of all WBLA entrants were men, around 20% were members of ethnic minorities and 30% were disabled. Around 20% of those starting WBLA entered BET, 24% SEP, 26% SJFT and 30% entered LOT. Women were more likely than men to enter LOT while members of ethnic minorities were more likely to enter BET (49%). Those who participated in BET tended to be the most disadvantaged: around two-thirds had no qualifications, three-quarters reported difficulties with English, reading, writing or numeracy (Anderson *et al.*, 2004).

Anderson *et al.* (2004) found that the impact of WBLA on entry to work was different across WBLA opportunities. People who participated in LOT were seven percentage points more likely to be in full-time work than comparable people who were non-participants, although no corresponding increase in income could be detected. SJFT appears to have accelerated entry to work for people who would have entered work eventually. BET appeared to have had no impact on entry to work. The latter finding points to the encouragement of entry to work by people with serious basic skills needs (especially language deficiency) being a lengthy process.

Early evaluation of Employer Training pilots found that during their first year of operation, more than 3,000 employers were registered as taking part in ETP and of these, around 40% had no previous involvement with government-funded training through agencies such as the Learning and Skills Council (LSC) or Business Link. In the same period, around 14,000 employees were engaged in learning through ETP. The typical learner was aged 26–45 in a full-time, low skilled job. More than half of such employees were women (written parliamentary answer by Secretary of State for Education and Skills: Hansard, 27 January 2004).

Issues

Differences in outcomes

Evaluation of WBLA suggests that WBLA met the needs of some clients better than others (Winterbotham, Adams and Kuechel, 2002). As unemployment levels have fallen, JSA clients had increasingly become those with deep-rooted, or multiple barriers to work. Relatively few were job ready and this meant they were not ready for SJFT and not eligible for LOT. On the other hand, WBLA was widely viewed as a positive training option for economically inactive people enabling them to gain new skills with a close fit to the labour market.

WBLA clients reported that their training had a positive impact on soft skills (especially confidence building and motivation), work-related skills (e.g. team working and communication). Clients who had never worked or who had been out of the workplace for a long time found the discipline of attending provision and being in an environment necessitating social interpretation challenging but rewarding. Other benefits included improved timekeeping, attendance, personal appearance and personal hygiene. Work placements were generally regarded as one of the most positive aspects of WBLA, giving clients up-to-date experience and a 'head start' in the jobs market.

The support provided to WBLA clients enabled many of them to identify new directions for employment, retrain in career areas more suited to their physical capabilities and test out business ideas. Rates of positive employment outcomes tended to be higher where clients were well motivated and there was a clear link into local employment opportunities.

Addressing basic skill needs

Evaluation of Adult Basic Skills training has found less positive outcomes. Based on a small qualitative study, ECOTEC (2003b) found that few of the people joining basic skills provision had gained a basic skills qualification at the end of their training, although some had obtained a generic work certificate and many felt they had gained soft skills (such as self-confidence, motivation and self-esteem). The reasons for the low rate of measured achievement in basic skills appeared to be poor basic skills delivery with some participants not knowing their results, while others had dropped out because they felt the training had not helped them or was not sufficiently tailored to meet their needs.

Employer training pilots

It is still too early to form definitive conclusions about the outcomes of the Employer Training pilots (ETP) (they were only launched in September 2002). Initial evaluation of ETP has provided a number of positive findings (Hillage and Mitchell, 2003). The pilots appear to have been successful in getting a substantial number of employers to engage with training for their low skilled employees. Many of these employers (around 20%) were identified as 'hard to reach' in that they were small businesses with little or no previous involvement in government-funded training. ETP also appears to have encouraged learning amongst a somewhat older group of employees than was normal for those engaged in job-related training. High levels of satisfaction with their participation in ETP were recorded by both employers and employees engaged in learning. Despite these clearly positive messages, some issues remain. Some of these concern the delivery of ETP while others relate to the likely impact of ETP on skills, qualifications and, indirectly, on social exclusion.

Evaluation of the delivery of ETP found significant differences in take-up by employers across the pilot areas. In part these differences reflected differences in the employment structures of the areas but also reflected differences in delivery. Most learners were engaged in learning at NVQ Level 2 and this meant that the need for basic skills was understated and often not apparent until learners began to struggle with their NVQ training. Steps have been taken to learn from best practice in order to enable all pilots to achieve the best outcomes, while steps have also been taken to increase the number of learners engaged in basic skills learning.

Evaluation strongly suggests that early participants (both employers and learners) were amongst those most inclined to engage in job-related training (Hillage and Mitchell, 2003). Almost all employers had provided some form of training for their employees in the previous 12 months while most learners had engaged in some form of learning in the previous three years. Employers were untypical in that a high proportion had formal business and training plans and around a third were accredited **Investors in People**. Most had very positive attitudes to the need to training their workforce. Similarly, while most learners had left school at or before the age of 16, generally without qualifications, most had positive attitudes to learning and most had recently engaged in some form of learning prior to ETP. Indeed, around 20% were already qualified at NVQ Level 2 or above. Issues of the net impact of ETP will only be fully addressed at the end of the current evaluation of the pilots. Nonetheless, these initial findings do suggest 'deadweight' during the early operation of the pilots was high, with the programme 'pushing at an open door' in the sense that it involved employers and learners who were predisposed to engage in learning (albeit with some encouragement from ETP). The challenge for the future will be to bring about participation by employers and employees who see little or no benefit from engaging in workforce development and training.

Job search or skill acquisition?

Several evaluations of programmes have highlighted an inconsistency in the approach to training for those who are workless, particularly those claiming JSA. The rules of JSA require clients to actively seek work and this requirement continues to apply even if the client enters a programme such as the national basic skills programme or full-time education and training on ND25plus. Hasluck (2000a) refers to evidence that participants in New Deal found it confusing to participate in a training programme in expectation of attaining a qualification and yet were constantly urged

to continue seeking work that, if successful, would lead to the premature end of their training. ECOTEC (2003b) also refer to such confusion in regard to basic skills training.

Despite the clear link between learning and social inclusion, the acquisition of skills through training is unlikely to be sufficient on its own to combat worklessness. Other barriers faced by those with low skills include poor job search skills, a lack of (desirable) jobs, a lack of affordable care provision for other household members and limited travel horizons as well as a reluctance by some employers to consider unemployed people for vacancies and discrimination against some subgroups. Skill strategies to reduce social exclusion thus need to be complemented by labour market and workplace strategies and policies to counter other barriers that hamper participation in education, training and employment.

3.5 Impact of policy concerning disability

The employment rate for people with a disability rose from around 45% in autumn 1998 to 49% in summer 2002. However, a recurring feature of policy initiatives designed to help disabled people into work is 'disappointing numbers'. Throughout its life, and the life of successor benefits, the numbers of people claiming benefits for disabled people (such as DWA and DPTC) were generally regarded as low.[33] For example, by 1999 there were still only 15,000 recipients of DWA at a time when the planning projection for the benefit was for 50,000 recipients. Not only were relatively few people eligible for the benefit but awareness and understanding was low amongst those who were eligible. Later, in October 2002, the DPTC (which replaced DWA) had only 37,500 recipients, compared with 1.4 million recipients of Working Families' Tax Credit (Cockett, 2003).[34] Indeed, the evaluation of DWA concluded that the policy had failed in its objectives (Rowlingson and Berthoud, 1996).

Similarly, evaluations of NDDP pilots (Hills *et al.*, 2001; Loumidis *et al.*, 2001) showed that take-up was relatively low, with 27,700 volunteers. The low take-up was explained in terms of low numbers of referrals, insufficient marketing by providers, and the fact that many non-participants either felt that they were incapable of work, or did not perceive themselves as being disabled.[35] The overall conclusion of the evaluation of the NDDP pilots was that although they did help some people to move into employment, their impact was not significant. An evaluation of the national version of NDDP is awaited,[36] but experience in the early period of the programme indicated that the original programme target of 90,000 job entries would be difficult to achieve (Stafford, 2003).

Explaining impact

Despite low take-up rates, evidence from users suggests that recipients of the various services provided by the initiatives outlined above valued the help that they were given.

In the face of **diversity** of the circumstances and prospects of disabled people, there is perhaps a need for more discretion on the part of policy initiatives and the nature of provision to aid entry into employment available. A key message is that policy cannot offer a blanket solution to diverse experiences; rather, **tailored and individualised support** is necessary. Evidence from the range of measures reviewed above suggests that **time** is needed for those furthest from labour market participation to be encouraged to move closer to employment. This, in turn, raises the question of where policy should focus attention: on those easier to place,[37] harder to place, or both?

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33   Although no specific analyses of take-up have been published.

34   DPTC was in turn subsumed into WTC in April 2003.

35   And therefore did not like the name of the programme.

36   The evaluation is scheduled to run until May 2004.

37   For example, the nature of job broker funding may lead to pressures to prioritise the clients who are most 'job ready'.

To date, policies designed to help disabled people into employment have focused on the supply side. Little attention has been devoted to tackling issues on the demand side of the labour market. There would seem to be scope for further embedding policies such as NDDP with other policies furthering the rights of disabled people and tackling a greater array of social and physical barriers to full participation (Stafford, 2003).

3.6 Impact of Area/Neighbourhood Renewal

Outcomes and impacts

In considering 'overall impact', it is worth re-emphasising that ABIs have tended to focus on the most disadvantaged areas. At the most fundamental level, holistic area/neighbourhood regeneration policies (such as NDC) are about 'cultural change' – and cultural change takes time.

It is appropriate to preface comments on explaining impact with a number of more general comments:

- It is important to keep in mind that in some domains outcomes may only be achieved in the **longer-term**. Hence, while reductions in crime and in worklessness may be measured over the short-term, improvements in standardised mortality ratios may only be discernible over the longer-term. This means that it is necessary to keep in mind **appropriate time scales** when assessing what has worked well.

- The scale and complexity of setting up tasks for a holistic programme or for a programme targeted at hard to reach groups should not be underestimated. It takes time to become established and to set in place appropriate networks. Again, this underlines the importance of bearing in mind appropriate timescales when explaining impact.

Immediate impacts are easiest to measure for hybrid programmes that have a relatively tightly defined focus. One example is provided by the Action Teams for Jobs, which were launched in three pathfinder areas in June 2000 and rolled out to 37 more areas in October 2000. Between June 2000 and July 2002 Action Teams for Jobs engaged with 110,696 clients and helped 41,859 (38%) of them into work. Nearly 80% of those entering work remained in work for at least three months. Overall, 43% of white clients secured work – a higher percentage than for other ethnic groups (ECOTEC, 2002).

Likewise, the evaluation of Employment Zones reveals that there was a positive impact on the programme target group relative to matched comparison areas and to previous performance (Hasluck *et al.*, 2003). In a first wave of interviews with a sample of Employment Zone participants, ten months after becoming eligible for referral 34% were in work or had worked, compared with 24% of comparison sample members who had participated in New Deal 25 Plus. Over time, the positive difference remained, but became smaller (Hales *et al.*, 2003).

In general, the impact of policy for many area/neighbourhood renewal interventions is difficult to measure because of the range of different local projects. Nevertheless, important information can be yielded by local case studies. For example, a detailed evaluation of an SRB project concerned with training and job placement on the Chalkhill Estate indicates an increase in employment rates in the local area from 43% to 45%. Net output data from the SRB project suggests that without SRB the employment rate would have fallen back to about 42% (Rhodes *et al.*, 2002). Detailed analysis of survey data suggests that the incentive to move from welfare to work is very low. However, the SRB scheme was able to demonstrate how good practice delivery mechanisms could be put in place. Hence, a key role for locally targeted initiatives is to address mainstream shortcomings in meeting the needs of deprived neighbourhoods.

In 'holistic' programmes there is some evidence of **cross-theme working** – i.e. 'joining up' between crime and health, and so on. In terms of reducing worklessness, the evidence from a number of programmes suggests that relationships with Jobcentre Plus are important; area-based initiatives often build on earlier work preparation and training initiatives. Area/neighbourhood renewal and area-based hybrid policies have highlighted the importance of developing relationships with local employers in order to increase influence over recruitment. This might be done by the use of specialist marketing staff to develop relations with employers and through emphasising the building of trust through partnership (Sanderson, 2003; Walton, 2003).

Some area/neighbourhood renewal initiatives are focused on specific target groups, so the aim is to target these groups. It is difficult to generalise across programmes, but from SRB it appears to be the case that younger people were affected more positively than those in the working age group.

In any area/neighbourhood renewal programmes there are concerns that neighbouring areas (often suffering similar problems as in the areas where programmes are targeted) may lose out. In the case of ABIs, there is a potential for problems to be displaced to neighbouring areas. In terms of subgroups of the population, evaluation of Action Teams for Jobs found that asylum seekers, refugees and clients with language problems were least likely to enter employment (ECOTEC, 2002). Yet in NDC areas with high proportions of the population from minority ethnic groups, some local projects have focused on targeting these groups.

The mid-term evaluation of SRB (Rhodes *et al.*, 2002) noted that SRB had been successful in 'generating private sector funding': every £1 of SRB funds has been associated with £2.7 of private sector spend. Overall, leverage of funds is £1 of SRB to £3.96 and analysis points to the conclusion that while there has been success in improving mainstream delivery into deprived neighbourhoods, it has been modest and variable. Furthermore, the evidence suggests that there is no 'one size fits all' format for successful regeneration schemes.

'Innovative and tailored approaches have been endorsed' – where there is flexibility to try new approaches. Such innovative approaches can add value to mainstream policy. The evaluation of Action Teams for Jobs endorsed the success of outreach services, with 64% of clients agreeing/agreeing strongly with the statement: "I prefer to access the Action Team service in my neighbourhood rather than travel to the Jobcentre". Clients valued the tailoring of appropriate support to meet their needs provided by Action Teams. Clients particularly valued job search assistance, the availability of discretionary assistance for funding of travel costs and advice on the financial implications of working (ECOTEC, 2002).

Across area/neighbourhood renewal initiatives there have been 'some successes in partnership working',[38] but the overall evidence on partnership working is mixed. Nevertheless, the evidence suggests that joint working is important. Sanderson (2003) highlights three reasons for the importance of local partnership working:

● it ensures that intervention is tailored to local labour market conditions;

● it enables involvement of local stakeholders, promoting ownership and commitment; and

● it enables joined up, 'holistic' approaches to multifaceted problems.

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38   It should be noted that partnership working involves both formal and informal processes.

Evaluation of Action Teams for Jobs has underlined the importance of joint working, with Action Teams working alongside other organisations to provide support to clients from disadvantaged groups residing in deprived areas (ECOTEC, 2002). The importance of partnership working at a strategic level was emphasised, with management capacity being of central importance in an initiative involving a high degree of local planning and development work, networking and partnership working. A similar issue has been raised in SRB evaluation and in a review of job brokerage schemes (Sanderson *et al.*, 1999), with partnership working at strategic level helping to facilitate cross-theme working,[39] where 'key individuals' can play an important role in spanning boundaries. Partnership working is crucial to a holistic approach – particularly to meet the needs of the most disadvantaged clients.

Evaluation of SRB underlined the importance of making links between physical, economic and social domains in tackling deprivation – in particular:

- combining physical regeneration (e.g. developing sites, refurbishing buildings, etc.) with people-related regeneration (e.g. providing skills training);

- forging transport improvements and links between deprived neighbourhoods and other areas where employment opportunities are available; and

- providing premises and support services to encourage local small businesses, and to provide onsite training of residents most disadvantaged in the labour market.

Issues

Consulting/engaging hard-to-reach groups

Some difficulties have emerged in consulting/engaging hard-to-reach groups, although successes have also been recorded (as in the case of Action Teams for Jobs). A review of job brokerage projects in selected NDC areas (Walton *et al.*, 2003) highlighted the fact that targeting the 'hardest to reach' is likely to require more resources and more time than has generally been available. Evaluation of Employment Zones has shown that people who are 'harder to help' were both less likely to have started work, and where they had done so, were more likely to have lost the job than other people. After 20 months of being eligible to participate in employment zones, survey evidence reveals that almost half the participants had spent no time in paid work (Hales *et al.*, 2003). Indeed, the qualitative evaluation of Employment Zones zones (Hirst *et al.*, 2002) reveals that zone managers considered that some individuals had problems too deep-seated for a time-limited programme to deal with: around 25–40% of clients were classified as 'unemployable' (i.e. unlikely to get jobs – and hence secure outcome payments). Area/neighbourhood renewal policies take time to establish, and the 'hard to help' nature of client groups means that extended periods of time are needed for provision of help. Indeed, an initial review of NDC Employment Strategies suggests that the key constraints on progress are the sheer severity of local problems and the characteristics of the local context. In terms of resources, there are staff, premises and a range of other issues in getting capital projects off the ground.

Local area focus

A specific geographical focus is a key feature of area/neighbourhood initiatives. Yet 'too great a focus on the local area' may mean the neglect of opportunities outside the area, and yet areas that are the subject of ABIs are not 'islands'. Hence, it is sometimes necessary to expand activity beyond the area in question and to ignore 'the tyrannies of geographies' in terms of administrative boundaries (Martin, 2003) in order to achieve the desired outcome.

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39   Here, the broadening of employment initiatives/strategies to embrace social policy has been identified as important.

Partnership working

Early evaluation of NDC projects indicates the importance of getting partners 'on board' (as highlighted in the previous sub-section). Perhaps the key lesson emerging from evaluation of area-based programmes is that partnership working is an essential ingredient to achieving longer-term outcomes. Both NDC and SRB evaluations emphasise that building robust community structures and involving local people cannot be achieved quickly. This may involve engaging partners in new ways.

Factors constraining and supporting performance

The NDC evaluation is yielding some useful information on factors affecting impact. The three most important factors identified as constraining performance are:

- staff turnover and human resource issues (especially in London [Lawless, 2004]);

- design and implementation of projects; and

- internal management and financial systems.

And the three factors identified as most crucial in supporting performance are:

- community involvement in planning and delivery;

- support from government offices; and

- partnership working – at strategic and operational levels.

The best performing NDCs are characterised by:

- stable and committed boards, and good working relationships between boards and staff;

- strong leadership from chairs and chief executives;

- a drive to meet targets;

- a coherent programme based on evidence;

- a strategically-focused board;

- a partnership that is fully staffed and appropriately skilled;

- robust financial and information systems;

- commitment from partner agencies; and

- an involved and supportive community with confidence in the NDC.

Turning specifically to NDC employment strategies, a review of the evidence emphasises the importance of relations with Jobcentre Plus. Here initiatives such as the secondment of staff, the co-ordination of outreach work, the sharing of vacancies and joint working in NDC boards, theme and working groups help. Evaluation of worklessness initiatives (Walton *et al.*, 2003) points to the importance of an approach that is:

- **embedded** – having the support of the local community, based on a good understanding of the local context, and linked to local community networks;

- **holistic** – focusing on individuals' needs and circumstances, providing a personalised 'package' of advice, support and guidance tailored to individual needs; and

- **synergistic** – developing good links and relations with key agencies to provide services needed, and working in close partnership with agencies to ensure 'added value' and reduce duplication.

Resource issues

More generally, a key feature of project-based area/neighbourhood-based regeneration programmes is **instability in personnel and in funding**. This means that providers find it difficult to carry out the long-term planning that is especially beneficial for disadvantaged clients, and 'good practice' may not be continued. Moreover, in a competitive funding situation (as in the case of SRB), there may be a lack of trust between partners competing for the same funds.

There is a 'shortage of people with the skills' to help deliver policy effectively and consistently. The National Evaluation of NDCs has reported that many NDCs have experienced recruitment difficulties. This may lead to delays in establishing projects, and in creating synergy across projects, with likely consequences for a reduction in impact.

Mainstreaming

While many area-based programmes offer the potential for innovation through greater flexibility than would ordinarily be the case, there is emerging evidence of confusion in relation to mainstreaming. The **National Evaluation of New Deal for Communities** developed a four-fold definition encompassing:

- corporate engagement – the commitment from senior leadership in central and local government and other agencies to addressing neighbourhood management;

- resource management – the redistribution ('bending') of financial, human and physical resources;

- reshaping services – to make them more responsive and accessible to local communities; and

- continuity, replication and roll-out – ensuring that lessons for better practice in main programmes are captured and incorporated into standard practice.

The issue of 'backwards bending' (i.e. statutory providers using NDC funds to supplement their own budgets or as a substitution) has also been raised. Mainstreaming is an important issue to resolve, since it is the key ensuring that gains and achievements are not lost after the cessation of funding, and so to sustainability of interventions.

Multi-agency working and targets

'Tensions inherent in multi-agency working' remain a key issue. 'Targets' of key partners might not be closely aligned, and may get in the way of joint working. McGregor *et al.* (2003) highlighted a number of different barriers to joint working between ABIs and welfare-to-work programmes focusing on individuals, including:

- such activity detracts from meeting targets;

- lack of time and resources for joint working;

- low prioritisation;

- lack of understanding of how to work together; and

- limited incentives to work jointly.

Capacity issues

Moving forward, the 'costs of community engagement' remains a key issue. Resident involvement in complex programmes is time and resource-intensive, and two to three years into NDC there are concerns about 'burn out' amongst local residents.

The 'capacity of local partners to cope' with client groups has emerged as an issue in area/neighbourhood renewal interventions. In policies where there is output-related funding (as in the case of Employment Zones), a tendency was apparent for people with multiple problems to be 'pushed' in the direction of the voluntary and community sector to deal with issues relating to drugs, alcohol, etc. However, this highlighted issues of 'capacity' of local organisations to deal with the number of clients concerned.

Policy dynamism

Policy changes within specific ABI programmes can constrain delivery. These policy changes – such as the establishment of Local Strategic Partnerships – put pressure on partner agencies and necessitate adaptation to changing institutional contexts. Lawless (2004) notes that since 1997 the policy framework within which ABIs have operated has become more diffuse and complex (compared with earlier years). The *National Evaluation of New Deal for Communities 2002/3* report raises the possibility that NDCs will slip down local agendas as newer structures and priorities take precedence. Drawing on place- and people-focused regeneration initiatives across nine UK cities, McGregor *et al.* (2003: 39) highlight the need to "create more stability in the initiative landscape" on the basis of evidence that factors impeding joint working are a manifestation of:

- a proliferation of initiatives targeting overlapping client groups;

- the creation of too many new initiatives, confusing an already complex scene; and

- an ongoing process of changing rules and regulations within specific programmes.

Mobility

Finally, in assessing the success of area/neighbourhood renewal policies there is the perennial issue of **mobility**. Areas with transient populations may find that neighbourhood-specific outcome achievements[40] are more difficult to achieve and to record, and that some of those benefiting from area-based interventions in training, job placement initiatives, etc., will improve their standard of living and move out of the target area.

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40   Included in NDC targets.

3.7 Impact of policy on housing and homelessness

Multidimensional impacts

Housing is clearly linked to other policy domains – employment, health, crime, etc. Hence, in terms of 'impact', there are likely to be impacts across a number of different policy domains. For example, it is recognised that:

- the Rough Sleepers Strategy has improved access to mental health services and substance misuse treatment; and

- engagement in employment and training offered a route back into society for former rough sleepers.

Success stories

The 'Homelessness to Home' resettlement projects were rated by participants as a "really good service". The median duration of contact with a family was 224 days, well within the planned maximum of a one year duration (although some families required support for longer or shorter periods).

Likewise, employment and training initiatives have made an impact. Up to August 2003, 375 clients stated the 'Ready Steady Go' element of Business in the Community's Action on Homelessness (BOAH) programme, of whom 343 completed the 2-day training programme. From June 2002 to August 2003, 366 people started 'Ready for Work' placements, with 283 completing such placements. As of August 2003, 131 clients had secured jobs via the 'Ready for Jobs' website.

In 2002–3 OSW worked with over 4,000 people who took positive and practical steps towards their goals. Two hundred and eighty-five people received an accredited qualification or credits towards a qualification, 752 people went into further education and training, 390 people went into employment, and 56% of jobs were permanent and full-time.

Statistics on homelessness

The impact of policy can be measured most directly through changing statistics on the prevalence of homelessness. ODPM publishes quarterly statistics on the number of households who approached local authorities and were found to be homeless through no fault of their own and to have a 'priority need' for accommodation under the provisions of homelessness legislation. In assessing the impact of policy on homelessness it should be noted that the scope of the definition of 'homeless'[41] has been extended, by including additional criteria by which people are assessed to have a 'priority need' if they are homeless.

Homelessness statistics for England show:

- an increase in the number of households accepted for housing by local authorities: between April and June 2003 there was an increase of 36,230 households, representing an increase of 18% over the previous year; and

- a rise of 14% in the number of households in temporary accommodation to 93,480 in June 2003, but, within this, a reduction since the previous quarter of 590 (five per cent) in the number of households in bed and breakfast (B&B) hotels. The reduction in B&B usage over the last year is the first time that such a sustained reduction has been achieved for over a decade.

41   For example, to include younger people.

These rising levels of homelessness have been experienced in nearly all regions, but in line with previous geographical patterns, London continues to experience the highest levels of homelessness in England: around a quarter of all homeless acceptances nationally are in London.

Against the rising trend in homelessness outlined above, there has been a reduction in the number of **rough sleepers**. In terms of the Rough Sleepers Initiative, from 1990 to 1999, 3,500 permanent housing association homes were provided by the RSI in London, and over 5,500 people had been housed in these tenancies by the end of March 1999. According to more recent statistical returns from local authorities in 2003, there were 504 rough sleepers on the street. This represents a reduction of nearly three-quarters from the baseline figure of 1,850 in 1998. Recent reductions in rough sleeping have been greatest in London, although London remains the area with the greatest concentration of rough sleeping in England. Rough sleeping is now at the lowest levels since counts began. The target of reducing the number of rough sleepers by two-thirds between 1998 and 2002 was achieved. Between 2000 and 2001 the seven inner London Contact and Assessment Teams helped 1,600 rough sleepers into accommodation. Over 15% had been sleeping rough for years, and had not been helped by any previous measures, so illustrating the success of the CATs in reaching those with long-term problems.

Explaining impact

A '**joined up**' approach – across different policy domains – is a key success factor for policies addressing homelessness. Homelessness policies benefit from, and also encourage, greater 'joining up'. For example, provision of a 'flexible and comprehensive' service to families in the Homelessness to Home project involved engagement with a range of different services – including the NHS, social services, other voluntary sector organisations and specialist services. Likewise, an evaluation of the Rough Sleepers Initiative showed that in the great majority of areas it had greatly improved inter-agency co-operation (Randall and Brown, 2002).

In terms of sustaining success, a focus solely on housing is insufficient, and once in a new home previous homeless people may well require **continuing support**. For example, many homeless people experience emotional poverty. Researchers at the Centre for Housing Policy at the University of York have highlighted that a lack of social support networks and/or any meaningful occupation compounds the difficulties faced by people who have been homeless in moving on and resettling. The lack of these protecting factors is thought to place people at particular risk of repeat homelessness (Jones *et al.,* 2002). Indeed, the evaluation of RSI indicated that key factors in sustaining rough sleepers in a tenancy included:

● detailed resettlement plans agreed by the resettlement agency and landlord;

● regular monitoring of tenancies;

● support from specialist staff;

● action to combat social isolation;

● engaging clients with employment and training; and

● ensuring that new tenants have adequate furniture and household goods.

A potential issue in reducing rough sleeping is one of 'shifting the problem' to a different location. For example, when moved into social housing, rough sleepers can cause problems for other tenants, through anti-social behaviour. Similarly, there is a danger that initiatives might not be sustainable. Efforts to move people back into work may be undermined by existing benefit rules – due to difficulties in benefit 'run ons' when people move into work.

Issues to be resolved

A key lesson from homelessness policy is that there needs to be clear guidance about the aims and objectives of policy. For example, in the Rough Sleepers Initiative there was a lack of clarity about the objectives of street outreach work, and consequent wide variations between areas in the style of, and time invested in, street outreach work. Moving towards resettlement, there remains a need for supported, and semi-supported, housing, and there is scope for more pre-tenancy work if resettlement is to be achieved.

3.8 Policy and information and communication technology

In assessing the impact of ICT initiatives since 1997 it is important to stress that the period to 2003 was a time of change, with new, often related, initiatives serving to 'move the goal posts' during the lifetime of some initiatives. For example, during the course of the WuC programme there was a renewed focus on social cohesion and an emphasis on 'home–school links' (after the introduction of £5 million further funding for the creation of e-learning foundations and technology for schools in the chosen WuC areas). This can lead to difficulties in evaluating the impacts of particular projects, as noted by Halcyon Consultants (2003: 13): "None of this paints a picture of a stable environment into which to place a short timescale and innovative project that had an apparently simple objective – wire up some disadvantaged communities." Moreover, over the time period of the initiatives reviewed here, there was continuing spread and development of ICT, such that PC ownership has become 'commonplace' and may be seen (at least by some subgroups) as 'essential' (Owen *et al.*, 2003), with Internet access becoming a sign of 'social respectability', and broadband emerging as the latest 'must have'. Hence, the impacts of policy initiatives are observed in a dynamic policy and technological context.

The Wired up Community programme

Considering the 'experimental' WuC programme first, details of the size of the seven local projects and the numbers of beneficiaries are outlined in Table 3.1.

Table 3.1 **Characteristics of WuC areas**				
Phase	**Area name**	**Geographic characteristics**	**Number of households**	**Number of beneficiaries**
1	Kensington, Liverpool	Urban area	4,200	2,000
2	Alston, Cumbria	Rural area	1,200	1,080
2	Brampton, South Yorkshire	Coalfield area	1,500	1,200
2	Carpenters Estate, Newham	Urban area	750	750
2	Blackburn East	Urban area	2,800	2,400
2	East Manchester	Urban area	4,500	4,500
2	Framlingham	Rural area	4,500	1,350

Source: Individual project bids and project sponsor interviews reported in Devins *et al.*, (2003)

Table 3.1 shows that in several areas, despite considerable marketing, promotion and outreach work, initial penetration rates were lower than those aspired to by the programme and several of the WuCs had expanded the eligible area. The reasons for 'lack of take-up' appear many and

varied. A survey of 100 non-participants in each area suggests that 'lack of interest' and the fact that they already have Internet access in the home (and in the view of the respondent that they would not be eligible) were key inhibitors of local demand. Organising and managing the supply of technology into people's homes proved to be a major challenge for all the local projects at various times. Discontinuities in supply and condensed local implementation timeframes contributed to the difficulties facing local project implementation.

Interview surveys in each area revealed that three-quarters of respondents (74.5%) receiving the technology had used it to access the Internet. However, this average disguises local variations. The technological platform appears to be a major (but not the only) contributory factor with lower levels of use associated with recycled PCs and set-top box technologies. The provision of the technology had a positive impact on those who had used it. Eighty-five per cent of those using the WuC technology to access the Internet suggested that their use had increased since receiving the technology. Almost half suggested that they used the Internet daily and just over four in ten people used it to shop or bank online. The majority of users (82%) had continued to use the Internet once the period of subsidy provided through WuC ended. Of the quarter who had not used it to access the Internet, almost half reported that they were 'not interested' in the Internet.

Across the programme, training provision in support of ICT skills development encompassed the development of bespoke courses to meet the needs of new users of the technology and the Internet, the provision of courses additional to those already available in the local community, and intensive one-to-one support delivered in the home or at a local community centre. Almost half (nearly 48%) of respondents reported that they had received some training to use the technology or the Internet.

In terms of improving employment prospects, Devins *et al.* (2003) suggest that it is too early to assess the WuC contribution to this objective. Nearly six per cent of respondents to a follow-up survey suggested that their employment situation had changed in the period between the baseline and the follow-up survey. Of the 16 people that had made the transition from non-employment to employment, ten attributed the change in status (at least partially) to the use of the WuC technology that had enabled them to search for employment opportunities and investigate prospective employers. In all but one WuC area more than half of respondents had used the technology to undertake a search for labour market related information. Overall, however, on the basis of survey results, impacts on employment prospects and social cohesion were not significant within the timeframe of the evaluation.

Staff in WuC pilot areas identified key positive impacts from the WuC programme at individual level being lessening fear of ICT, enhanced self-confidence and capability, improved involvement and engagement, entry into further learning and better skills. At community level they identified the key positive impacts as take-up of education and learning opportunities; and improved cohesion through communication and cross-generational links (Halcyon Consultants, 2003). Rather more negatively, the WuC staff felt that some people were being 'turned off' by the technology and were not using it. These findings are indicative of the possible creation of a further digital divide between those that embrace it and those who can't, won't, or simply do not (Halcyon Consultants, 2003). Analysis of the results from the baseline survey confirms that many of the characteristics of the 'digital divide' prior to the WuC intervention remained. For instance, Internet users were more likely to be qualified (above NVQ Level 3), to be in employment and were younger than non-users.

The **UK online** initiative

The **UK online** initiative has been far larger and geographically more extensive than the WuC initiative. Evaluation of UK online was phased between 2000 and 2003. The evaluation of Pioneer and Pathfinder projects (Hall Aitken Associates, 2002a) concluded that the pilot UK online centres had some impact on the lives of the people who used them. Foremost amongst the successes were:

- **Increased computer ownership –** computer ownership amongst early users of the centres increased by 30% over the period since they first attended the centre, compared with a national increase of ten per cent.

- **Enhanced rates of economic activity and community involvement** – the number of economically active UK online centre users increased among follow-up survey respondents by almost one-third, while the number classifying themselves as not working fell by over 40% (compared with a 12% drop nationally over the same period). Around half of respondents followed-up indicated that attending the centres had definitely helped them to secure a job, secure a better job, or move on to further education or training. Likewise, 21%, 31% and 33%, respectively, of new users indicated that coming to the UK online centre had helped or could help them get a job, go into further or higher education, or become more involved in their community.

- **Increased confidence** – 85% of respondents to the follow-up survey reported that coming to the centre has increased their confidence levels to some degree, as did 73% of new users.

- There were high levels of **satisfaction** with staff and learning materials available at the centres.

The initial report of the evaluation of CMF-funded UK online centres (Hall Aitken Associates, 2002b) indicated that 61% of users were in one or more of the target groups in terms of social and economic status. However, the fact that the numbers falling into more than one target group were relatively low suggested that the most excluded groups were not using the centres in great numbers. Although rates of home computer ownership and home Internet access amongst this group were close to national average levels – again reinforcing the conclusion that the most excluded groups were not being attracted in great numbers – initial ICT skills levels were generally low. The results suggest that the initial users of the new service provided by UK online centres were those who could most easily identify their need. As indicated by the pioneer and pathfinder evaluation, experience of using UK online centres was generally positive and constructive. Forty-three per cent of respondents strongly agreed that their time at the centre has helped increase their confidence. Ninety per cent of respondents agreed that they are learning new skills and 27% and 16%, respectively, reported that attending the centres has helped them progress onto further learndirect courses and further and higher education.

The final report on CMF-funded UK online centres (Wyatt *et al.*, 2003) showed a picture of continuing success in reaching target groups, with almost two-thirds of the people using UK online centres being from one of the six priority target groups, with penetration of the unemployed and ethnic minority groups being identified as particular successes. However, other research focusing on awareness, ownership and use of ICT amongst ethnic minority groups in disadvantaged areas has highlighted that, controlling for other socio-economic characteristics, South Asian people – and some South Asian Muslim women, in particular – display particularly low levels of use of ICT (Owen *et al.*, 2003). Moreover, controlling for other factors, having poor English language ability was a significant predictor of not having used a PC. In the initial evaluation of UK online centres, there remained concerns that the most socially excluded were not attracted in great numbers. Wyatt *et al.* (2003) showed that around three-quarters (74%) of all users lacked either access to the Internet at home, work or college or the confidence to use computers or both. More socially deprived/excluded groups were much less likely to have home Internet access than other groups (45% compared with 68%), and were also less confident in using a PC. Thirty-eight per cent of people attracted to the centres had not taken part in learning in at least five years.

Assuming that the centres continued to perform as they did between October 2001 and June 2002,[42] Wyatt *et al.* (2003) estimated that the overall programme outputs to March 2003, among the target adults who lacked either computer skills or access, would be as follows:

- around 130,000 target adults who had the opportunity to use the Internet for the first time at a UK online centre;

- around 128,000 target users who significantly increased their confidence;

- around 127,000 target adults who were helped by centres to re-engage in learning;

- around 272,000 target adults who have learned new skills said they would not have learned otherwise;

- at least 67,000 adults who have progressed to further learning at UK online centres;

- 93,000 target users who may have achieved some form of qualification; and

- 25,500 users who felt that UK online centres helped them progress, to some extent, to secure a job.

In terms of geographical differentials, it is salient to note that residents in rural areas have lower levels of accessibility to UK online centres than those in urban areas: 54% of rural households live within two kilometres of a centre compared to 90% of urban households. Rural online centres share particular characteristics, including higher unit costs of delivery – particularly for outreach services, reduced accessibility due to geographical distance, a small and scattered population and poor broadband access. The main barriers to access faced by potential users include difficulties in travelling to the centres, a lack of outreach provision (due to high unit costs), restrictive opening hours and lack of childcare provision (Countryside Agency and Department for Education and Skills, 2003).

Overall, therefore, it appears that ICT initiatives have been helpful in raising the awareness and use of computers and the Internet amongst people in deprived wards. As noted above, the overall context for take-up – in terms of technological innovation and decreasing costs – has been favourable. At an individual level, positive impacts have been particularly marked in terms of raising confidence: 79% of respondents to an initial user survey reported that attendance at a UK online centre had increased their confidence (Wyatt *et al.*, 2003).[43] Nevertheless, non-users lacking confidence or skills to use the Internet remain disproportionately concentrated in CMF-funded UK online target wards, suggesting a significant outstanding job in tackling confidence in such areas. Moreover, the evidence suggests that it is the better off people within deprived areas who are improving their Internet access.

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42   And this is by no means certain.

43   A study on ICT and employability based on surveys and case studies at ten UK online centres in deprived areas (Goodison *et al.*, 2004) reinforces this point. A centre manager from Oldham highlights the importance of raising confidence alongside the obvious employability-related benefits of gaining computing skills: "(ICT) has a great effect on it (employability). It's not only things like the fact that there are very few jobs nowadays where you don't have to at least be confident on a computer keyboard, it's even things like warehousing: you've got to input onto computers, you've got to be able to read computer printouts. If you want to move up from any kind of unskilled job into a skilled job or something with better prospects, it's going to involve ICT. I don't think it's just the actual knowledge, it's the confidence it gives people, especially for the slightly older generation, who maybe have not got any qualifications. They left school with absolutely nothing. This may be the first thing they've ever done in their life that they've got a certificate to prove they can do it. Even if they don't use the actual skill, the confidence it gives somebody to be able to do something like that is quite amazing."

Explaining impact

Amongst the features of ICT initiatives that have worked well in addressing social exclusion are:

● the emphasis on local provision and local community development;

● informal and peer-led learning and training opportunities;

● integrated provision in a single support environment; and

● encouraging the role of the community and voluntary sector.

The importance of **local centres** with **local people** as tutors emerges as an important success factor in the evaluation literature. For those learners who had most ground to make up, in basic educational terms, the presence of a well-qualified and easily accessible tutor, from the locality, who they could identify with and trust, was an important factor in maintaining motivation and increasing self-confidence.[44] The significance of the location of centres with public ICT provision amongst their target communities in order to enable access for those who are most in need of what they have to offer also emerges strongly (Goodison *et al.*, 2004; Owen *et al.*, 2003). Even though the main thrust of WuC was about getting PCs into homes, the evaluation (Halcyon Consultants, 2003) stressed the importance of having the project represented physically in the community in buildings and on the street. The need for online centres to be noticeable from the outside and to provide pleasant environments inside has been endorsed by research in London (Foley *et al.*, 2003). In their evaluation of CMF-funded UK online centres Wyatt *et al.* (2003) found that 90% of respondents said they had recommended the centres to others – emphasising the importance of 'word of mouth' contacts in the immediate locality. Having a community development vocation and devolving responsibility to local managers – especially in the most deprived areas – is another important theme emerging from the evaluation literature. However, research in London has revealed that while 'local' may be 'beneficial', there is a danger that a lack of scale and size may mean that it is difficult for online centres to develop their resources or to provide services that users require (Foley *et al.*, 2003).

The importance of balancing formal and informal learning opportunities and using peer-led training and support for motivation purposes also emerges as important for the most excluded people (Hellawell, 2002). There is a positive link between encouragement to learn, continued attendance and progression. The development of relevant, need-focused content is important in continuing engagement. Likewise, the evaluation of the Kensington (Liverpool) WuC project highlighted the development and delivery of suitable training interventions[45] as priorities if the longer-term learning, employment and social cohesion objectives of ICT initiatives are to be met (Devins *et al.*, 2003). Different users have different objectives: whereas unemployed people tend to be keen to gain qualifications to help them progress into jobs and some employed people had similar motivations, other users are more interested in learning new skills than in gaining qualifications (Wyatt *et al.*, 2003). Success lies in tailoring support to motivate people and meet their needs. The fact that helping children with their schoolwork emerges as an important motivation for acquiring and using ICT skills is an important factor that can be built upon in this respect (Halcyon Consultants, 2003; Owen *et al.*, 2003).

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44 It is partly the lack of such a figure in more formal educational settings that makes them inappropriate environments for learners of this type and explains the success of more informal settings (see below for the impact of voluntary sector provision). The role of ICT initiatives in raising confidence emerges strongly from this review.

45 For example, informal and 'drop in' opportunities along with 'free' web-design courses.

In terms of broader community benefits, the 'co-location' of UK online centres in community centres alongside other activities is also important. This helped both in terms of broader support functions for users with multiple needs, and also served as a source of new social connections for most users. For those centre users belonging to two or more of the six UK online target groups who needed a broader range of support and more time, integrated provision delivered within a single, supportive environment was an important element in their progression (Goodison *et al.*, 2004). Case study evidence indicates that such users often benefited from integration of ICT training, basic skills courses and English language training (Owen *et al.*, 2003). For many community organisations and colleges there were indirect benefits from such co-location in terms of developing new partnerships, bespoke community-based provision and new approaches to learning through their UK online centres (Wyatt *et al.*, 2003). Together they attracted new learners and provided them with opportunities to progress.

The UK online evaluation (Wyatt *et al.*, 2003) showed that **community and voluntary sector centres** attracted higher proportions of socially excluded and digitally excluded users. They also used a much greater number of volunteers – often people who had first been users. This is illustrated by the fact that 69% of new users at community and voluntary sector centres in the initial survey fell within one of the target groups, compared with 61% for local authority centres and 57% for further education and higher education. Only 49% of users at community and voluntary sector centres already had functional Internet access prior to attendance, compared with 55% at local authority run centres and 57% at further education run centres.

Less successful features

From the WuC programme in particular, but also from other ICT initiatives, it is clear that use of old/recycled technology does not work well. Halcyon Consultants (2003) found a positive correlation between the WuC areas that used new PCs and those that had the highest uptake of Internet use. Poor quality supply, including inability to use some software packages on older machines, is off-putting to users, and it can then be difficult to maintain interest and regain trust. Moreover, in economic terms, the cost of new equipment (hardware and software) is falling. Evidence from the Blackburn WuC case study also underlines the importance of providing timely technical help and support: it appears that if people's problems are not resolved in the initial stages, they quickly lose interest and thus cease to benefit. Research in London has reiterated these same issues, emphasising the need to avoid old and slow ICT equipment and to avoid making people wait in online centres (Foley *et al.*, 2003).

Issues to be resolved

Key issues to be resolved for the future include:

- continued funding;

- competition and/or co-operation;

- reaching the most disadvantaged;

- employability and improved local labour market information; and

- home access and public provision.

Funding of many ICT initiatives, especially those working on the margins of mainstream education and training, is time-limited and insecure. Yet providing the socially excluded with computing skills and access to ICT (and perhaps onto further learning and employment) is a long-term, complex process which involves creating a climate of trust between the centres and the communities they serve. This trust, which is one of the keys to successful recruitment, is placed in jeopardy by the short-termism of the funding process. Interviews with a limited number of online centre managers

in deprived areas (Goodison *et al.*, 2004) highlighted the fact that the uncertainties of the bidding process create insecurity and hinder forward planning and, in the case of the smaller centres, place a significant added burden upon administrative staff. Some of the more innovative and successful courses targeted at the most excluded groups are under threat in the light of increasing pressure to focus on 'easier' sources of funding than the 'hard to reach' groups. The concern for sustainability[46] produces a tension between the need to develop accredited courses, which bring in revenue, and to find other sources of income both to support those whose needs are perhaps more fundamental and to attract the clients that so far have not been drawn into the centres. Indeed, in the final report on the evaluation of CMF-funded UK online centres, Wyatt *et al.* (2003) emphasise that whatever the funding regime, more funding should be targeted on the successful informal services that many UK online centres have developed to attract excluded groups and those not involved in learning. For the centre users themselves, cost is an important consideration, especially for those in deprived neighbourhoods. Owen *et al.* (2003) concluded that charges levied for use of public facilities need to be kept to a minimum if take-up is to be maximised. Wyatt *et al.* (2003) indicate that centre managers expect that there will be a gradual shift away from providing access and outreach activities towards higher level courses and improved service quality.

From interviews with community-based projects that had additional revenue funding, many projects felt that the type and standard of their service was in danger of becoming more oriented towards easier targets (as highlighted above). It is argued that rural centres are more vulnerable than urban centres because of their high unit costs, poorer accessibility, and poor broadband connectivity (Countryside Agency and Department for Education and Skills, 2003). Uncertainties are compounded by changes in the funding climate – most notably with the advent of the Learning and Skills Council. As noted above, the Skills Strategy *21st Century Skills – Realising our Potential* includes commitments to expand the Adult Basic Skills campaign and make ICT the third essential skill for life (Wyatt *et al.*, 2003).

Competition and/or co-operation between ICT providers is a further important outstanding issue (and in part this is linked to the funding issue outlined above). In some areas, the difficulty of building relationships with the local community, or communities, is compounded by the fact that other organisations might be pursuing similar goals in the same area, leading to a form of competition between them that can work against the interests of the clients. One centre manager interviewed in the Goodison *et al.* (2004) study attributed the driving force behind this competition, to the need to meet targets in order to secure funding. In some local areas, however, mechanisms are in place that tends to minimise competition and favour collaboration. In Newcastle, for example, the East End Education Forum meets regularly to review provision in the area and to share ideas or raise issues and, in Wakefield, the Learning Network provides a forum which, potentially at least, can ensure provision is complementary.[47]

'Attracting the most disadvantaged' to encourage them to access computers and the Internet remains a continuing theme. Between 2001 and 2002 the rate of Internet use increased slightly more slowly in the wards targeted by CMF-funded UK online centres than in other areas. Hence, despite a fall of almost one million in the number of non-Internet users in the most deprived wards, the gap between the most deprived wards and the rest widened (Wyatt *et al.*, 2003).

In terms of 'employability' – which is a particularly important factor for the working age groups that are the focus of attention in this review – there appears to be a need for improved local labour market information. Goodison *et al.* (2004) found that many centre users were poorly informed about the local labour market and unsure how to deploy the ICT skills and other personal qualities they had developed, and how to present themselves to potential employers.

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46   At individual centre level.

47   With some providers focusing their provision on specific population subgroups (see also Owen *et al.*, 2003).

In their final evaluation of CMF-funded UK online centres, Wyatt *et al.* (2003) question the long-term viability of cheap or free public access. They cite the fact that many users felt that their new ICT skills were of limited use unless they secured home Internet access. Only a small proportion of adults (8% in November 2002, down from 13% in August 2001) rely on non-domestic access to the Internet. The fact that a study into the use of public ICT sites in the west of England and South Wales during summer 2002 (Selwyn, 2002) found that over a third of respondents had access to a public ICT site, but only 11% of the population made use of it, suggests that 'functional' access means having access at home, work or college.

Hence, the '**digital divide**' is itself 'changing' and 'moving' such that those on the lowest incomes, and those outside education and employment, remain the most disadvantaged.

CHAPTER 4: Key messages

4.1 Introduction

This concluding section of the review has a two-fold purpose. First, it steps back from the mass of evidence discussed in the previous two sections to pose the question 'What has been the overall impact of government policy on social exclusion amongst adults?' Second, it draws together key messages for policy-makers that have emerged from the preceding review of evidence.

4.2 Progress towards social inclusion amongst working age adults

This review of evidence has been concerned to identify the impact of government policy and initiatives on social exclusion amongst adults of working age. Policy in a number of different domains has been reviewed. In each case, key policies and initiatives have been identified and the evidence relating to their impact on social exclusion considered. The range of initiatives covered has been considerable. Some could be expected to have an obvious and direct impact on social exclusion while others operate in a more indirect manner. Some initiatives have been shown to be successful while others have been less so. Policy in one domain, however, may have consequences for policies in other domains, sometimes being mutually reinforcing, but in other instances being in conflict. Evidence gathered at the (micro) level of individual initiatives (such as is reviewed in this report) can help identify those policies that work well and those that do not. Nonetheless, the overall net impact of such policies on social exclusion is much more difficult to discern. In order to identify such a net effect, it would be necessary to have a measure of social exclusion that could be used to see if social exclusion was decreasing as a consequence of government policy.

Social exclusion, being a multifaceted concept embracing lack of, or limited, participation in key domains of modern life (such as work, consumption, wealth, community life and citizenship), is difficult to measure comprehensively. A single indicator (or even a number of indicators) is unlikely to fully capture all aspects of social exclusion. Nonetheless, it has been argued in this review of evidence that a key dimension of social exclusion amongst adults of working age is exclusion from work. Work is not only the defining characteristic of this age group but worklessness is also a factor reinforcing other aspects of social exclusion, including poverty, homelessness and ill-health. This being so, participation in the labour market, and more specifically employment, could be considered a key indicator for the purpose of measuring social exclusion amongst this age group.

The government has set a number of targets for government departments under their Public Sector Agreements (PSA). Two PSA objectives set for the Department for Work and Pensions are particularly appropriate to the measurement of social exclusion amongst adults of working age. These objectives and associated targets are:

- **Objective II: promote work as the best form of welfare for people of working age, while protecting the position of those in greatest need.**
  Target 4: Over the three years to spring 2006, increase the employment rates of disadvantaged areas and groups, taking account of the economic cycle – lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications, and the 30 local authority districts with the poorest initial labour market position and significantly reduce the difference between their employment rates and the overall rate.

- **Objective IV: improve rights and opportunities for disabled people in a fair and inclusive society.**
  Target 7: In the three years to 2006, increase the employment rate of people with disabilities, taking account of the economic cycle, and significantly reduce the difference between their employment rate and the overall rate. Work to improve the rights of disabled people and to remove barriers to their participation in society.

While these PSA targets can never be regarded as complete measures of social exclusion, they do provide a means by which the overall impact of government policy on a key aspect of social exclusion amongst working age adults – access to employment – can be measured. Table 4.1 provides information about the relative employment rates of the key target groups and shows the difference between the employment rate of the target group and the national (GB) average employment rate.[48]

Table 4.1 **Relative employment rates: key target groups**

Percentage point difference from GB average

	Date (quarter and year)								
	Q3 99	Q1 00	Q3 00	Q1 01	Q3 01	Q1 02	Q3 02	Q1 03	Q3 03
Lone parents	-25.9	-23.0	-24.3	-23.1	-23.4	-21.0	-22.9	-22.4	-22.0
Ethnic minorities	-16.1	-15.7	-15.8	-16.3	-16.7	-16.7	-16.5	-16.9	-16.5
People with disabilities	-27.6	-27.7	-27.7	-27.4	-26.8	-26.6	-25.5	-25.6	-25.8
50 plus	-8.0	-7.6	-7.6	-6.4	-6.5	-6.3	-6.0	-4.6	-5.3
Low qualifications	n.a.	n.a.	n.a.	-23.5	-22.9	-24.5	-22.3	-24.4	-24.3
30 poorest LADs	n.a.	-12.4	-11.9	-12.4	-12.4	-12.0	-11.6	-11.5	-11.2

Source: Treasury PSA website www.hm-treasury.gov.uk/performance/index.cfm
Note: n.a. is 'not available'

Table 4.1 shows the extent to which members of target groups have been able to access employment and indicates, for instance, that the employment rate of people with disabilities was nearly 26 percentage points below the national average in the latter part of 2003. The table also suggests that those least able to access employment were people with disabilities, people with low qualifications and lone parents.

The information in Table 4.1 can also be used to look for evidence of changes in access to employment over time. It must be borne in mind that the indicators in the table are derived from the Labour Force Survey and thus subject to sampling variation. In fact, to be statistically significant, an observed change must exceed one percentage point (two points in the case of lone parents). With this caveat in mind, Table 4.1 indicates that the relative employment rates of lone parents, people with disabilities and people aged 50 plus have all 'improved' over the relatively short period covered by the data. In regard to the 30 poorest LADs, employment rates probably improved in those areas, although the improvement is small and not statistically significant. Employment rates amongst members of ethnic minorities show little evidence of having changed. This was also the case for employment rates amongst people with low qualifications.

Relative employment rates can be affected by a number of different factors, not least the level of activity in the economy and labour market, as well as government policy. Nonetheless, the indicators reported in Table 4.1 are tending to move in a direction that is consistent with the

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48 Employment rates are the proportion of the population of working age (16–59 for females and 16–64 for males) who are in employment based on International Labour Organisation definitions.

purposes of current policy on social exclusion. As might be expected, the scale of the changes is small, but so is the period over which the targets have been measured. A key test for government policy will be whether the indications of a positive impact continue over the longer-term.

4.3 Key messages from the evidence review

This review has looked at a wide range of policies and initiatives impinging upon social exclusion. These policies are very varied and can be expected to impact on social exclusion in a variety of ways. There is no shortage of evidence relating to the operation and effect of such initiatives, although the quality of such evidence and its findings are quite variable. Given this broad array of evidence, what are the key messages to have emerged from this review of evidence relating to the impact of government policy on social exclusion amongst working age adults?

Key messages to emerge from the evidence were as follows:

- There is strong evidence of widespread impacts from policy both in terms of entry to employment and 'soft' outcomes that affect future employability and participation in work. It needs to be borne in mind, however, that these outcomes were achieved in a buoyant economic and labour market context. Current policies focus primarily on 'the supply side' in the sense of helping the excluded enter the labour market. There is scope for developing policy that would draw the excluded into employment through stimulating the demand for labour.

- In many domains there are both national programmes and local initiatives/programmes. Indeed, the *raison d'être* of some local initiatives is to 'fill the gaps' left by national policy. Whatever the motivation, the result is a 'patchwork quilt' of initiatives, policies and targets that can be quite difficult to navigate, thus raising the question 'how much is too much?'. The multiplicity of initiatives can lead to difficulties in implementation of policy. This may also lead to difficulties in evaluation of policy, and measuring impacts. Moreover, because of the holistic nature of many initiatives, the impacts may be felt across a number of different domains.

- While the development of a range of different programmes can target resources, such a proliferation can result in confusion (and lack of awareness) amongst those such programmes are intended to support, and to issues of overlap, lack of co-ordination and ineffectiveness. This finding points to the need for streamlining of policy in some areas and highlights the need for partnerships and other forms of collaborative working by the relevant agencies.

- There may be a shortage of people with the skills necessary to help deliver policy effectively and consistently. Policy dynamism compounds this problem since staff implementing initiatives may be insufficiently aware of, or trained to deal with, rapid changes in programme rules, eligibility or involvement of partners.

- It is increasingly recognised that many aspects of social exclusion are interrelated, with some individuals suffering social exclusion in several different domains. 'Joined-up problems' necessitate 'joined-up approaches/policies' if they are to be tackled successfully. The move towards 'joining up' policy has resulted in great emphasis being placed on partnership working and joint action at national and local level across 'domains'. Nonetheless, given differences in statutory responsibilities and targets, and the multiplicity of targets, partnership working is not without difficulties: not all partners want to, or find it easy to, work together.

- While it would be unfair to claim that policy has been concerned only with 'quantity' rather than 'quality', there is evidence that initiatives have been more successful in achieving quantitative targets (such as job entry) and less successful in achieving qualitative targets (such as higher earnings and more sustained jobs). There are, of course, exceptions to this generalisation, such as NDLP.

- Despite the development of a wide range of programmes, most evaluation evidence points to the fact that the most disadvantaged people continue to benefit least from policy. There are several reasons for this including:

  – the disadvantaged and socially excluded are (by definition) the hardest to help;

  – the scale of disadvantage often exceeds the capacity of policy (timescales, provision, multiple disadvantage); and

  – the most disadvantaged are less likely to take up programmes where entry is voluntary.

There may, therefore, be a case for greater targeting of the disadvantaged within programmes and initiatives.

- Owing to the wide range of (sometimes competing) programmes for working age adults, it may be desirable to target resources. This targeting may relate to groups of benefit recipients or to geographical areas. By directing resources to where they are needed and by tailoring provision to the specific needs of individuals or areas, a greater impact may be achieved.

- Policy to tackle social exclusion in terms of aiding entry to employment has focused on tackling multiple barriers facing individuals (many of which may be personal, although some are environmental). This emphasis explains the use of '**personal advisers'** which has been a key feature of policy initiatives over the time period covered by this review.

- There is a need to provide support for some of the most disadvantaged people on an extended basis. For this group, 'getting a job' or 'getting a home' represents only the first hurdle in the journey out of social exclusion and assistance may be required in the early days in employment. 'Continuing help' is required if positive outcomes are to be sustained.

- It must be acknowledged that government policy to reduce social exclusion **takes time**. It takes time for partnership arrangements to be set up, and for strategies to be formulated and put into operation. Hence, 'quick fixes' are not always possible. In the past, short-term funding streams have meant that 'follow through' of successful initiatives has not always taken place, and staff with skills and knowledge may be lost. In addition, those who are 'hardest to help' often require assistance over a long time period. In some programmes there is insufficient time to help the most socially excluded/deprived people and places. Combating social exclusion is about **cultural change** and cultural change 'takes time'.

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