“The welfare society has been breaking down on the margins, and the social fabric of many communities is being stripped away. Although this has been increasingly accepted by commentators and academics in recent years, a defensive complacency, akin to attitudes towards Britain’s industrial decline in the 1970s, has characterised our reaction to this problem. Too many either do not care or feel powerlessness to do anything about it. This study starkly illustrates the deleterious effect this breakdown is having on our children . . .

... We need a system that understands that while material deprivation must continue to be dealt with, poverty isn’t just an issue of money; while money is important, so is the quality of the social structure of our lives. To improve the wellbeing of this country it is necessary that we help the people of Britain improve the quality of their lives or we will all become poorer.”

Rt Hon Iain Duncan Smith MP
Breakdown Britain

Interim report on the state of the nation

Social Justice Policy Group
December 2006
About the Social Justice Policy Group

The Social Justice Policy Group has been commissioned by the Rt Hon David Cameron MP, Leader of Her Majesty’s Opposition, to make policy recommendations to the Conservative Party on issues of social justice.

The Policy Group is being chaired by the Rt Hon Iain Duncan Smith MP, former leader of the Conservative Party and Chairman of the Centre for Social Justice, and its Deputy Chairman is Debbie Scott, Chief Executive of Tomorrow’s People. The Centre for Social Justice is hosting its Secretariat.

The Social Justice Policy Group will study:

**Phase 1**: The nature and extent of social breakdown and poverty in Britain today

**Phase 2**: The causes of poverty

**Phase 3**: Policy solutions to the social breakdown and exclusion

This Report covers phases one and two. The full Report is due to be completed next year and policy recommendations will be made to the Conservative Party in June 2007.

“Pathways to Poverty”

The group will look at a number of different factors which contribute to poverty and have identified five key “paths to poverty”:

- family breakdown
- educational failure
- worklessness and economic dependence
- addictions
- indebtedness

The Social Justice Policy Group will also study a final aspect of the new Conservative poverty-fighting agenda – increasing the role of the voluntary sector in providing local, effective and lasting solutions. These six areas will all be covered by Working Groups.
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Social Justice Policy Group
Secretariat

Rt Hon Iain Duncan Smith MP, Chairman of the Social Justice Policy Group

Debbie Scott, Deputy Chairman of the Social Justice Policy Group

Dr Samantha Callan, Chairman of the Family Breakdown Working Group

Greg Clark MP, Chairman of Economic Failure and Welfare Dependency Working Group

Orlando Fraser, Chairman of Third Sector Sector Working Group

Lord Griffiths of Fforestfach, Chairman of Indebtedness Working Group

Kathy Gyngell, Chairman of Addictions Working Group

Ryan Robson, Chairman of the Educational Failure Working Group

Philippa Stroud, Director of the Centre for Social Justice
Methodology

About the SJPG

The policy-making process has involved extensive academic research, both from a team of researchers at the Centre for Social Justice and from the members of the six working groups. Unlike most political consultations, the Working Groups have also been staffed with practitioners who have first-hand experience of overcoming the social challenges facing the UK. The Policy Group has benefited enormously from the expertise of over 50 leading practitioners, all of whom bring years of experience and a constructive, fresh insight into poverty-fighting.

Furthermore, there has been extensive discussion and consultation with members of the public across the country. This includes:

- YouGov poll of over 40,000 people
- Consulting over 800 individuals and organisations directly to hear about their work
- Online consultation via our blog, www.povertydebate.com
- Public hearings and visits to London, Birmingham, Glasgow, Brighton, Carlisle, Devon and Wolverhampton. (See appendix 1)

About the Centre for Social Justice

The Centre for Social Justice has been hosting the Secretariat of the Social Justice Policy Group. The Centre was founded in November 2004 by the Rt Hon Iain Duncan Smith MP to develop new and innovative poverty-fighting solutions to the social challenges facing Britain, working closely with voluntary sector groups, charities and community entrepreneurs. Its advisory board includes the Rt Hon William Hague MP, the Rt Hon Oliver Letwin MP and David Willetts MP.

The CSJ has built up the “CSJ Alliance” over the past two years whose membership includes charities and voluntary sector groups. From Cornwall to Carlisle, Wolverhampton to Westminster, the CSJ has unrivalled connections and contacts with individuals and organisations who are working on the frontline in the fight against poverty. This has helped the Policy Group to ensure a community-based response to the social challenges facing the UK, drawing on the experience and expertise of poverty-fighters on the front-line.
The Social Justice Policy Group consultation process

Lone parents at the Community Education Training Academy in Birmingham.

The Education Working Group visits a school in the East End of London.

Care leavers at an education hearing.

Children at New Park Nursery, Islington.

Lunchtime at St Margarets drop in centre, Pimlico.

Andy Bowie, A4E at a Third Sector Working Group hearing.
The Social Justice Policy Group consultation process

Rt Hon Iain Duncan Smith MP at New Park Nursery, Islington

The Police came to address the issues with Moorlands Estate.

Community Workers at Moorlands Development Project, Brixton

The Voluntary Sector Working Group visit to ‘FARE’ in Glasgow.

St Margarets Drop-in Centre, Pimlico.

Addictions Working Group meeting.

Family Working Group hearing in Birmingham.

The Social Justice Policy Group monthly secretariat meeting.
The Social Justice Policy Group has been posting all our findings on an ongoing basis at www.povertydebate.com, our online blog. At a time when political involvement is worryingly low, in particular among young people, the key challenge for British politics is to engage a wider audience. We have been communicating with members of the public through our interactive blog which harnesses modern technology to ensure a truly open policy-making process. This is not a one-way dialogue; members of the public have been invited to respond to all our findings. This is an example of what we have been told:

“For far too long the education system has been a political football used for attempts at social engineering. It has to stop. We cannot experiment with our children’s future. Educational policy should be based only on the needs of children, which differ from one child to another.”

“... Drug prevention is the way forward. Our children need to be treated with respect, and offered worthwhile environments in our schools, where they have access to information and to be nurtured in an atmosphere of trust.

“...The only way that people are going to stop taking drugs is by tackling the root causes and helping them through the addiction. Simply by putting addicts on methadone will not do anything apart from destroy the individual’s life, and their relationship with their family.”

“... My debt is due to overspending, excessive use of credit cards, loans etc. It started about 12 years ago. I am facing long-term repayments. It means that I cannot afford things like holidays because I need to concentrate on repayments. It also means that once all monthly repayment amounts have been deducted; there is very little money available to save.
I have tried to use consolidation loans but they only led to more expense. I have not approached anyone else about this.”

“Tax is too high. I’ve got 5 children, my spouse doesn’t work in order to look after them, money is tight. Why can’t my spouse’s tax allowance come to me? Cameron talks about the family, so do Blair and Brown, but none of them propose to reduce the tax burden in this way.”

Finally, and most importantly, the Social Justice Policy Group considers the website to provide a forum for debate. The ‘Your Platform’ section has hosted submissions from MPs, voluntary sector groups and leading campaigners on social issues. This has provided thought-provoking debate and we have harnessed the “wisdom of the crowds” to inform our policy-making process. We believe that politicians in Whitehall lack a real insight of the problems faced by people on a daily basis; we have strived to speak to those people and organisations who have developed new and innovative ways of solving social problems.

By providing an open and accessible forum for debate and discussion, the Social Justice Policy Group believes that it is not only possible to begin to understand the problems of poverty facing Britain, but also to begin solving them.

**Forthcoming topics for Your Platform in 2007 will be:**

January 8th: Should catchment areas for schools be scrapped?
January 15th: Should high street banks be encouraged to provide banking services for the poor?
January 22nd: Is drugs testing in schools a good idea?
January 29th: Would changes to the charitable tax regime encourage donations?
February 5th: Has the tax/legal system contributed to family breakdown?
Breakdown Britain
Chapter 1

Overview
Acknowledgements

My thanks to all the members of the working groups (see appendix 1). The committee membership was a mix of academics and practitioners and they brought a huge amount of experience and expertise to the work of the Policy Group. Thanks to Ryan Robson, Cecil Knight, Ray Lewis, Mike Royal, Simon Howlett, Stephen Brookes, Ivor Frank, Merrick Cockell, Harry Benson, Dr Samantha Callan, Dave Percival, Lee Rowley, Melanie Gill, Professor Bob Rowthorne, Greg Clark MP, Peter Franklin, Brian Griffiths, Manish Chande, Professor Iwan Davies, Tom Jackson, the Rt Revd James Jones, Heather Keates, Keith Tondeur, Prue Leith, Orlando Fraser, Adele Blakeborough, Graeme Leach, John Nash, Jessica Lee, Malcolm Offord, Robert Porter, Mel Stride, Simon Edwards, Charles Drew, Richard Smith, Evonne Williams, Kathy Gyngell, David Burrowes MP, Chris Cook, David Partington, Camila Batmanghelidjh, Andy Horwood, Shaun Bailey, Karen Bradley, Charles Elphick, David Godfrey, Nick Hillman, Tom Jackson, Debbie Scott, Ross Walker.

They have been supported by Nick Wood, Stephen Brien, Philippa Stroud, Tom Stancliffe, Cameron Watt, Russell White, Sarah Tyler, Lindsey Morgan, David Beckingham, Sam Sheerer, Andy Stranack, Charlotte De Rivaz, Jess Seddon, Leah Morgan and Charlotte Murphy.

Everyone has put in a huge amount of work. However Samantha, Kathy, Brian, Greg, Ryan and Orlando have my particular thanks for all the work they have done so far in leading their respective groups and sticking to the deadlines. They have responded brilliantly to all the demands of the extra work. As they all know there is yet still so much to be done.

My personal thanks are due as well to Philippa Stroud, who has worked tirelessly to co-ordinate all of this, supported by Tom Stancliffe. Also my thanks to my deputy Debbie Scott of Tomorrows People, whose support and advice have been invaluable.

Rt Hon Iain Duncan Smith MP
When asked by David Cameron to consider how an incoming Conservative Government could tackle Britain’s most acute social problems, I felt it necessary to first better understand the nature and extent of the breakdown I was being asked to address. Too often these issues are reduced to accusative headlines and receive limited coverage by broadcasters. All the work we have undertaken at the Centre for Social Justice reinforces that persistent poverty is complex and deep-rooted. If the drivers of poverty are not addressed an ever-growing underclass will be created, pointed to in all the reports that follow.

Much of the work of the Social Justice Policy Group has been conducted through working groups looking at five ‘pathways to poverty’: family breakdown, educational failure, economic dependence, indebtedness and addictions. A sixth group, Second Chance, has been examining how the third sector might be helped to do more to help vulnerable people escape the five pathways. This interim report comprises the first two stages of the Group’s three-stage process: firstly it describes the nature and extent of the social challenges we face and secondly it describes what led us to this point. The Group’s final report next year will detail the third phase: our recommendations and policy proposals.

For some time I have been concerned about our reluctance as a nation to ask why the world’s fourth largest economy continues to have ever greater demands placed upon its social support system, the welfare state, during a period of unprecedented prosperity. Although successive governments have promised to get tough on fraudulent claimants and introduce programmes to reduce demand for particular benefits, the costs of the welfare benefits have risen inexorably. Between 1993/94 and 2005/6, Social Security Benefits expenditure increased by £22.7 billion. If one includes tax credits, the increase is £35.5 billion. It is worth noting that this rise occurred at a time of rising employment and economic stability.
Surely there is a need to understand the factors fuelling the ever-increasing demands on the welfare state, especially the weakening of the welfare society.

The Welfare Society

The welfare society is that which delivers welfare beyond the State. At the heart of the welfare society is the family. I think of a wife caring for a sick husband, a son caring for an ageing mother, or even an extended family rallying round to help a young relation tackle their drug addiction. The welfare society remains the largest deliverer of care in Britain today, dwarfing the state and without which the state would be overwhelmed. From birth to death it has an enormous bearing on all our lives.

An integral and vital part of the welfare society is the voluntary and community sector which so often provides a form of extended family to those who have none and are vulnerable as a consequence. I think of FARE in Easterhouse, Glasgow or Eastside Young Leaders Academy in east London, or Believe in Bristol, or Black Boys Can in Birmingham. All of these and thousands more are a part of that process of voluntary care upon which so much of society depends. Such small third sector groups offer many damaged people a second chance and operate in a people-centred way that statutory agencies cannot or will not emulate.

Yet the welfare society has been breaking down on the margins, and the social fabric of many communities is being stripped away. Although this has been increasingly accepted by commentators and academics in recent years, a defensive complacency, akin to attitudes towards Britain's industrial decline in the 1970s, has characterised our reaction to this problem. Too many either do not care or feel powerlessness to do anything about it.
This study starkly illustrates the deleterious effect this breakdown is having on our children. Government cannot be complacent. The section of the report detailing the extent of Family Breakdown (Chapter 2) notes that for too long those in public life have rejected discussion of these issues, either worried about their own personal circumstances or for fear of stigmatising one group or another. There is, however, a world of difference between understanding the problem of marriage and two parent breakdown and blaming those endeavouring to do the best for their children in difficult circumstances. Chapter 2 emphasizes that this report or resulting discussion is not about stigmatising lone parents. As Alison Garnham of the National Council for One Parent Families makes clear, “lone parenthood is not a lifestyle choice.”

Causes of Crime

This report is about understanding the causes of Britain’s most acute social problems. It is the first stages in a process of developing policy proposals to stabilise and strengthen society, rather than punish those whose lives are products of the self same causes that have been ignored for too long. Tony Blair used to talk about tackling the causes of crime. He no longer does; instead his Government’s attitude has become reactive and short-term. We know that the majority of young offenders come from broken homes, have drug addiction and alcohol abuse habits, the academic age of a child of 11 and many of these young people have mental health problems often stemming from their drug abuse. A growing number become members of violent street gangs with harsh rules of membership. The increasingly dysfunctional society described in this report is one that breeds criminality. To be tough on the causes of crime, the causes have first to be properly understood. This report is intended to make an important contribution to that process.

Five Pathways to Poverty

Family breakdown, educational failure, economic dependence, indebtedness and addictions are all interrelated. As this report shows, children from a broken home are twice as likely to have behavioural problems, perform worse at school, become sexually active at a younger age, suffer depression and turn to drugs, smoking and heavy drinking. Yet it is also known that a parent who has a serious drug problem or is addicted to alcohol can exhibit very destructive behaviour patterns which can destroy the quality of life for the other parent and children, leading in turn to family breakdown. Furthermore either because of addictions, or for other reasons, those on low incomes who get into debt, as Lord Griffiths (Chapter 5 – Indebtedness) points out, find it almost impossible to pay off their debts. As the report shows, one of the main reasons people on low incomes are particularly vulnerable to poverty caused by indebtedness is the appallingly high levels of interest they routinely pay on their loans. Thus they find it particularly difficult to clear their debts.
There are a growing number of vulnerable people whose lives – and those of their children – have no structure. As Chapter 2 points out, parental behaviour is likely to be repeated by offspring. For example, Kathy Gyngell (Chapter 3 – Addictions) shows that 8.2 million people in the UK have an alcohol disorder and over a million children are living in homes with alcoholics. The degree to which such patterns of behaviour are repeated by successive generations is depressing, if somewhat unsurprising. Over 45% of 14-15 year olds have consumed more than five drinks on a single occasion in the last 30 days. Even more shocking are the figures that show between 3,000–4,000 young children aged 11 and over were admitted to hospital for alcohol related illness in 2004.

**Drugs**

Official figures also show that at least 350,000 children live in households headed by drug addicted parents. However addicts are not made – or even asked – to state if they have dependent children when they seek treatment. The fear is that they will be scared away, yet who will check the children to ensure they are not following their parent’s destructive lead? These depressing trends form an interlinking pattern, with the evidence demonstrating the effect that drug taking and drinking have on the truancy figures, including crimes committed by truants whilst absent from school. Indeed nearly 50,000 crimes are committed in London each year by truanting children.

Chapter 3 (Addictions) lays bare the Government’s confusing and contradictory drugs policy. Government ‘treatment’ is almost always limited to harm reduction. The cheapest means – typically maintenance on methadone – are employed to minimize criminal activity committed by drug addicts. As a consequence, many addicts are prescribed methadone for many years. There are now increasing calls for the prescribing of heroin itself. The argument advanced by government and some police officers is that an addict committing crime to feed his habit steals goods worth approximately £45,000 a year. Prescribing methadone costs £4,000 a year and heroin costs £12,000 a year. One of the key flaws of this strategy is that one persistent addict can have a dramatic affect on others around them, creating further breakdown, more addiction and crime. Another is that a very high proportion of addicts on methadone scripts continue to use street drugs.

There is no belief or expectation from the statutory agencies that addicts can get clean, nor much help provided to support the many who are frustrated in their aspiration to turn from their addictive behaviour. However recent research from Glasgow University (see overleaf) lays bare the failure of harm reduction approaches. Methadone is 97% ineffective in enabling people to get clean (and the margin for error in the study is 3%). When drug addicts were asked what they wanted, only 0.7% said safer drugs use. The vast majority want abstinence.
Government is increasingly reluctant to provide residential rehabilitation. The cost of a 12-week residential rehabilitation course is approximately £8,400. This is the most proven and most sought treatment for addicts. Yet right now there is a growing amount of spare capacity within the already limited rehabilitation centres with only half of the 2,500 places occupied.

**Dadlessness**

There is, as the educational failure (Chapter 4) and family breakdown papers (Chapter 2) make clear, a major problem of absent fathers exacerbating underachievement. In the report this is called ‘dadlessness’. The absence of a constructive male figure in their lives at home is compounded for many boys in their early schooling, as fewer primary school aged children ever encounter a male teacher at school. Instead, their role model is too often a transient father who is unsupportive of the mother and passes on little of value to his child. Too many women and children in these broken homes also suffer from abuse and as Chapter 2 shows, abused children often turn into abusers as they get older.

The recent and harrowing case of the brutal murder of Tom ap Rhys Pryce illustrates what has been happening. A harsh street culture acts as a magnet to disaffected boys from broken and dysfunctional homes. In this culture, life becomes cheap and violence engenders respect. In the absence of a structured and balanced family life, the street gang becomes an alternative “family”.

The effects of dadlessness are illustrated by the polling figures (Chapter 7). Children whose fathers are absent in their youth experience far greater problems in adulthood. This is reinforced by the education failure paper (Chapter 4) which highlights that in deprived communities, white and Afro-Caribbean boys perform worst academically – as few as 17% of the former and 19% of the latter achieve 5 or more GCSEs at grades A*-C. 69% of pupils from Chinese backgrounds in the same socio-economic groups achieve five good GCSEs.
Varying levels of attainment between ethnic groups have much to do with what happens in and around their homes. Young people from broken homes are much less likely to fulfil their academic potential. However bad these outcomes are, children in care generally suffer an even worse fate. By every measure these children fare appallingly. Just one in nine young people from a background in care will get 5A*-C at GCSE. Even after endless tinkering through legislation, the figures just get worse.

Worklessness and Poverty

In modern times, poverty has been a difficult issue for the Conservative Party to deal with. However, as Chapter 1 (economic dependence) makes clear, it is too important an issue to be left to the Labour Party. Absolute poverty may have fallen since the early eighties but relative poverty has been increasing. It cannot be acceptable for us to ignore the concept of relative poverty and social exclusion. To do so overlooks the fact that these concepts have a significant bearing on the proper functioning of the market economy. In fact, as the chapter points out, Adam Smith defines the importance of relative poverty in his ‘Wealth of Nations.’ He understood that all parts of society must remain interconnected or social dislocation would result. In accepting this we can better understand where the Labour Government’s drive on poverty has foundered.

Labour’s definition of poverty based on a single threshold of 60% of median household income has led to a narrow and arbitrary policy process. Through means testing and tax credits, Labour has prioritised shifting those just below the poverty line to just above it. However this policy has led to more families dropping back to below 40% of median income, widening rather than narrowing the social divide. Furthermore even the Government’s own figures now show there has been little progress.

The use of income as a sole measure of poverty is inadequate as it fails to properly measure people’s quality of life. Whether a person is working or in receipt of benefits matters, for the absence of work and subsequent benefit dependency are themselves a form of social exclusion. As Chapter 2 (Family Breakdown) shows, the lack of work is also a contributory factor in family breakdown. Labour has sought to restrict its poverty targets and then control the way they are measured, claiming successes that are doubted by many researchers and commentators.

Personal debt is an increasingly serious problem for many, particularly those in lower socio-economic groups. Chapter 5 (Indebtedness) argues that the gravity of the debt problem may have been underestimated. Although a survey for the Bank of England shows that some 3.7 million people suffer bad debt, our own polling indicates that over 7 million people have suffered bad debt; if the children of the affected families are included it could be as high as 9 million. With the debt to GDP ratio running at 140% and interest rates and unemployment levels both rising too, the Financial Services Authority has asked banks to contemplate a sce-
nario in which house prices might fall by as much as 40%. The Group believes that there has been excessive complacency about the impact of debt, particularly for low income households. The report also questions the belief that the outlook for the economy is as benign as some politicians assume.

People on low incomes are subject to higher interest charges on loans than anyone else. Rates in excess of 100% are common from bona fide companies with loan sharks charging much more. Part of the problem is a lack of competition in lending to these consumers which increases the cost of their borrowing by 20%–30%, trapping many in a debt spiral. As our reports show, exposure to excessive debt can cause families acute problems including breakdown. Figures show that some 10.7 million people in Britain suffer relationship problems as a result of debt. Both the report and our polling show that the public see this as their main worry with a very large proportion confessing that it is most difficult to talk about this with their spouse, leading to sleepless nights and stress.

Furthermore, in the Group’s polling, respondents with a history of drug or alcohol addiction were more than twice as likely to have experienced personal debt than the general population. Chapter 5 (Indebtedness) questions how some banks have failed to show a duty of care when lending, as well as pointing out that Government agencies are responsible for widespread misery through their miscalculations of benefit payments to low income families (which remain far too common). The resulting repayments, often a significant percentage of low income families’ outgoings, push many into debt.

**Hearings and Polling**

A distinctive feature of the Group’s work is the way we have sought personal testimony from so many people across Britain, including large numbers who have been caught up in a cycle of deprivation and breakdown. Some are practitioners from charities working with the worst affected; others have personal experience of all or some of our pathways. However I believed that that this was still not enough. I wanted the insights of a large, representative sample including many with personal experience of our five pathways to poverty. Thanks to YouGov, a polling base has been created which is drawn from a very broad representative group of up to 40,000 people. This was then broken down according to the relevant five pathways, enabling us to probe much deeper. Some of the polling figures from our YouGov research substantiate many of the points made in the reports but they have also helped focus our work in areas in which it was not previously possible to draw evidence. These figures are referred to in the penultimate chapter and complete a three-pronged process of evidence gathering: academic research, anecdotal/qualitative data and original random sampling.
A Second Chance

In all the areas of breakdown discussed in this study, it is voluntary and community groups that often most effectively transform lives through their innovative work.

An excellent example of this is Tomorrow’s People, a specialist employment charity, often dealing with the most damaged lives. When compared to government programmes, a recent study found that they achieved more than twice the number of jobs for every £1 spent and those they put into work were far more likely to be in work six months later. Oxford Economics Forecasting have also calculated that the financial benefit to society of their work was £450 million.

However too often their work is stifled both by central and local government which often appear incapable of recognising the key attributes of third sector organisations (TSOs) such as their independence, enthusiasm, innovation, commitment and diversity that are essential to their success. It is TSOs’ ability to personalise their help which makes them so successful and respected in their communities. Many of these groups are referred to in the papers that follow. TSOs referred to in the drugs paper have highlighted the government’s failure to make rehabilitation available to enough people. Government seems to increasingly favour working with larger TSOs because they appear more professional and can better emulate the way Government operates. Although many large TSOs provide valuable high-quality contracted services, Government’s preference in many areas for a few preferred non-statutory partners leaves you wondering if what Government really wants is a third sector that looks like the Government but costs less.

As life gets more difficult for smaller and medium-sized TSOs they are also finding fundraising tougher than ever as bigger charities increase their domination of a shrinking base of charitable giving. Larger charities need to think carefully about their relationship with their smaller counterparts. The Group is interested in this relationship as well. Why is it necessary for large TSOs to collectively hold over £34 billion in reserves when a small proportion of that – if endowed to small TSOs – could help enormously in the fight against social breakdown. Just as a vibrant small business sector is a sign of a dynamic economy, so too, a vibrant small voluntary and community sector is a sign of a robust and healthy society. As Chapter 6 emphasizes, the British people and Government have to recognise the centrality of volunteering and philanthropy in building a fairer and better Britain. With surprisingly low levels of giving amongst the wealthier members of society it is clear we have some way to go in reinvigorating this.

The goal of improving life for the most vulnerable people and disadvantaged communities has been central to the Group’s efforts to identify the true causes of breakdown in Britain through rigorous analysis of the best evidence. Those who find themselves in poverty, for whatever reason, must be given adequate incentives and help to find a route out. Government and society have a shared responsibility to give our most damaged families a second chance.
Breakdown Britain
Chapter 2

Worklessness and economic dependence
Worklessness and economic dependence

This is a summary of the full State of the Nation Report of the Worklessness and Economic Dependence Working Group. The full report can be found at www.povertydebate.com

First principles

Sir Winston Churchill summed up Conservative welfare policy in two images: a ladder - “we are for the ladder, let all try their best to climb” - and a net - “below which none shall fall”.

In an age when opportunity was the privilege of the few, and absolute poverty a real danger for the many, the ladder and the safety net represented real progress. But in our own age, our ambitions should be even higher, building on Churchill’s legacy.

The trouble with nets - even safety nets - is that people get tangled up in them. The longer one stays in a state of dependency, the less chance one has of escaping from it. Indeed, this is a condition that persists across the generations, with social mobility actually diminishing despite, or perhaps because of, the modern welfare state.

Moreover, it is not enough just to keep people from falling into the abyss of absolute poverty. To remain one nation, it is essential that we should all have the chance to climb the ladder, but to do so with a sense of togetherness.

If those on the lowest rungs fall further and further behind the mainstream of society then that is form of poverty - relative poverty.

This is entirely in keeping with a proud tradition that stretches back to Benjamin Disraeli; and whose origins go back further still to Adam Smith, who brilliantly defined what we now call relative poverty and social exclusion in his Wealth of Nations.

The poorest left behind

Poverty is too important an issue to leave to the Labour Party, not least because the current Government’s record is far from being the great success it is presented as.

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1 Chapter 1 of the Worklessness and Economic Dependence section of the State of the Nation Report
2 Chapter 2 of the Worklessness and Economic Dependence section of the State of the Nation Report
At the heart of the New Labour narrative on poverty is a promise: Tony’s Blair’s 1999 promise to “end child poverty forever.” But how does the Government define poverty?

Essentially, it is by means of a poverty line - dividing the country into simple categories of poor and not poor. This threshold is set at 60% of median household income, the median being the point at which half the population earns more and half the population earns less. This is illustrated in the following chart which shows the number of people falling into each £10 band of household income

Because there are a large number of people clustered around the poverty line a small income boost targeted at households just below this threshold can result in an apparently dramatic fall in the poverty rate.

There is strong evidence that this is exactly what has happened. Using Government figures obtained through the House of Commons Library, the 1994/95 income distribution for families with children was plotted against that for 2003/04. This ten year comparison is shown below:
This demonstrates that in the area around the 60% poverty threshold the income distribution has been shifted forward just enough to put the peak marginally above the threshold instead of just below it. It is another story at the bottom of the scale, where there are more individuals, not fewer, with incomes of 40% or less of the median. Thus while there are fewer people just below the poverty line, there are more people significantly below the poverty line.

Unsurprisingly, the Government has not emphasised the plight of the poorest of the poor, focusing instead on the overall poverty figures. But even here progress has been exaggerated through careful selection of baselines. Typically a comparison is made with the late-1990s rather than the mid-1990s when poverty rates hit a low point for that decade. Thus ten year comparisons from the mid-1990s show a smaller improvement than that highlighted by the Government.

Another presentational trick has been to use an outdated absolute measure of poverty to make exaggerated claims of progress. Thus in their 2001 manifesto, Labour boasted of one million children lifted out of poverty. By 2005, Ministers were claiming two million. In fact, the official 2005 figure was 700,000 but even this conceals the lack of progress in the number of children in the deepest poverty.

Labour’s work agenda isn’t working

With justification, New Labour has always insisted that “work is the best way out of poverty.” Ministers also insist that the progress they have made against child poverty is “as a result of our reforms to make work pay”. In fact, only a minor part of this progress can be attributed directly to work, with the strategy relying heavily on the means-tested benefits of the tax credit system.

Thanks to the downward trend in unemployment, which began in 1993, the extent to which the poorest fifth of households depend on benefits fell in New Labour’s first term. But subsequently, progress on both unemployment and dependency ground to a halt and is now moving sharply in the wrong direc-

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“ I have had to settle for employment far below my capabilities. These jobs have been very poorly paid, with poor working conditions and no job security.”

Witness at Social Justice Policy Group hearing

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Chapter 3 of the Worklessness and Economic Dependence section of the State of the Nation Report
tion. The Government’s anti-poverty strategy is therefore increasingly dependent on means-tested benefits (especially tax credits), with the proportion of working-age households in receipt of tax credits tripling since 1997.

The relationship between these trends can be seen in the chart below:

It is also clear that much of the reduction in unemployment is due to individuals moving into jobs with short hours and low pay, meaning that they must rely on tax credits in order to avoid poverty.

On both Right and Left, policy makers are expressing concerns over what one former Labour minister has described as the “tax credit economy” - where employment offers little prospect of advancement and independence, but where the worst-paying employers receive a multi-billion pound subsidy from the taxpayer.

**The need for new hope**

New Labour has presented its anti-poverty strategy as a great success. But behind the headline figures, these are the realities:

- No improvement in the deepest poverty
- Stalled progress against unemployment, with the figures going in the wrong direction

Against this background, it will become increasingly difficult and expensive to achieve the Government’s poverty targets. What progress that has been made against poverty is dependent on tax credits - which will have to increase with average earnings just to keep the poverty rate where it already is. This does not square easily with the Government’s long-term spending plans which do not allow for an inflation-busting growth in the social security budget.

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4 Chapter 4 of the Worklessness and Economic Dependence section of the State of the Nation Report
But there are other constraints on the Government’s strategy. Tax credits have already resulted in a massive increase in means-testing - as the following chart demonstrates:

![Change in the number of families subject to means testing between 1997/98 and 2004/05](source: Department of Work and Pensions)

Further growth in tax credits will result in further increases in the spread and/or severity of means-testing. Once other forms of means-testing are factored in such as Housing Benefit, student loan repayments and free school meals, it becomes ever more obvious that the growth of means-testing - which Labour had promised to eliminate - is steadily eroding the opportunities that should come with hard work, self-improvement and personal responsibility.

It is now clear that that Labour’s anti-poverty strategy is unsustainable. A new way forward is required, one which gives proper recognition to the complicated realities of contemporary poverty, addressing the full range of wealth inequalities which drive social exclusion in today’s Britain.

The more people we get into work and out of dependency, the more options we will have - and the greater the generosity we can show to those who cannot work. Thus we need a jobs revolution. Every working-age adult capable of earning a decent living for themselves and their dependents must be helped to have the opportunity to do so.

But this in turn will require a strategy that focuses on both the economic and social causes of dependency. Unless we tackle family breakdown, education failure, indebtedness and addictions there will be no sustainable solution to poverty.
Family breakdown
Fractured families

This is a summary of the full State of the Nation Report of the Family Breakdown Working Group. The full report can be found at www.povertydebate.com

The family is where the vast majority of us learn the fundamental skills for life; physically, emotionally and socially it is the context from which the rest of life flows. However family life in Britain is changing such that adults and children today are increasingly faced with the challenges of dysfunctional, fractured, or fatherless families. This is especially the case in the least advantaged sections of society but these trends also profoundly affect people across the socioeconomic spectrum. In this report we have sought to explore the current state of the family, and the extent, consequences and causes of family breakdown.

The full report comprises four main sections and is intended to point towards a further report (to be published in June 2007) which will propose policy solutions based on the identified problems. This Executive Summary therefore covers the four main sections in turn (introductory comments, the state of the nation with regard to family breakdown, effects of family breakdown and, finally, causes of family breakdown) and then briefly summarises the direction of travel which policy recommendations are expected to take. Section numbers in the report (such as, for example B4 or D9) to which the summary is referring are indicated.

Setting the scene

We have adopted an inclusive use of the term ‘family breakdown’ which can be summed up in three key words: dissolution, dysfunction and ‘dad-lessness’. Our interest is not narrowly restricted to what happens when parents separate or divorce, partly because solo parenthood (usually solo motherhood) is a growing family type in this country. 15% of all babies are born and grow up without a resident biological father.

A key consideration in a report which looks at the causes and effects of family breakdown is the extent to which it is possible to state with certainty the

“Although I continue to suffer with depression and terrible anxiety, I believe the worst of my problems are behind me. My father's mistreatment of the family is primarily responsible for my problems. I only maintain contact with him for the sake of my mother.”

Witness at Social Justice Policy Group hearing

1 Section A (Chapters 1-8) of the Family Breakdown volume of the State of the Nation Report
direction of causality or indeed the extent to which interrelationships between factors are correlational rather than causal. We emphasise the complexity of the relationships between various factors implicated in and affected by family breakdown and have attempted to represent this in the simple diagram overleaf (Figure 1).

Discussion about family breakdown is highly contested and its treatment by social policy is problematic. At first sight the aim of policy to support all kinds of families appears laudable but it ignores the fact that some family types, on average, result in better outcomes for children and adults than others.

We reject the comfortable mantra that policy can or should be wholly morally neutral on the grounds that this is unworkable in practice. Although moralising (in the pejorative and judgemental sense) is to be avoided, committed relationships are essential for the social ecology of the family, the community and the country, and families which are formed on the basis of these should therefore be encouraged. The policy-making community (which includes politicians, policy-makers and academics) has been markedly reluctant to grasp the nettle of family breakdown by being clear about the benefits of marriage and committed relationships, and the merits of supporting and encouraging them. The last forty years have seen sweeping demographic changes which have profoundly affected the whole of our society yet there is no significant debate concerning its causes, effects and likely remedies.

One of the most important factors implicated in poverty and a low sense of well-being is the issue of family breakdown yet in this area, perhaps more than in any other, politicians, policy-makers and academics inter alia, are aware of their own frailty. Many of their own families have endured dissolution and
other forms of breakdown, and they are understandably determined not to moralise. They are also reluctant to support an institution which may not have served them well, either because their own parents parted or because their own marriages and partnerships have faltered. However, this issue cannot be left undebated when its associated costs, across so many measures, are so high. Personal difficulties in sustaining committed relationships or close proximity to family breakdown in the lives of family, friends and colleagues, have, we feel, clouded policy considerations for too long. For this reason we urge readers of this report to lay to one side their own experience and consider the evidence-based case we make for meeting the challenge that is family breakdown.

The introductory section establishes from the outset that relationships between adults have to be included as a key concern of family policy rather than of peripheral interest as is currently the case. This should not push concerns about children's welfare off the agenda, but children's welfare is tightly bound up with the quality of their parents' relationships and they are, often, the most vulnerable when families break down. Current child-centred policies which do not adequately recognise this, will not best serve the children they purport to serve, the wider family, or society at large. Indeed, we will be investigating how to construct truly family-centred policies which will aim to deliver greater stability and secure relationships.

**The family in Britain today**

Family breakdown, in all its forms, is occurring at a greater rate today than ever before. Family stability has been in continuous decline for four decades and that is why we have felt the need to look so closely at the causes and consequences of this trend for society.

**Demographic shifts**

Since the early 1970s there has been a decline in marriage (such that the annual number of couples getting married has fallen by one third and marriage rates have fallen by two thirds), and a marked rise in the numbers of lone parent families. However, divorce rates have stabilised since 1980 and the ongoing

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2 Section B of the Family Breakdown volume of the State of the Nation Report
3 Section B, Chapter 2 of the Family Breakdown volume of the State of the Nation Report
rise in family breakdown affecting young children has been driven by the dissolution of cohabiting partnerships. The majority of these are less stable than marriage being more than twice as likely to break up.

Repeating cycles of breakdown

The intergenerational transmission of family breakdown is indicated in our high rates of teenage pregnancy. Girls who come from fatherless or broken homes and whose mothers gave birth in their teens are greatly overrepresented in teen pregnancy statistics, as are young women from social class V. The latter are more than ten times as likely to be very young mothers as those from social class I and will typically be subject to ongoing financial difficulties throughout the lifecycle. Furthermore family breakdown in the form of abuse, neglect or insufficient nurture, creates a cycle of psychological distress in which ‘damaged’ individuals go on to create more dysfunctional families which are then subject to further breakdown.

Variation across ethnic divides and national boundaries

It is clear that there is considerable ethnic variation in levels of family breakdown. In 2001 85% of Indian families with dependent children were headed by a married couple, whereas 50-60% of black families were headed by a lone parent, typically the mother. When looking at variation across Western nations our lower marriage rates and later age of marriage seem to be typical but our norms regarding marriage as being the conventional setting for having children appear to be less strong. The trends towards single mother households and youthful pregnancy are particularly pronounced in the UK when compared with other European nations.

The gap between aspirations and achievement

In spite of such statistical trends, aspirations remain high for marriage. British surveys consistently report high scores for adults (nearly 70%) and young people.
ple (over 80%) who wish to get married at some time in the future (and remain with one partner for life). Among young people, there is a distinct possibility that the significant gap between aspirations and achievement will open up even further if present trends continue.

The consequences of Family Breakdown

Family breakdown, whether by dissolution, dysfunction or ‘dad-lessness’, has many and varied effects and few of them are beneficial to the individuals, their wider family, or society at large. Amongst a representative sample of 2,447 UK adults surveyed by YouGov for this policy group (see C2), social problems were found to be more prevalent amongst those who had personal experience of family breakdown. Those not brought up by both parents were more likely to have experienced educational problems, drug addiction, alcohol problems, serious debt problems, or unemployment. On its own, this survey demonstrates correlation rather than cause. However it gives a good indication of the range of problems typically associated with family breakdown.

Dysfunctional families

In terms of dysfunction we identified a breakdown of nurture within many families such that there is an increasing number of families who cannot offer certain core needs to their offspring: secure attachment; protection; realistic limits and self control; freedom to express valid emotions; autonomy, competence and a sense of identity, spontaneity and play. Educationalists with whom we consulted flagged up the marked increase in extreme emotional problems they encounter in children under their care, citing family breakdown, inadequate parenting and social deprivation as key causes.

Poverty and welfare dependency

The failure to form a durable bond between a mother and father often leads to welfare dependency. This report makes clear the extent to which families suffer financially after family breakdown. Fatherlessness has adverse effects not only on children but also on men who have never benefited from a relationship with their children, on women who have to cope, to a large extent, on their own, and on the wider society which bears the financial burden. Family breakdown is both contributor to and a consequence of poverty and most other social problems.

The Institute for Social and Economic Research states that after a marital split women are on average 18% worse off and men are on average 2% better off, which
implies that the state is picking up an enormous tab for family breakdown. Successive governments have neglected to consider adequately the distinct possibility that much breakdown might be preventable and that many marriages and partnerships might be worth saving, in financial as well as emotional terms.

*Delinquency and crime*\(^{10}\)

The impact on crime is illustrated by the fact that 70% of young offenders come from lone-parent families and levels of all anti-social behaviour and delinquency are higher in children from separated families than in those from intact families. One third of prisoners and more than half of all young offenders have been through the care system (and have therefore experienced some form of family breakdown).

*Impact on the elderly*\(^{11}\)

Care for the elderly is also compromised due not only to the increased complexity of family relationships (which has confused duties of care) but also to the changing ethos of relationships. In a society characterised by high levels of breakdown it is no longer seen as a moral duty to look after aging parents or blood relatives; care and help provided depends on the quality of relationship. The burden of care is shifting further onto the state and this trend is likely to continue given the greying of the population. (The Local Government Association has estimated that between 2002-3 and 2005-6 demographic changes alone will result in an increase of £146 million in the cost of providing services for what they term “adults and the elderly.”)

*Costs to the nation*\(^{12}\)

Family breakdown represents a significant economic burden. The cost to the country is now well over £20 billion per annum, a significant proportion of which is paid in benefits to lone parents. If there were less family breakdown and lone parenthood, there would be fewer children taken into care, less home-
lessness, less drug addiction, less crime, less demand on the health services, less need for remedial teaching in schools, better average educational performance and less unemployment. All of these would save the taxpayer money and some would contribute to better economic performance in the country as a whole.

Effects on housing

Housing stocks are under immense pressure having expanded by only one third since 1971. Over this same period dissolution and lone parenthood have sharply increased in frequency producing greater numbers of separate family units who require their own dwellings. For those partners forced to leave the family home the future is often uncertain and it is difficult to obtain official support. At the same time there are concerns that social housing is often used less efficiently due to the reduction in the number of adults in a property following divorce. Housing is expected to support positive parental contact following separation, but it is difficult to justify providing multi-bedroom accommodation which is only fully used one night a week.

Notwithstanding such practical considerations we are not advocating that all families should stay together for the sake of the housing stock or the economy. Rather we are flagging up here and elsewhere that those who are hardest hit by family breakdown tend to be those in the poorest sectors of society.

The causes of Family Breakdown

The factors which drive family breakdown and varied and complex. They exist at a personal and family level, and are impacted by a wide variety of external social factors. Many of the social problems which drive family breakdown are also exacerbated by it as we noted above.

Family structure and family process

It is evident from the research that family problems do not vary so widely as to make policy solutions an unrealistic goal. We have concluded on the basis of the extensive evidence that both family structure and family process matter. The statistics indicate that marriages are far more likely to provide a stable environment for adults and children than cohabitation and are more resilient when the family is facing a crisis or stressful life event such as childbearing. Importantly we also conclude that family process matters and that families work best and thrive when conflict is low. Indeed, conflict management within families has to be a key consideration for public policy as the key issue for

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13 Section C, Chapter 7 of the Family Breakdown volume of the State of the Nation Report
14 Section D of the Family Breakdown volume of the State of the Nation Report
15 Section D, Chapter 3 of the Family Breakdown volume of the State of the Nation Report
children’s wellbeing is the level of conflict between their parents, not the level of happiness in their parents’ relationship.

The role played by poverty

Research and anecdotal data highlight the extent to which financial worries and debt place enormous strain on family life. We quote research on low-income families which acknowledges that “In addition to the constant stress of making ends meet financially, and of working in unstable, low paying jobs, they have the frustrations of living in sub-standard housing in poorly serviced neighbourhoods, without adequate transportation and they and their children are continually in fear of crime and violence. Members of their immediate or extended families may be struggling with depression, alcoholism or drug abuse, HIV/AIDS, or may be in and out of jail or some combination of those problems. Domestic violence is more prevalent . . . black and other minority individuals are constantly exposed in the workplace or on the streets to incidents of racism and discrimination. Service providers who work with these couples note how often these accumulated stresses spill over into home, and anger and frustration too often poison their relationships between parents and children.”

Poor housing as a contributor to family breakdown

Similarly, we look closely in this section on the effect of poor or inadequate housing on family stability and conclude that housing policy can inadvertently drive or at least accelerate breakdown if families are housed at a remove from their extended family or a local support network. Moreover we find that families who have little choice about their housing are at a significant disadvantage. They are placed under pressure by an inability to mould the space in which they live, to change or alter that space as the needs of family members change over time. The housing charity Crisis explained to us that “housing should not be interpreted merely as a physical space - but rather as providing ‘roots, identity, security, a sense of belonging and a place of emotional well-being’ - and the impact upon families of inadequate housing should be seen through this multi-dimensional prism.”

Employment factors

The presence or absence of appropriate employment is another important influence on family formation and sustainability. Research indicates that there is a relationship between the level of lone parenthood in a particular geographical area and poor job opportunities for men. Employment opportunities appear to play an important role in influencing the supply of marriageable men.

16 Section D, Chapter 4 of the Family Breakdown volume of the State of the Nation Report
17 Section D, Chapter 5 of the Family Breakdown volume of the State of the Nation Report
Related to this is what has been termed the “partnership penalty” which the welfare state imposes on poor couples. The Institute for Fiscal Studies has shown that families on modest incomes may suffer a large financial penalty if the parents live openly together. Tax credits are assessed against the joint income of a household so make no allowance for the expenses of an additional adult. Moreover, the proportion of disposable income derived from child-contingent support has been rising over the past 30 years. Such support now provides round 30% of the disposable income of the average lone parent family as compared to less than 10% for the average couple family with children.

Obviously there are economies of scale associated with living together as a couple but these may be less than the penalty in tax credit terms. We are concerned at the inherent unfairness of such a system. It is effectively a highly regressive tax which affects the poor but not those whose incomes are too high for them to be affected by welfare benefits. In poorer sections of society this may be interacting with the employment factors already mentioned thus deterring marriage and making these and other partnerships more unstable.

As nearly half of all children in poverty live in couple families a policy that financially disadvantages poor couples will not further any party’s aim to reduce child poverty. Furthermore this present system encourages fraud, penalises commitment in relationships and has led researchers to conclude that the tax and benefits system has in fact been a significant factor behind dissolution and the growth of lone parent families. We found evidence of a widening gap between middle-class and working-class behaviour with regard to family formation, as the latter have experienced the most marked rise in births outside marriage since 1960. There has been a shift in social norms which has been influenced in no small measure by the establishment of a comprehensive welfare state which has provided government support for lone mothers.

The dilemma for policy

Obviously this poses a fundamental dilemma for policy: how can government promote family stability without undermining lone parent families and, con-
versely, how can government support lone parents without undermining family stability? This working group report in no way intends to stigmatise lone parents who do a very difficult job, usually with far fewer resources than couple families. As the National Council for One Parent Families states, “lone parenthood is rarely a lifestyle choice.” However, the fact cannot be ignored that family stability has been almost completely ignored as a result of focusing on support for lone parents.

**The legal system** 20

The legal system has also, albeit inadvertently, been a further contributing factor to the decline of family stability. One study looking at the divorce rate suggests that across 18 European countries, the combined effect of all legal reforms conservatively amounts to 20% of the increase in divorce rates between 1960 and 2002. Currently the recommendations of the Law Commission to extend rights to cohabiting couples are under review. Our research indicates that these proposals are highly likely to encourage more couples to cohabit and thus enter into inherently less stable relationships. We support calls from many other consultees to educate cohabiting couples about the precariousness of the legal basis upon which their relationship currently rests rather than take matters out of their hands in the ways suggested.

Central to this argument is the robust evidence that the dissolution of cohabiting partnerships is the main driver behind lone parent family formation in the UK (see B4). Nearly one in two cohabiting parents split up before their child’s fifth birthday compared to one in twelve married parents. Three quarters of family breakdown affecting young children now involves unmarried parents. A new study commissioned for this policy group looked at family breakdown amongst the Millennium Cohort Study of 15,000 mothers with three year olds. Cohabiting parents with young children were more than twice as likely as married parents to split up, regardless of age, income and other socio-economic background factors.

Finally there is also a strong intergenerational transfer among many of these factors which means these problems are now deep rooted and long term (see D7).

**Policy direction** 21

This report establishes a baseline which sets the likely direction of travel of the policy recommendations we will be making in June 2007 (see section E).

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20 Section D, Chapter 5 of the Family Breakdown volume of the State of the Nation Report  
21 Section E of the Family Breakdown volume of the State of the Nation Report
We believe that from the evidence gathered and presented in the full report attached to this summary one cannot but conclude that family breakdown in all its forms is of serious concern to society at large, as well as to the individuals intimately impacted. For this reason we believe that we should rigorously explore what family-centred policies, rather than child-centred policies might look like. We are concerned that current policies, such as those encouraging the highest possible labour market participation for mothers (in the interest of alleviating child poverty) have not adequately considered the deleterious impact on families and relationships. The vital role of parenting cannot be outsourced to external providers or squeezed into ever tighter time slots.

Secondly, it is clear that we should be emphasizing prevention as well as cure. We will be looking at how to stabilise current families as well as how to re-establish stable family relationships and structures as a part of a socially responsible society. Marriage continues to offer the most stable and durable framework, but there is not a high level of awareness of these benefits.

Thirdly, and in relation to this second point, we want to look closely at how we can empower individuals, rather than the state, to raise their families and how to align services in a way that offers families genuine choice. We have, for example, become aware of the huge strain placed on relationships in families where there is disability. Not only does dealing with the disability produce tension but in large measure so too does fighting for care, education and other support services. If we are implicating the welfare state in the rise of family breakdown, we need to consider workable adjustments and indeed complements to it. The notion of the welfare society embraces a social responsibility agenda which begins to consider how to encourage people to make decisions based on the wider good of society, on deferred gratification rather than instant returns. It also draws in the wealth of talent and energy in this country’s voluntary sector organisations.

We will therefore be looking at overall government policy towards marriage, cohabitation, and lone parenthood; the scope and limitations of both widely-applied and finely-grained policy initiatives; legal aspects of marriage, cohabitation and lone parenthood; tax and benefit incentives and disincentives that influence family outcomes; other government policies and messages that influence family outcomes; the provision of preventive relationship and parenting education; the provision of other relationship and parenting interventions; the publication and use of relevant statistical data; the role of local government and the role of the voluntary sector.

By so doing we hope to establish a policy framework which will support the families of Britain in achieving what almost universally they desire, a stable, nurturing and permanent environment to the benefit of its members, the wider family network, and society as a whole.
Addiction

This is a summary of the full State of the Nation Report of the Addiction Working Group. The full report can be found at www.povertydebate.com

“London, June 2006: a seventeen year old boy is admitted to a central London hostel for the homeless which also runs a methadone prescribing and needle exchange service. It is home to 90 older, predominantly male, methadone maintained but still substance abusing long term alcoholics and drug addicts – described as the hard to reach. The boy in question has been injecting heroin for four years since he was thirteen. He has been allowed to join his nineteen year brother who had also recently been admitted to the hostel for substance misuse. The substance misuse worker in charge said this was no place for these boys to be but there was no where else for them to go.”

Evidence Taking Session of the Social Justice Policy Group at a drug rehabilitation centre in London

An explosion in addiction

Britain is experiencing an explosion in addiction.

Alcohol consumption has doubled in fifty years and by 15% in the last five years alone. Alcohol is more than 50% cheaper than it was in 1980. Young women have doubled their consumption of it in the last 10 years.

10% of the adult population smoke cannabis regularly. Unofficial records show regular cannabis users smoke between one and six ‘spliffs’ a day. One in ten of 16 - 24 year olds used hard drugs in the last month. Cocaine is used by one and three quarter million young adults, a number which has doubled in seven years.

1 Section A, Chapter 1 and 2 of the Addictions volume of the State of the Nation Report
In five years the price of heroin has dropped by 45% and cocaine by 22%. Drugs are cheaper and more available than ever before.

The current scale of prevalence of alcohol and drugs is historically unprecedented in its combined presence in the population. Young adults are engaging in a new culture of intoxication.

Behind these drugs and alcohol headlines is the emergence and growth of a range of addictive behaviours and practices. Self harm and cutting, virtually unheard of ten years ago, are on the rise. Gambling is national addiction. Britain can also claim the dubious achievement of chalking up the fastest rise in the prescription of anti-depressants and other mind-altering drugs to children in recent years: 361,832 prescriptions for Ritalin (for children diagnosed with ADHD) were written last year - licensed for children as young as six and reported to be given to some as young as three.

The “drugs and alcohol epidemic” is affecting young people

Children’s alcohol consumption has doubled, not in the last 50, but in the last 15 years. 45% of 14 to 15 years olds now drink on a weekly basis; 10% of Year 7 boys (11 to 12 year olds) binge drink on at least a monthly basis - 60% for boys by the time they are in Year 11. Many surveys show that girls are catching up and the consumption gap is narrowing. Today 26% of children have taken drugs compared with 5% in 1987. 4% have tried Class A drugs and 1% took heroin in the last year. In Scotland 3% of 15 year olds take drugs on a weekly basis.

Youth workers report that the majority of vulnerable children they are in touch with have a heavy dependence on cannabis while there are small but identifiable groups of ‘crack addicted’ children.

National statistics for both children and adults are likely to be underestimates as the prime drug-using subgroups - truants, excludees and children in care, the homeless and prisoners are not surveyed.

Consequences of Alcohol and Drug Addictions

Today in Britain nearly three million of the adult population have some form of alcohol dependency and 8 million have an alcohol use disorder. There are

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2 Section 2, Chapter 5 of the Addictions volume of the State of the Nation Report
reckoned to be 1.6 million adult cannabis dependents and 360,000 Class A or highly problematic drug users (more than likely underestimated). These populations overlap. Most drug users also abuse alcohol. Alcohol-related death and disease have doubled in 25 years - mostly linked to chronic liver disease, now diagnosed in ever younger people. Cirrhosis of the liver increased by 350% between 1970-98 alone.

Drug deaths have risen exponentially – a hundred fold since 1968 when there were just nine. Cocaine deaths have gone up 300% in five years. Today one in fifty of the estimated 123,000 plus injecting drug users are infected with HIV/AIDS and one in two with Hepatitis C - both these blood-borne infections, that the Government’s harm reduction policy hoped to stem, are on the rise. Scotland is recording sharp rises in the number of ‘newborn’ addicts Specialist psychiatrists report that 80% of first episode psychiatric disorders, schizophrenia or schizophrenia-like illnesses, occur in either heavy cannabis users or cannabis dependents. Irreversible cannabis-induced schizophrenia is being diagnosed in adolescents and is no longer disputed. Research evidence points to a very high ‘co-morbidity’ with mental health problems - 75% for problem drug users and 85% for those with severe alcohol disorders.

The calculable costs are massive. Twenty young people under the age of 18 are admitted to hospital each day diagnosed with conditions like alcohol poisoning. Accidents and injury cost the NHS in England £3billion a year in hospital services alone. Future health and social costs predicted on the basis of current substance misuse - including foetal alcohol and drug-related disorders - have to our knowledge not yet been computed.

‘The British are delinquent drinkers’ remarked Dr Gray Smith-Lang, on Newsnight recently, ‘20,000 funerals a year are avoidable’. He warned that “the next generation of alcoholics is coming along very nicely thank you.”
The social cost

The cost in terms of human misery is incalculable. The costs in terms of social and economic malaise may be unsustainable.

The impact on children.

Around one and a half million children are growing up in substance abusing households – over a million with parents abusing alcohol and around 350,000 where there is drug-taking. Parental addiction or substance misuse leaves children neglected, un-nurtured, and exposed to abuse inside and out of the home and having to fight if they are to survive.

Child protection services, which were never set up to deal with substance abuse in families on this scale, are unable to cope with the problem. In the process children are scarred for life, families are destroyed; inter-generational harm repeated and communities corrupted.

Impact on the cycle of deprivation

It is a key factor in a vicious spiral of emotional and economic deprivation. The reality is that children are subjected to repeating the chaotic and unpredictable behaviour of their parents. The pattern is one where one or both parents are drinking or taking drugs and are being abusive or neglectful to their children. In turn, those children are being propelled into substance abuse. Substance misuse is likely to trigger truancy, truancy triggers educational failure, educational failure triggers unemployment and unemployment is a very high risk factor for increasing substance abuse. Unplanned children are often the by-

“I’m fed up because I’ve no friends. I never go out because I have to look after my wee sister. There’s no-one else there to care for her. Mum’s always in the pub. I’ve got no life. I feel like killing myself.”
Witness at Social Justice Policy Group hearing

“That’s how it was, everyone you know, their parents drink too much and beat their kids and all. So when people are on about people who beat their kids, you just think ‘ah well, everyone gets beaten’. To me, you got beaten if your dad hospitalised you. As far as I was concerned, a kid getting beaten was actually beaten, beaten badly, because it was just the norm, from everything I saw - people committing crime and all of it, it was acceptable. And I suppose I put myself around those sort of people so I could justify my own behaviour.”
Witness at Social Justice Policy Group hearing

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3 Section 2, Chapter 7 of the Addictions volume of the State of the Nation Report
product. Substance misuse appears to be as much a catalyst for family disruption and dysfunction as it is an outcome.

The presence of a step parent is also undeniably a negative factor. 28% of 15 year olds living with a parent and a step-parent reported using drugs in the last month compared to only 18% of 15 year olds who lived with both parents. Our own polling data supports this finding.

**Drug misuse is perpetuating social disadvantage and is associated with definable social groups.**

It is disproportionately prevalent amongst younger age groups and males. One third of those presenting for treatment for the first time are under the age of 24. Over 71% of clients presenting for treatment are male, only 28 % female.

- It has a high incidence amongst school truants and is a predictor of truancy rather than the reverse.
- Children in care are also dramatically more likely to use and abuse drugs and alcohol than the rest of their age cohort. One study showed 73%, of children in care reported smoked cannabis, 34% reporting smoking it daily, 10% admitting using cocaine and 15% had used ecstasy within the last month. 10% had also used heroin and crack cocaine.
- Two thirds of young offenders are hard drugs users. It is of note that one third of young offenders have been in care and half have no qualifications at all.
- Over 50% of prisoners have used hard drugs and up to 70% of those going into prison have a pre-existing drugs problem - 40% with severe dependence. More than half began using drugs before they were 16.
- 88% of young homeless people in London were found to take at least one drug, with 35% of them using heroin. In a survey by Crisis, 81% of homeless people said that drugs and alcohol abuse had preceded their homelessness, that drug use was both a trigger of homelessness and prolonged it.

The impact of the heavy drinking and drug-taking epidemic is particularly severe for the least well off - those who have the fewest resources to cope with addiction or to recover from it - hitting both inner-city and outlying estates the hardest. Young, predominantly single, under-educated and unemployed boys and young men are amongst the most badly affected and the most at risk.

**The causes of the epidemic**

The underlying causes of this epidemic are inevitably complex, hard to meas-
The causes of the increase in heavy drinking include the deregulation of the industry and a failure of restraint on the part of the sellers or the buyers of alcohol. Sudden increases in licensed capacity, the cheapness and availability of alcohol along with a new tolerance of drunkenness, increasing social acceptability of a ‘culture of intoxication’ involving drugs as well and the growth of recreational club drug use, have played their part.

**Witness Accounts**

The reasons for the dramatic rise in drug use and abuse are even more complex and multi-dimensional.

Witnesses have cited psychological, social, economic and legal causes for the current epidemic. Abuse, poor parenting, lack of supervision and parental alcoholism - broken homes and unhappy childhoods - have been amongst the foremost. They have cited life-long institutionalisation - from being in care as children through to imprisonment as adults - with drink or drugs being a buffer against feelings. Counsellors cite pain and trauma rooted in childhood. Parts of the media, while highlighting aspects of this epidemic, have also played their part in glamorising celebrity lifestyles associated with drugs. Some witnesses cited contemporary youth music and a violent and aggressive rap culture. Others argued strongly and passionately that criminalisation of drug use has driven both expansion of, and entrapment by, drugs.

**Official Insouciance - Government Policy on Alcohol**

Government policy though well intentioned and ambitious with regard to reducing drug harm if not that of alcohol, has failed.

The government is guilty of a double inaction with regard to alcohol.

There is a massive under-provision of alcohol-related funding and treat-
ment facilities in relation to the scale of the problem. Dedicated spending by Primary Care Trusts and local authorities to support alcohol harm treatment stood at just £217 million in 2003/4 (the last officially released figures). The Policy Group is in the process of taking evidence from those involved with alcohol addiction to find out what type of service provision and treatment is likely to have the best outcomes. So far both ‘addicts’ and counsellors report that the concept of ‘harm reduction’ is misplaced and that for the ‘alcoholic’, abstinence, not the controlled drinking programmes often recommended by government funded services, is the route.

It has also ignored the body of researched evidence that control of the population’s consumption is the most effective way to reduce harmful and/or hazardous use of alcohol and alcohol dependence - a body of evidence that is backed by the majority of specialist doctors. One described the government of being guilty of ‘official insouciance’.

**Government Policy on Drugs; Treating Symptoms rather than the causes**

The level of family breakdown and its consequent impact on children, is high both historically and in comparison to other EU countries. (this is dealt with at greater length in the reports from the Education Failure Working Group and the Family Breakdown Working Group.) The current structure of drugs policy is not targeted at those areas where drug and alcohol dependency are most concentrated and where children are most affected.

The drugs harm reduction strategy of the last nine years, culminating in *Out of Crime: Into Treatment* cares only for the addict in terms of wanting to find a cost effective way of ‘maintaining’ him or her to reduce his or her re-offending rates. It has pushed treatment in the wrong direction, preferring maintenance (substitute prescription) to recovery. 65,000 of those ‘in treat-
ment’ in England are on prescribed methadone this year. Just under 60% of those are put on a static dose for at least six months. At £4,000 per client per year it offers no care for the addict as an individual trying to free himself from addiction. This method has had minimal impact on re-offending figures - the hypothetical savings claimed are questionable - and it has had a non-existent impact on rehabilitation and recovery. The question is whether ‘state sponsored addiction’ is now replacing illicit drug addiction.

**Government Targets undermine effective treatment options**

The current system is unsustainable and driven by the National Treatment Agency’s requirement to meet government targets. Backlogs will occur, waiting lists will expand and the current treatment system will have to place quotas on new entrants into ‘treatment’. While the massive expansion of administrative structures and commissioning systems has brought unprecedented numbers of problem drug users ‘into treatment services’, it has still left residential rehabilitation - the service proven to provide the most likely route to recovery - under-funded and running down. The miniscule 2% of treatment provision currently ascribed to residential rehabilitation services is now, as result of pressures put on Drugs Action Teams to ‘up’ the overall numbers going into ‘treatment’, likely to decline. Furthermore, misplaced policy objectives have led to a crisis where half of the 2,400 residential rehabilitation beds are lying empty and the remaining half are at risk. The cost of a 12 week residential rehabilitation course at approximately £8,400 is a proven investment for real returns for recovery.

**Major and costly policy initiatives have not been evidence based.**

The current implementation of Drugs Treatment and Testing Orders was based on an initial report that was described as ‘inconclusive though promising’. The overall reconviction rate for the English study tracked two years after the initial pilot and published after the government decided to implement the strategy
nationally was 80%. So an expensive national roll out was implemented before the study and the publication of high attrition rates. While sounding good, it was inadvisable. It has damaged the perception of the treatment system in the eyes of both substance abuse workers and of those trying to access treatment.

Control of the supply of drugs has not been forceful and has been dominated by redefined targets. The numbers of Class A drug seizures show a drop of 11.8% to 2002. Total drug seizures between 1998 and 2002 similarly show a drop of nearly 10%. (14,410 seizures). This followed a six year period in which the number of drug seizures rose. The latest England and Wales statistics for 2003 shows a further significant fall in drug seizures (post a temporary rise between 2000 and 2002). The much-heralded Serious Organised Crime Agency will have little impact, while the PSA (Public Service Agreement) drivers for supply-reduction management bear little relation to market penetration and little relation to street availability: and while border controls remains so weak.

*Directions and Solutions*¹⁰

The nature and the scale of the addiction problem, detailed in the main report, along with the failure of this Government’s drugs strategy, suggests that prevention and intervention will be the underlying themes of the policy solutions proposed in the final report. The Policy Group will be taking evidence on the best treatment practices for recovery outcomes for both alcohol and drug associated problems, with the aim of identifying those providers with the most successful track records and client endorsement.

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¹⁰ Section 3 of the Addictions volume of the State of the Nation Report
Breakdown Britain
Chapter 5

Educational failure
Educational failure

This is a summary of the full State of the Nation Report of the Educational Failure Working Group. The full report can be found at www.povertydebate.com

Our country is proud of its status as one of the best educators in the world. Our universities attract the brightest and the best from across the globe while our approach to education has long been admired internationally. From the earliest education reformers like Wilberforce and Shaftesbury to Butler, the Conservative architect of the modern education system, this country has always been at the forefront of education reform.

Educational policy is presented largely in funding terms and the media is focused on exam results. This paper concerns those who do not make the column inches and whose lives have been untouched by large increases in Government spending.

The Government spends £61 billion on educating our citizens each year and this has increased by over 50% (in real terms) over the last ten years. Despite these huge increases, this country has one of the highest levels of educational inequality in the Western world and the attainment of our lowest achievers has not improved significantly since 1998:

- 5% of children (26,000) leave school each year with no GCSEs.
- 12% of 16-year olds (more than 75,000) last year failed to achieve 5 GCSEs at any grade including the most basic standards of English and Mathematics.
- 4% of 15-year olds (more than 20,000) failed to reach the most basic level of literacy. This means that they have “serious difficulty in using reading literacy as an effective tool to extend their knowledge and skills in other areas.”

Media friendly statistics which highlight the “average attainment” of pupils
conceal the very real failure at the bottom of system. Emphasis on “average attainment” means there is less focus placed upon the most disadvantaged children who are falling further behind.

Schools have more incentives to help improve the performance of the children closest to a given hurdle (for example, 5 or more A*-C GCSEs) over it; they do to help those farthest away. New Labour’s strategy may be good for middle class children, but it is bad for society. There has been very little done to tackle the most ingrained forms of educational failure.

Our report examines why huge investment in education has failed to reverse declining social mobility and the persistent under-achievement of disadvantaged children. It argues that we need to re-capture the reforming spirit expressed in the founding principles of our education system: a belief in equality of opportunity and ladders of opportunity and that we should see education as a solution to the social problems in our society.

**The children lost in league tables**

The report identifies the following groups of children being failed by our education system:

- Children from disadvantaged backgrounds are five times more likely to fail academically compared with their peers.
- Children in disadvantaged schools, schools with many pupils eligible for Free School Meals (FSM), are 2.7 times more likely to be considered under-performing by Ofsted.
- Children from white working-class backgrounds are the most under-achieving ethnic group; just 17% of disadvantaged white boys attain 5 or more A*-Cs at GCSE compared to a 56% national average. Black Caribbean boys also perform well below the national average with just 19% obtaining 5 or more A*-Cs at GCSE.
- Children with Special Educational Needs (SEN) are four times more likely not to achieve 5 or more A*-Cs at GCSE and 77% of teachers believe them to be severely disadvantaged.
- Children in care are the lowest achieving social group and despite almost £1 billion being spent on them in the last eight years, only 11% are able to attain 5 or more A*-Cs at GCSEs.

The British state is responsible for educating these children for 11 years of their life.
lives, yet the experience of education is one of frustration, disappointment and despair. They have been set up to fail.

The Government has failed properly to measure or addressed educational inequality in the UK, resulting in key cohorts of under-performing children being neglected by reforms. Unless these children are identified and helped by our education system they will be lost as citizens who can contribute to society.

The escalator is out of order

Our education system should be a social escalator helping those from disadvantaged backgrounds to a better life. Yet there has been little recent progress towards an opportunity society. It is less likely that a child of parents in a low-income bracket will rise to the top income bracket in 2006 than it was in 1970.

The graph below shows that the UK has a much lower level of social mobility than many comparable countries;

Funding is not the answer. International comparisons have shown that increased resources alone do not have the desired impact on tackling educational failure. There is little correlation between spend and results.

Britain’s experience also shows that big increases in educational expenditure have not helped reduce the proportion of the lowest achievers. Over the last 10 years the education budget has increased by 52% in real terms. However, the period of greatest improvement in tackling educational under-performance came between 1994 and 1998.
The failure of sharp increases in expenditure to improve results for the lowest achievers and the high correlation between low achievement of particular ethnic groups strongly suggest that the principal drivers of educational inequality are social. If we want to tackle the most acute problems in our education system, we need to develop serious long-term solutions to the deep-rooted social causes of educational inequality.

The costs of failure

The costs of this failure are severely damaging to the individual and our communities.

- **Crime**: 73% of young offenders described their academic attainment as nil.
- **Unemployment**: 20% of children in care will be unemployed by the September after they leave school.
- **Health**: 32% of young people who have been excluded from school have been involved with drug dealing.

Almost every aspect of social breakdown – crime, family breakdown, substance abuse and unemployment – is connected with educational failure.

Moreover, educational failure damages economic productivity. As we face increased competition from India and China, Britain’s ability to compete in a global economy hinges upon preparing a well-educated, skilled workforce. Yet children are leaving our education system without the basic skills to obtain and hold down a steady job.

Every parent matters

Educational inequality is principally driven by domestic factors including the home environment, parental involvement and the impact of peer pressure. If parental attitudes are not actively supportive of learning then schools find it hard to fill the gap.

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3 Chapter 3 of the Educational Failure volume of the State of the Nation Report
4 Chapter 5 of the Educational Failure volume of the State of the Nation Report
*Parental background*

Research has shown that – based on the socio-economic background of children – the child’s developmental score at 22 months can serve accurately to predict educational outcomes at the age of 26 years.

The graph below shows the impact of parents’ socio-economic background on their development. This attainment gap increases throughout the duration of schooling.

Parental attitudes to education are also vital as they can help instil in their children a love of learning. This helps to explain why some ethnic groups who attach great importance to learning, such as Indian and Chinese children, outperform other ethnic groups.

For example it is striking that only 17% of white low income boys gain five or more A-C grades at GCSE, slightly fewer than the 19% of black Caribbean boys of similar backgrounds attaining this benchmark. But among boys from low income Chinese families, the success rate is 69%.
**Material needs**

Over 25% of UK children have no quiet place to do their homework and the number of children who could be losing out on a proper education because they live in bad housing would fill 33,000 classrooms. If children don’t have enough food to feed their minds and a good night’s sleep they are not in a fit state to learn when they arrive at the school gate. Unless a holistic approach is taken, material deprivation will prevent disadvantaged children from reaching their full potential.

**Turmoil at home**

Many children face enormous emotional turmoil at home. Our report describes how chaotic and uncertain lifestyles have profound effects on a child’s education. The challenges they face include:

- **Addiction** - Approximately 1.5 million children in the UK are affected by parental alcohol problems, and 250-350,000 are living with parents who misuse drugs.

- **Domestic violence** - Nearly one million children in the UK face domestic violence and research shows that up to 1 in 14 children could have poor exam results as a consequence.

- **Family breakdown** - The UK has the highest divorce rates in the Western world. Children who have suffered family breakdown are 75% more likely to suffer educational failure.

Yet our educational system has yet to develop consistent ways to identify such problems and give better educational support to children whose lives are blighted at home.

**Peer pressure and lack of role models**

It is clear that in the most deprived areas, “it is not cool to study” and many dependent children lack role models demonstrating educational success. Recent research has shown that our primary schools are experiencing a shortage of male teachers. This lack of balance is likely to continue without action.

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“Parents marriage breakdown at age 13 had a disastrous affect on school - went from top of the class to bottom and played truant for almost a whole year - left school with poor qualifications and had to work hard to gain further qualifications but left me unsettled and unsure of direction in life.”

Witness at Social Justice Policy Group hearing
The cultural and social issues surrounding educational failure are deeply rooted and must be addressed so that children, teachers and parents can work together towards academic achievement.

**Lack of leadership**

Leadership of schools is central to the success of schools. Good head teachers play a pivotal role in addressing both the social and educational factors leading to educational inequality. Our group has found many inspiring examples of gifted leaders turning around schools.

Yet at a time when leadership has never been more important, more than 500,000 pupils are being taught in leaderless schools because of a severe head teacher recruitment crisis. The problem shows no sign of improving as a recent survey by the General Teaching Council (GTC) found that only 4% of teachers were considering becoming a head teacher in the next five years.

There are also considerable shortages of teachers as result of an ageing workforce and huge numbers of teachers leaving the profession. For example, in the last five years 29% of all full-time and part-time teachers left the profession and within the next 10 years, 50% of the current workforce will retire.

The crisis in the teaching profession cannot be solved by more money alone. After all, spending on teachers increased by 53% between 1997 and 2006 and pay rates are similar to the independent sector which has none of these problems.

The problems surrounding the recruitment and retention of teachers and head teachers are particularly acute in difficult schools. Over 1,200 schools are without permanent heads and this often explains why schools in disadvantaged areas are so often under-performing. These communities have more vacant teaching and leadership posts than others schools. Children find themselves being taught by a bewildering succession of supply teachers in leaderless schools, and lose the benefits of long-term mentoring, care and ongoing development as a result.

It is time the Government addressed the reasons why heads are leaving teaching and few teachers wish to replace them. This report identifies the changing nature of their role with its initiative overload and increased bureaucracy as a key reason together with poor pupil behaviour.

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5 Chapter 6 of the Educational Failure volume of the State of the Nation Report
Poor pupil behaviour*

Almost £1 billion has been spent on improving discipline in schools yet the situation remains dire:

- **Exclusions**: Permanent exclusions have risen by 20% since 2000. Of the 10,000 permanent exclusions every year, almost 30% of these are due to persistent disruptive behaviour, over 20% involve threatening abuse against an adult and 20% involve physical abuse against other pupils. In addition there are 389,500 fixed-term exclusions every year.

- **Truancy**: It is estimated that 55,000 pupils miss school without permission every day.

Furthermore, there is a clear link between low educational attainment and wider antisocial behaviour outside school including crime:

- **“Missing pupils”**: a recently identified category of school absence is that of ‘missing’ pupils. An estimate from Nacro, the crime reduction charity, places the number of missing pupils at 100,000 on any given day.

- **Addictions**: Pupils who have been excluded are six times more likely to be regular drug users and 32% of young people who have been excluded are involved in drug dealing.

- **Prison**: Over two thirds of the prison population have no educational qualifications and had been expelled from school or truanted from a young age. It is to be noted that 15% of those in young offender institutions have a statement of SEN compared with 3% of the whole population, and they are far more likely to be excluded than their peers.

These statistics cannot begin to show the huge disruption caused by poor discipline which demoralises teachers and drives down expectations and standards for all pupils. A recent

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*I found school boring and difficult. I found it particularly difficult after I had passed my 11 plus and went to grammar school. I misbehaved, got into constant trouble partly because school was incredibly boring. One style suits all. Most importantly, I did not see the relevance to me of most of what we were taught, i.e. why did I need to learn French if going to France in my day was like going to the Moon today. Finally, many of the teachers could not keep control and I despised teachers who wanted to be my 'friend'…. I left school with two O levels and took a low wage job. I did not attend university until I was in my 40s. I now have a PGCE. ”*

Witness at Social Justice Policy Group hearing

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6 Chapter 7 of the Educational Failure volume of the State of the Nation Report
survey found that 64% of parents thought poor discipline was the biggest cause of education failure.

A lack of engagement with the curriculum and educational failure often leads children to become detached from school life, leading to poor discipline. The key challenge for the education system is to ensure all pupils are engaged in the classroom and able to participate constructively.

Children in Care

We have chosen to devote an entire chapter to Children in Care because they have the lowest academic achievement in society and their fate epitomises the findings of this paper.

In the last eight years there have been ten Government initiatives and acts, each one promising change and improvement to a different area of the care system. In reality, the achievement gap between children in care and all other children has widened year upon year.

These initiatives have been expensive. Since 1997, almost £1 billion has been spent. The Government recognises that there is a problem, yet the regular publishing of guidelines, restatement of aims and constant changes to the system have had little sustained effect.

The Government’s role as a ‘corporate parent’ for these children has produced the following results:

- **Key Stage 2 (age 11):** Only 44% of children in care achieved a Level 4 at Key Stage 2 compared with 80% of all children
- **GCSEs (age 16):** 11% of looked after children left school with 5 good GCSEs last year compared with 56% of all children.
- **Higher education:** only 6% of care leavers are able to enter university.

This educational failure can lead to problems after school.

- **Unemployment:** 20% of care leavers will be unemployed by the September after they leave school, compared with just 6% of all school leavers.

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“I think what contributed to me not getting the education I was supposed to was firstly because of my social worker who didn’t have any expectations of me doing well whatsoever.”

Angel, care leaver at Social Justice Policy Group hearing

7 Chapter 8 of the Educational Failure volume of the State of the Nation Report
Crime: Of all looked after children, 9% of those over 10 have been cautioned for an offence and 27% of the prison population have a background in care.

Teenage pregnancy: 15-17 year old girls from care are three times more likely to become teenage mothers.

Homelessness: One third of those living on the streets are from a care background and 80% of Big Issue sellers have spent some time in care.

This paper identifies the following reasons for these poor outcomes:

- **Systemic failure**: only one quarter of care homes meet Government standards and less than a quarter of carers have minimum government qualifications.

- **Instability**: as they frequently have to move placements and schools it difficult to build stable relationships or engage properly with education.

- **Emotional needs**: 63% of children enter care as a result of abuse/neglect meaning children in care need additional support to deal with their experiences, however, schools rarely cater for this.

- **Low expectations**: Government targets for children in care are a mere quarter of their targets for all children and the young people themselves rarely aspire highly.

Given that children from care are 66 times more likely to have their children taken into care, the false promises must stop and genuine action must be taken for this cycle to be broken.

**Design failure**

This report illustrates how the education system is not well designed to identify and turnaround the under-achievement of the most disadvantaged children in our country.

New Labour policies have sought to drive up standards, creating a “one size fits all” education system and a centralised target and testing regime but children come from a variety of backgrounds and have different strengths and weaknesses. This individuality needs to be appreciated and mirrored by the schooling system. The curriculum is too rigid and too inflexible to meet the needs of our most disadvantaged children and this causes them to struggle and fall behind their peers.

There is great variety and innovation in tackling the problems that exist today – but outside the framework of mainstream state schooling. We have been constantly struck by the way that voluntary sector organisations have developed tailored local solutions. These problems are not impossible to solve. But they are complex, difficult and, long-term; they need creativity and freedom to be solved.

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Chapter 9 of the Educational Failure volume of the State of the Nation Report
Natural Tory ground

The Conservative Party has always been at the forefront of the reform of our education system. It is the party of Shaftesbury, the defender of poor children of the factories, the friend of the homeless and the founder of the Ragged Schools: Wilberforce set out to “renew society” by providing all children with regular education in reading, personal hygiene and religion and Butler whose Education Act of 1944 provided that school and education should be free for all children regardless of parents’ ability to pay.

The principal goal of the 1944 Act - free education for all - has long been achieved. However, the legislation was about more than the State simply guaranteeing an education to all children. Part II 7 states –

“It shall be the duty of the local education authority for every area, so far as their powers extend, to continue towards the spiritual, mental and physical developments of the community.”

We need to re-capture this reforming spirit, remember the founding principles of our education system: a belief in equality of opportunity and meritocracy and to see education as a solution to the social problems in our society.

Policy direction

The answer to these problems is not simply to put more money into the system or to continue to focus on average attainment.

It is now clear that New Labour’s strategy has not addressed the problems facing many disadvantaged children in society. The failure to address these problems has led to persistent and deep-rooted educational inequality in the UK. As a result, the UK has very low social mobility and one of the highest levels of educational inequality in the Western World.

- Educational inequality matters: We believe that a change in approach is needed. Government needs to place far more emphasis on the most under-achieving pupils in our education system. Firstly, the current approach fails to adequately identify those children who are being left behind. Secondly, we need to ensure that redressing educational inequalities is a primary objective of the education system. This means an overhaul of the
currents “targets and testing” system and re-structuring the curriculum and approach of schools to improve standards for all children.

- **Every parent matters**: Government policy should address the cultural reasons why certain children under-achieve in schools, encouraging parental involvement in education and ensuring shared expectations between children, teachers and parents. Government must focus on the role of parents and not attempt to take over more of their responsibilities. Rather than trying to become a bigger corporate parent, Government should encourage some parents to understand that helping their children to learn is as important to their future as feeding and clothing them. It is not so much “Every Child Matters” as “Every Parent Matters”.

- **Winning the battle for learning**: Encouraging parental engagement in the education of disadvantaged children is part of a wider battle to place a love of learning at the centre of disadvantaged communities. The anti-schooling culture of some of our poorest streets can be challenged and defeated but disadvantaged children must have the opportunity to engage with positive role models. They must be taught with relevant methods which recognise the demands their backgrounds place upon them and work with them to enhance their prospects.

- **Better Leadership in schools**: Fundamental reform is needed to ensure the steady supply of high quality teachers and head teachers. We will need to address the fundamental reasons why so many of these professionals do not even consider working in under-performing schools. If we do not do so then the absence of good leaders and role models in failing schools will only make educational inequality worse.

We believe that schools can help provide a sanctuary for disadvantaged children who have turbulent lives at home and a clear route out of poverty. If we do not act now then lack of social mobility and its high costs will undermine our economy and our society. The challenge for the Conservative Party is clear; we can no longer tolerate the under-achievement and frustrated potential of children from disadvantaged backgrounds.
Breakdown Britain
Chapter 6

Indebtedness
“Personal Debt is the most serious social problem facing the UK”¹

This is a summary of the full State of the Nation Report of the Indebtedness Working Group. The full report can be found at www.povertydebate.com

The conclusion of a recent YouGov poll was that “personal debt is the most serious social problem facing the UK”. For many people in the UK being in debt has become a way of life. Consumer debt is now at record levels:

- Personal lending has now reached £1.25 trillion, the equivalent to an average debt per household of £50,000.
- The ratio of debt to income has risen from under 50% in the ’1970s to over 140% today.
- British consumers are on average twice as indebted as those in continental Europe.

The consumer credit industry has been remarkably resourceful in devising new products to meet changing consumer needs. The enormous growth of consumer credit in the UK has clearly benefited most consumers. Personal loans have allowed some people to access cash at times when it is needed. Credit cards have proved a great convenience by reducing the use of cheques and cash. They are a secure, convenient method of payment accepted all around the world. Store cards are attractive because they provide extra services and personalised accounts. Most important still, access to mortgages and loans enables individuals and families to even out expenditure over the course of their lifetime.

However, the number of adults who are finding unsecured debt a serious problem is rising. While it is difficult to measure the scale of the consumer debt problem precisely, the available evidence suggests that the problem may be far worse than most people imagine:

- A recent Bank of England survey estimated that nearly 6 million people felt they were currently struggling with their finances.
- Our own polling exercise suggested that the actual figure may be higher; the number of adults who claim to have had a serious debt problem is between 7 and 9 million. If we include the children of these adults then these numbers rise to between 9 and 12 million.

¹ See Chapter 1 of the Indebtedness volume of the State of the Nation Report
The Consumer Credit Counselling Service reported that the number of people calling them for help increased by 21% in 2005 over 2004, and by a 48% increase in the number taking up Debt Management Plans.

Bankruptcies and IVAs have increased exponentially since the change in legislation with the number of IVAs increasing by 118% from 2005 to 2006.

The number of missed payments of bills, tax, credit cards and mortgages and the demand for the services of debt agencies have both increased dramatically.

The number of people who admit to having debt problems, the many indicators which provide evidence on the scale of the problem and the contrast of UK indebtedness with that of Europe confirm the conclusion of our polling exercise that "personal debt is the most serious social problem facing the UK today".

The Debt Time Bomb

Debt is a serious current problem for millions of the population. However there are a significant number of people for whom it could easily become one. The potential for the debt crisis to worsen is a serious concern:

- **Lack of savings for unexpected expenditure**: Many people have inadequate savings for unexpected expenditure and less than 50% of the population has made provisions for a drop in income or a deterioration of financial circumstances.

- **Rising interest rates**: Interest rates have risen from 3.5% since July 2003 to 5.0% now and show no signs of falling in the medium term.

- **Rising unemployment**: Unemployment stands at its highest level for 6 years and has risen from 4.8% a year ago to 5.5% today.

An energy crisis, a recession in the US, a global terrorist incident or a substantial fall in house prices could change the economic climate plunging many more people into a severe debt crisis.

The Impact of Debt on Low Income Families

Many low income families are excluded from the mainstream financial sector: around one in 12 households, or 2.8 million adults have no bank account. Even though such families are excluded from mainstream credit markets, many still need access to credit from sources such as:

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2 See Chapter 2 of the Indebtedness volume of the State of the Nation Report
Doorstep lending
Pawnbrokers (cash converters)
Sale and buy back shops
Mail order catalogues

The Treasury has estimated that there may be three million regular users of these types of credit and that the size of the doorstep lending market may vary from two to three million people. One problem with these markets is that borrowers tend to charge interest rates of between 100%-400% or even greater.

The Bank of England has estimated that around half of people who describe debt as a “serious burden” are from a low income group. This was confirmed by our polling analysis which showed that people living in housing provided by local authorities or housing associations were more than twice as likely to have been in debt as the average person. The survey also found that 37% of respondents living in such accommodation had experienced serious personal debt problems compared to an average of 20% for all respondents.

Our conclusion therefore is that debt is a particular problem for low income families; with little savings to fall back on and little or no access still to mainstream banking facilities they are more vulnerable than other income groups to unexpected changes.

Debt and social problems

Our recent YouGov survey has shown the correlation between unemployment, alcohol and drug addiction, criminality, educational failure and family breakdown. Social problems are a cause of personal indebtedness but at the same time debt is a cause of social problems.

- Respondents who were out of work were more likely to have experienced a serious personal debt problem.
- Respondents with a history of drug or alcohol addiction or a criminal record were more than twice as likely to have experienced serious personal debt problems as the average respondent.
- Respondents who left school early, or came from single parent families, or said that their parents were unemployed were more likely to have been in debt.
Other studies point to symptoms of stress caused by debt.

- According to a survey of 1,400 people across the UK undertaken for the Financial Services Authority, 74% of British couples find money the hardest subject to talk about, 27% regularly argue when they try to discuss finances, 32% lie to their partners about how much they spend on credit cards and 35% are kept awake at night worrying about their finances.

- AXA, the global insurance company, commissioned research which concluded, on the basis of independent research, that 3.8 million people admit to money worries causing them to take time off work; that more than 10.7 million people suffer relationship problems because of money worries and that 43% of people have suffered from symptoms of stress arising from anxiety generated because of poor understanding of their finances or poor control over their personal financial situation.

“...The consequences were a feeling of helplessness, depression and tiredness. The impact on the family was seeing their dad trying to make ends meet without being able to help. I did as much extra work as I could to make up the difference thus I did not give the time I should have to my wife and children.”

Witness at Social Justice Policy Group hearing

3 See Chapter 1 of the Indebtedness volume of the State of the Nation Report

The debt spiral³

People with debt problems typically experience a debt spiral involving ten steps:

1. **Initial trigger.** Unexpected changes are the most common trigger of debt spirals as well as delays in entitlements to benefit payments, changes in family circumstances, family breakdown and over-borrowing and over-lending.

2. **Missed payments.** The first symptom of a debt spiral is usually a missed payment thereby incurring interest charges.

3. **Escalating penalty charge.** Once a payment is late or missed, penalty charges are often imposed, thus causing debt to escalate.

4. **Juggling of finances.** Following late payments, a common strategy for debtors is to prioritise the payment of one debt over another and the juggling act becomes compounded when the debtor takes out new loans in order to pay off old ones.

5. **Pressure from creditors.** The methods used by various creditors and debt collection agencies can add tremendous pressure to a person caught in a debt spiral.
6 Personal and financial chaos. Many people become so overwhelmed by the pressure that they lose the ability to take control of the situation.

7 Unrealistic promises. Contact with repayment agencies generally results in the setting up of a repayment schedule but often, the level of repayment is set at too high a rate to be sustainable.

8 Legal proceedings. If repayments are not forthcoming on a regular basis, creditors will ultimately make a claim against the debtor in court, in order to obtain a judgement against them.

9 Enforcement orders, bankruptcy and eviction. If a debtor defaults on a court judgment, then enforcement orders such as the attachment of earning orders, charging orders and bankruptcy orders can be sought.

10 Total loss

Causes of the Growth of Indebtedness

Our recent YouGov survey asked people what they considered to be the principal causes of the debt crisis in the UK. The four most important findings were:

(1) “It’s too easy to get into debt.”

The prime reason given by respondents in the YouGov polling for people getting into debt was that credit was too easily available. This is true. For the last five years interest rates have been at low levels and credit therefore has been cheap. For the past ten years inflation has been low, the stop-go cycle has given way to continued economic growth and there has been full employment. Against this background, the demand for credit has been high.

At the same time the retail financial industry has been extremely innovative and competitive with new products being brought to the market at historically low rates of interest. Before liberalisation of credit markets in the early 1970s, credit was rationed. Today, over 400 mainstream financial institutions compete fiercely to satisfy consumer demand. Since the 1980s,
credit card and mortgage markets have also grown rapidly and the increase in unsecured lending has been accompanied by risk-based credit pricing in which interest charged to customers depends on the perceived risk of default.

(2) “Lenders target vulnerable people”

Banks may not explicitly target vulnerable people but their lending practices, have been attacked for:

- **Aggressive marketing**: such as misleading advertising in supermarkets, unsolicited increases in credit limits, inappropriate selling of payment protection insurance and the introduction of credit card cheques.

- **Lack of transparency** with the banks needing to develop a consistent, single method of calculating interest. The current method of comparing interest using APR means that there is no easy way to compare the cost of borrowing. Recent measures to improve the transparency of credit card penalty charges should be welcomed.

- **Lack of due care in lending**: the liberalisation of financial markets and the changes in technology and credit scoring have made banking more impersonal. Responsible lending requires adequate credit rating systems and high standards from lenders in assessing credit applications.

- **Lack of data sharing** which has significantly contributed to debt problems and hampered responsible lending. Over 20% of people now hold four or more credit cards and there is insufficient communication between lenders on default data such as arrears, missed payments and bankruptcies.

It is going too far to say that banks set out to target vulnerable people. But vulnerable people are often caught up in the process with disastrous consequences. Because there is a strong correlation between serious indebtedness, drug and alcohol addictions and family breakdown, vulnerable people are far more likely to get into serious debt problems.

(3) “Doorstep lending or home credit”

The liberalisation of credit has meant that credit facilities have been available to a wider range of customers than ever before. Estimates suggest that 7.9 million people are affected by financial exclusion but borrowers excluded from mainstream lending institutions are nevertheless able to borrow from a number of alternative sources. Low income households can access home credit companies, pawnbrokers, sale and buyback shops, cheque cashers, mail order catalogues, weekly repayment shops, rental purchase outlets and illegal money lenders.
10% of consumers in the UK have used some home credit at some time in their lives and about 5% do so each year. In certain neighbourhoods this number can be very high. Typical borrowers tend to have low incomes and low socioeconomic status. Polling results examining home credit suggests it has clear benefits, usually short term:

- easily accessible cash loans of small amounts
- personalised service
- repayment compatible with weekly budgeting
- flexible repayments with no hidden charges
- credit offered regardless of credit history

Such services are particularly valuable and important to low income communities and represent a viable business model.

The four principal criticisms of home credit are:

- **The high cost**: the APR of sub-prime credit is high - with rates in excess of 150%. This rate is typical and sometimes higher still. The industry claims this is necessary due to the high risk of default in lending to very low income families and the high cost of providing a weekly home collection service.

- **Lack of competition in the market**: one of the main reasons why doorstep lending is so expensive is that there is little competition in the market. The Competition Commission has estimated that this means consumers need to spend an extra £100 million per year in interest, which equates to over £9 per £100 loaned. There is concern over such an increase in market concentration as research reveals that six large lenders account for around 90% of the market, and that of these, Provident Financial account for around 60% on most measures. There is a prima facie case that competition is limited.

- **Perverse lending practices and a lack of transparency**: another charge is the failure of disclosure and a lack of transparency on the part of home credit companies. This means customers fail to understand the meaning and relevance of high APRs, and are often more concerned with weekly repayment costs rather than with the actual cost of the product. Apart from home credit, other sublenders have been accused of benefiting from the low financial literacy skills of their customers by creating expensive offers that are not sufficiently transparent.

- **Undue pressure on the doorstep in selling loans**: sub-prime lenders are frequently criticised for the undue pressure they exert on the doorstep whilst selling and collecting repayments. Nearly all targeted customers are on very low incomes and are short of money making the offer of ready cash or vouchers very tempting.
4) “Modern society is too materialistic”

Society’s attitude to borrowing has changed radically over the past 60 years and evidence reveals that many believe a significant contributor to debt is that society is too materialistic. Credit moved from being perceived as dangerous, to morally neutral, to beneficial. Professor Bob Holman underlined three social changes that have made low income families more vulnerable to problems of debt: the decline in working class collective organisations with hardship funds, the fragmentation of families and the advent of the drug culture. Alongside this shift in social attitudes, there has also been a major structural change in the financial system, making consumer credit available to all social groups in society.

Some world religions have traditionally been critical of charging interest due to the power relationship created between borrower and lender that is often unequal and constraining. One bishop consulted stated that “the people who need to be addressed about debt are the creditors, not principally the debtors” and was clear that the fundamental issue that needs addressing is one of justice. Personal debt cannot be addressed as an isolated issue, without first addressing what triggers people to get caught up in a debt spiral.

Moving forward

Debt is a serious problem for millions of families in the UK. Debt problems are triggered by a number of different factors and are strongly linked with family breakdown, alcohol and drug addiction and educational failure. Debt particularly affects low-income families, many of whose lives are characterised by a constant struggle to meet repayments.

We are exploring a range of solutions to the current debt crisis including improving financial literacy, more information and greater accessibility to savings for low-income families, strengthening the role of credit unions and increasing competition in the home credit market. This must be matched by more transparency of interest rates and charges, better regulation of advertising of credit, data sharing among lenders and greater care in lending practices, particularly for low income families.
Breakdown Britain
Section 6

Second chance
Second chance

This is a summary of the full State of the Nation Report of the Indebtedness Working Group. The full report can be found at www.povertydebate.com

Introduction

The main thrust of the interim report of the Third Sector Working Group (“the Group”) is that:

- The remarkable value of the voluntary sector\(^1\) in UK society today is accepted across the political spectrum; yet
- The organising that make up the voluntary sector are significantly under-used and under supported in our fight against poverty today; and
- Even when they are used by the Government to fight poverty, this is in a controlling way that compromises much of the voluntary sector’s value, being in danger of creating a mini-public sector instead.

The result is that Britain’s vulnerable are being denied the true second chance which the third sector could give them.

The challenges for Government are to:

- Devote a greater proportion of the funding allocated to fighting poverty to the third sector;
- Provide funding in a way that does not reduce the sector’s independence, enthusiasm, commitment, innovation and diversity in fighting poverty;
- Provide a contractual and regulatory background that is fair and enabling for the voluntary sector, particularly smaller voluntary organisations, in fighting poverty; and
- Help stimulate greater public volunteering and philanthropy (comprising all private giving) towards fighting poverty.

The challenges for the third sector are to:

- Preserve its values, and not compromise its values or mission to secure statutory funding;
- Better demonstrate to the public the value of its work in fighting pover-

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\(^1\) “voluntary sector” being a term the Group will use synonymously for “third sector”, except where indicated otherwise.
ty - to inspire greater trust in the sector by Government, and secure a
greater share of Britain’s philanthropic giving; and

- To champion the work of smaller third sector organisations (TSOs) in
these fields, whilst larger charities help address concerns over their accu-
cumulation of income and assets.

The challenges for the British public are to:

- Recognise how Britain’s five main pathways to poverty threaten society;
- Appreciate how important the voluntary sector is in fighting poverty; and
- Contribute directly in the form of greater volunteering and increased phi-
lanthropy in these areas.

Third Sector’s value to British society

On the face of it, the third sector is in vibrant health. There are more Third
Sector Organisations (TSOs) than ever; it has more income and assets than
ever; apparently more volunteers than ever; and, although philanthropic giv-
ing is stagnant, more Government funding than ever. The latter is, as we shall
see, a two edged sword, but it does signal an important acceptance, particular-
ly welcome within Labour political circles, that the third sector has a significant
role to play in the forging of a more fair and just society.

This acceptance is only as it should be. The third sector does have abilities to help
the most vulnerable people and communities which the state sector does not have,
and it can assist hard-to-
reach groups who cannot or will not access mainstream statutory services. As
the Treasury acknowledges, the third sector can provide services that are of “of
higher quality, more efficient, more equitable and more personalised” than
those delivered by the public or private sectors. The government has acknowled-
ged this by having an annual target to achieve increases in the transfer of pub-
lic services to the voluntary sector. As Hilary Armstrong, Cabinet Minister with
responsibility for social inclusion and the third sector has also said,

“Some people simply lack the capacity to access and exploit [public] serv-
ices however far they reach. Other have developed through experience an

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2 See Chapter 3, paragraphs 8-16 of the Second Chance volume of the State of the Nation Report
3 Chapter 1, para 7 of the Second Chance volume of the State of the Nation Report
For these groups a greater use of the charitable and voluntary sector will be crucial since such groups can fulfil these specific public policy objectives of reaching out much better than publicly-run services.4

Tomorrow’s People is a striking example of a voluntary organisation reaching out where Government has failed – it has helped over 400,000 people into work in a more sustained and cost effective way than JobCentres have ever done, saving the Government £450 million in the process.5

However, the value of Britain’s third sector goes far beyond the narrow delivery of defined public services, where sadly often their qualities of commitment, independence and scope for innovation are underutilised. Much of the third sector’s value lies in its contribution to social capital - the range of social connections including the trust, mutual understanding, shared values and behaviours that tie people together, encourage co-operation and generate a sense of community.6 The growth in social enterprises in the UK – now numbering 55,000 – is particularly to be welcomed in this context, when they can make a literally immeasurable difference to people’s lives in the way that Emmaus can. Emmaus Communities throughout Britain provide former homeless people with a community, food, accommodation and work in one of their businesses such as furniture recycling. Their mission is neatly summarised in their motto: “Giving people a bed…and a reason to get out of it.”7

It is impossible also not to see the work of smaller local charities arising out of deprivation in their own area, and run by locals, without noticing, and being moved by, the positive social impact they have on their community. By way of example only, Gallowgate Family Support Group (GFSG) in Glasgow’s east-end provides the parents and children of drug addicts with their only real chance of a listening ear, mutual support and social activities. GFSG is run by volunteers who live and work in the community, and have themselves lost close family and friends to the drugs epidemic still plaguing Glasgow.8

Underpinning the third sector, and a further example of its value, is a vast amount of formal and informal volunteering – from the ex-addict at Narcotics Anonymous helping others get clean to the young mother supporting an elderly neighbour. Volunteering immeasurably enhances the lives of the vast numbers who receive help or support. But its benefits probably accrue as much to

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4 Chapter 1, para 2. of the Second Chance volume of the State of the Nation Report
5 Chapter 7, para 23. of the Second Chance volume of the State of the Nation Report
6 Chapter 1, para 9. of the Second Chance volume of the State of the Nation Report
7 Chapter 7 para 41-43. of the Second Chance volume of the State of the Nation Report
8 Chapter 1, para 9. of the Second Chance volume of the State of the Nation Report
the volunteers themselves. Put simply, volunteering makes us better people, increasing our inclination and capacity to help others as well as ourselves.⁹

Campaigning and advocacy is another value of the third sector. TSOs can provide a powerful representative voice for the most vulnerable groups in society, producing changes in attitudes and legislation which might not otherwise occur. Although concerns can justifiably be raised about the excessive focus by some larger third sector organisations on this aspect of their role, nevertheless the value of much of this work is appreciated by the Group.¹⁰

Finally the work of third sector generates philanthropy in the UK is essential. Philanthropy itself not only provides freedom and flexibility for charities to pursue their core values and aims, where grant funding often does not, but also encourages a sense of community and social responsibility, generating social cohesion when individuals are demonstrating their concern for the most vulnerable in a concrete and tangible way.¹¹

**Under-use of the third sector and its lack of support in the fight against poverty**

Although our report is able to highlight excellent third sector work in tackling the five main pathways to poverty identified by the Social Justice Challenge (family breakdown, educational failure, addictions, economic inactivity and indebtedness) it is striking how, in each area, the Government is failing make full use of TSOs. There is also more that the public could do.

**Family breakdown**¹² is a major root cause of Britain’s social problems, with its direct costs estimated to be £20-24 billion pa.¹³ Throughout the country, effective work is being done by the third sector is being done to strengthen relationships and prevent the break-up of families. Community Family Trusts¹⁴ are helping married and unmarried couples from all social backgrounds to learn new skills to give their relationship every opportunity to flourish and endure. Relate’s counselling work has a 58% success rate in improving relationships, and, like Scottish Marriage Care, offers

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“**The obsession of Government agencies with targets leads to inflexible rules which don’t always work optimally. We could get more prisoners into longer term employment if much of the superfluous red tape was dispensed with.”**

StreetShine, at Social Justice Policy Group hearing

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⁹ Chapter 1, paras 1-7, et seq. of the Second Chance volume of the State of the Nation Report
¹⁰ Chapter 1, para 8. of the Second Chance volume of the State of the Nation Report
¹¹ Chapter 10, paras 1-5. of the Second Chance volume of the State of the Nation Report
¹² Chapter 4 of the Second Chance volume of the State of the Nation Report
¹³ Chapter 4, para 1 of the Second Chance volume of the State of the Nation Report
¹⁴ Chapter 4, paras 5-8. of the Second Chance volume of the State of the Nation Report
dramatic value for money in its use of trained volunteers. Work by the third sector in reducing anti-social behaviour through intensive family support has a 92% success rate, and may save over £200,000 per anti-social family. Yet TSO work to reduce family breakdown through relationship education receives a pitiful amount of Government funding, equating to only £4m a year, and when Government funding is offered, it is accompanied by excessive controls and monitoring that undermine the sector’s very expertise.

“You never get anything back...If one thing could change it would be the bureaucracy...it makes you bitter.” Muskil Aasaan

In tackling educational failure, despite Government support funding equalling only 2% of the total DfES spending, innovative TSOs are making a big difference in reversing educational attainment amongst school-age children. Early intervention is provided by a large number of literacy charities to help primary school children struggling with their reading to catch-up with their peers. For disaffected secondary school pupils at risk of social exclusion, a growing number of TSOs are providing alternative education, both in and out of school. The Lighthouse Group in Bradford found that 100% of its 2005 alumni were still in education, training or employment 6 months on. Thousands of supplementary schools are thriving in our cities, boosting the attainment of children mostly from black and minority ethnic communities and providing religious and cultural instruction.

The Group has heard of one supplementary school in Croydon serving black children that has a roll of 150, with a waiting list of 200.

Again, however, Government funding is low for all this work; regulations inhibit the third sector’s development; Government educational failure initiatives do not sufficiently involve the third sector, and, when they do, they do so in a way that potentially threatens the third sector value they seek to take advantage of.

With soaring levels of alcohol and drug abuse, TSOs specialising in helping people with addiction problems face unprecedented demands for their help, with up to 200,000 people seeing TSOs for drug and alcohol problems last year. Many seeking help find the mutual support of self-help groups such as Alcoholics and Narcotics anonymous effective in enabling them to change.

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15 Chapter 4, paras 11-13 of the Second Chance volume of the State of the Nation Report
16 Chapter 4, para 11 of the Second Chance volume of the State of the Nation Report
17 Chapter 4, para 20-21 of the Second Chance volume of the State of the Nation Report
18 Chapter 4, para 22, 23, 26-29, and 38 of the Second Chance volume of the State of the Nation Report
19 Chapter 5 of the Second Chance volume of the State of the Nation Report
20 Chapter 5, para 30-39 of the Second Chance volume of the State of the Nation Report
21 Chapter 5, para 40-47 of the Second Chance volume of the State of the Nation Report
22 Chptr 5, paras 11-19 of the Second Chance volume of the State of the Nation Report
23 Chapter 5, paras 5, 18, 22-24, 28, 29, 39, 44, 47, 54 of the Second Chance volume of the State of the Nation Report
24 Chapter 6 of the Second Chance volume of the State of the Nation Report
25 Chapter 6, para 8 of the Second Chance volume of the State of the Nation Report
Many more find that they need more intensive, professional help. TSOs run a wide variety of treatment and rehabilitation programmes. However the recent statutory funding crisis facing residential drug treatment centres run by TSOs has led many centres to operate at a fraction of their capacity, shedding staff and losing valuable expertise.26 This crisis highlights both the uncertainty of Government commitment to this area, and also the need for this part of the third sector to secure greater non-statutory funding. Where there is Government involvement, the value of the third sector is compromised by insufficient funding to address alcohol issues, lack of expertise, excessive controls, late payments and short-term funding streams, and by Government’s desire for a few large-scale third sector providers27.

**From Boyhood to Manhood Foundation:**

“It’s different here, the focus is on education. My family came to Britain from Jamaica a few years ago and that was the start of my problems. I stopped talking to people. Now I’ve got a lot more confidence. I go round and talk about FBMF to school kids.”

Huckeney, student

“The FBMF represents a positive alternative for children excluded from school who would otherwise fall out or be lost from the system. The FBMF is achieving impressive results in supporting excluded children to return to or progress within full time education. All the FBMF funders contacted for this evaluation believe that the project is providing a good or valuable service.”

The Gilfillan Partnership and Black Training & Enterprise Group

Despite this, FBMF is struggling to secure core funding and may close because many of its young pupils self-refer, falling foul of local regulations.

In the area of economic dependence28, there are over 4 million economically inactive adults in Britain today. Vast numbers of people have effectively been decommissioned by Government, left to subsist indefinitely on sickness and disability benefits. Mainstream programmes – most notably New Deal – have proved an expensive failure at getting people into sustainable employment. TSOs have significant advantages in helping the most vulnerable into work29, and organisations such as Tomorrow’s People contracted by Government have a proven track record of getting people back into work and

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26 Chapter 6, para 36, and appendix of the Second Chance volume of the State of the Nation Report
27 Chapter 6, pars 9-10, 11-14, 15-17, 18-21, 22-28, and 30-33, of the Second Chance volume of the State of the Nation Report
28 Chapter 7 of the Second Chance volume of the State of the Nation Report
29 Chapter 7, paras 13-22 of the Second Chance volume of the State of the Nation Report
enabling to hold down their jobs much more cost effectively. TSOs working in this area do not receive enough Government support and when they do receive funding it is in a way that again focuses on a few large-scale providers, and with excessive controls.

Levels of both secured and unsecured debt have soared in the UK in recent years, fuelling a consumer indebtedness crisis amongst the most vulnerable. With levels of unemployment and interest rates both creeping upwards, demands for debt counselling services are likely to continue growing steeply. The vast majority of debt help projects are run by the third sector. In size they range from the national network of Citizens Advice Bureaux, which conduct some counselling themselves as well as referring clients to smaller local organisations. Here too statutory and other funding for this key third sector work is very low, and although the Government has recently increased funding for debt advice, again there are concerns that the Government is keen only to support a few large-scale providers.

**Government’s relationship with the Third Sector**

A YouGov poll conducted for the Group showed that 67% of the general public agreed that there were not enough local voluntary groups dealing with these five main pathways to poverty

“It’s different here, the focus is on education. My family came to Britain from...”

*ADAPT*

“Huge issues of unpaid invoices, often waiting 4-5 months and for some 9 months. At the time of writing this is one area we haven’t received any payment in this financial year. No one has any provision to reimburse interest on these unpaid invoices.”

*NECA*

“Our cause is not cuddly and there is enormous prejudice.”

*CAN*

30 Chapter 7, para 23 of the Second Chance volume of the State of the Nation Report
31 Chapter 7, paras 34-40 of the Second Chance volume of the State of the Nation Report
32 Chapter 8 of the Second Chance volume of the State of the Nation Report
33 Chapter 8, paras 4-17, 19-23 of the Second Chance volume of the State of the Nation Report
34 Chapter 8, para 24-28 of the Second Chance volume of the State of the Nation Report
In recent years the third sector has received unprecedented attention from Government and the political establishment. One consequence of this has been the creation at last of an Office of the Third Sector (adopting a proposal in the Conservative Party’s 2001 green paper Sixty Million Citizens). Ed Miliband, Minister for the Third Sector, appears to have understood the third sector’s unique qualities to help the vulnerable when he told an ACEVO summit recently:

“You [the third sector] have the ability to reach out to many groups and individuals that the Government cannot reach . . . you are innovators in a way that government and private sector is often not . . . you have led the way in innovating in public services and beyond.”35

However, for all the rhetoric, the Third Sector Working Group’s work shows that the Government’s actual record in supporting the third sector leaves much to be desired, particularly in two fundamental respects.

First, although the value of the third sector’s work in combating poverty is clearly evident, the Government still does not support it enough, or perhaps even trust it enough, to deliver the sort of remarkable outcomes that it is capable of. Not only has the Public Accounts Committee condemned the slow rate of transfer of public services to the third sector in general but time and again, as seen above, the Group highlights the lack of funding support for the third sector’s work in fighting poverty, and the problems with payment terms, length of contracts, full cost recovery, tax, and other excessive regulations that are particularly hindering third sector.

- The Government’s target of increasing the volume of public services pro-

Christians Against Poverty (CAP) is a national debt counselling and support charity based in Bradford that works through 50 centres based in local churches. It offers high-quality debt advice to people of all faiths and none in their homes. Its proven methods of enabling clients to break free of debt has been recognised in CAP’s winning of several national awards. However, its recent application for a share of the new statutory funding made available for debt advice through the DTI’s Financial Inclusion Fund was unsuccessful.

However, for all the rhetoric, the Third Sector Working Group’s work shows that the Government’s actual record in supporting the third sector leaves much to be desired, particularly in two fundamental respects.

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- The Government’s target of increasing the volume of public services pro-

Tomorrow’s People has a high level of sustainability, with around 90% of clients finding sustainable work (for at least three months), compared to only 79% of New Deal participants. More significantly, 76% of Tomorrow’s People’s clients are still in employment after one year.

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35 Chapter 12, para 2 of the Second Chance volume of the State of the Nation Report
vided by the third sector by 5% by 2006 should be met but has been described as 'not a very demanding' aim by the Public Accounts Committee, which called on the Government to set a 'more meaningful and stretching target'.

- An ACEVO survey last year of 74 chief executives of TSOs found that the opinion of the organisations themselves was that the situation in regards to full cost recovery had got worse since 2002: almost 80% of those surveyed felt that the situation had either got worse or stayed the same – and overall more felt that it had got worse than better.

- A recent NCVO survey of TSOs found that 55% of respondents had not had statutory funding agreed promptly for the current financial year, and several were still waiting to reach agreement months after funding was supposed to start. 47% had not had funding agreed in advance, meaning that they were forced to draw on their reserves.

- According to the Charities Tax Reform Group, irrecoverable VAT costs UK charities between £400 and £500 million a year.

Our findings are in line with public opinion – with a recent poll for the Group suggesting that 75% of the interested public believe that the Government should provide more funds to the sector, and also that red tape and regulations are inhibiting voluntary sector organisations.

Second, when it does involve the third sector in such crucial work, this Government appears to completely forget what it was that guarantees the third sector’s quality of service, which attracted it to the third sector in the first place – namely its independence, enthusiasm, innovation, commitment and diversity. Instead, in their commissioning process, both central and local government are using their contracts to direct requirements in such a detailed way, and placing such excessive controls on the programmes, that third sector value is being squeezed out of TSOs’ work. Coupled with the increasing moves to award contracts to fewer large-scale providers, it is easy to see how the Government, which is now the biggest funder of the third sector providing 38% of its £26 billion of income, could end up shaping a third sector in the image of the public sector – the very result it wanted to avoid in the beginning.

**Some key challenges for government**

There are many issues for Government arising out of the Report, and which the Group will be examining before presenting policy proposals next year.

A key issue is the funding of poverty-fighting groups. Not only will more
funding have to be channelled towards the third sector in such areas, but such funding must be more intelligently directed. It will be vital to establish how statutory funding could be better configured to enable the sector to do more in fighting poverty whilst safeguarding and strengthening its independence. Otherwise the failures of the public sector may simply be replicated. In this respect, the Government should re-examine the way it uses contracts to exert excessive control and direction of TSOs’ work. Any resulting distancing process may be helped by TSOs doing more to independently validate their outcomes (as suggested above).

“I don’t think statutory organisations always understand voluntary organisations… They seem to feel that they can intervene at a very detailed level, on the nature of the operation.”

Stuart Etherington, NCVO

“It is felt, within the third sector, that commissioning should mean commissioning the organisation to deliver what it delivers. Whereas, it would appear that within local government commissioning means commissioning the organisation to deliver the government agenda and spec.”

Charles Drew, Amber

“61% of those who responded to our survey believed that regulation inhibited social innovation. Prescriptive and overly protective approaches to regulation are leading to loss of diversity in the sector and greater conformity in the way people and organisations operate.”

Better Regulation Taskforce

As well as looking at how statutory funding might be more effectively allocated from the top-down, the Group will consider how more resources might be channelled into the sector from the bottom-up. Government is already exploring the transfer of under-used public assets to TSOs. The Big Lottery Fund, meanwhile, has undertaken innovative pilots to endow community foundations in deprived areas and give players a say in which local projects receive money. Giving people and communities a say in how public money is invested in TSOs in their area might revive interest and participation in the sector. Similarly, service users belonging to particular client groups may value opportunities not just to help design services, but also to evaluate them and influence which organisations receive statutory funding.

Taking into account its existing degree of control of the sector, the Government must be astute to see that it does not fuel the increasing polarisa-
tion of the sector between larger, more wealthy TSOs and their smaller counterparts. Otherwise much of the value of the third sector’s work will again be squeezed out to the detriment of Britain’s most vulnerable. Smaller charities\textsuperscript{36} make up 87\% of Britain’s third sector but receive just 5.4\% of its income. Furthermore, their income has fallen by 30\% over the past 10 years – so much so that the Charities Aid Foundation believes that smaller TSOs may become unsustainable.\textsuperscript{37}

The Exchequer, which dominates the funding of the sector, is increasingly responsible for much of this polarisation as 68\% of statutory funding is going to TSOs with incomes in excess of £1 million.\textsuperscript{38}

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\caption{Percentage of organisations and share of income by size of organisation.}
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\caption{Percentage of organisations and share of income by size of organisation.}
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\textbf{£0-£10k} & 11.2 & 11.3 & 7.7 \\
\textbf{£10k-£100k} & 26.1 & 28.9 & 22.3 \\
\textbf{£100k-£1m} & 37.4 & 30.1 & 31 \\
\textbf{£1m-£10m} & 25.3 & 29.7 & 38.9 \\
\textbf{£10+} & & & \\
\hline
\end{tabular}
\caption{Percentage of organisations and share of income by size of organisation.}
\end{table}

\textsuperscript{36} Whose intrinsic values are set out in Chpt 9, paras 3-12. of the Second Chance volume of the State of the Nation Report
\textsuperscript{37} Chapter 9, paras 1, 14, and 16. of the Second Chance volume of the State of the Nation Report
\textsuperscript{38} Chapter 9, para 19 of the Second Chance volume of the State of the Nation Report
Measures such as those outlined above will help, but our report concludes that the Government must do more to help Britain’s smaller charities. For all TSOs, large and small, poverty-fighting or not, the Government must also be careful to treat the third sector fairly in its contractual relationships. This means firstly ensuring full implementation of the Compact both in central and local government. It is shameful that the third sector is still subsidising Government services as a result of being unable to secure full-cost recovery, fair payment terms and multi-year contracts. The Group has uncovered much frustration and disappointment with the Compact’s lack of implementation throughout the sector, particularly at local government level. The Government must address this as a matter of urgency.

Finally, the Government must continue to do what it can to stimulate and assist volunteering and philanthropy towards poverty-fighting. Volunteering and philanthropy are not only key tools in achieving social inclusion, they also help provide TSOs with their fundamental qualities of enthusiasm, independence and innovation, thus forming a major foundation for the third sector’s value.

Some key challenges for the sector

As a recent report by Working Links report argues, perhaps the greatest challenge facing TSOs across the sector is to steadfastly uphold their principles and values, not to lose sight of or compromise their mission. The authors note that “many third sector organisations operate in survival mode, and this can have a significant influence over strategic decisions”. Acknowledging that some TSOs have compromised their values and mission to secure statutory funding, the report concludes: “The danger is being resource-led and not needs-led, and the challenge is how to be needs-led in a resource-led environment.” This is a parl-
ticular challenge for TSOs combating poverty, as their funding environment is overwhelmingly dominated by government.

“The general feeling is that the Compact is simply not used enough – it has not been properly disseminated and implemented throughout government. Civil servants either have not heard of it or choose to ignore it.”

NCVO consultation

“We are now picking up a general slipping back from councils being enabling and supportive towards becoming controlling and difficult to work with...Government departments do not understand the role of Local Compacts very well and don’t give councils the guidance they are calling for based on best local practice.”

Compact Voice

Another key challenge for poverty-fighting TSOs is to better demonstrate the value of their work, not only to inspire greater trust by government in their abilities (and therefore less interference with their work), but also to help raise the non-statutory element of their income. Philanthropic receipts providetial funding for TSOs’ innovative work. However in spite of the generous tax regime created by successive governments, levels of individual and corporate giving in the UK remain disappointingly low with the richest 20% only giving 0.7% of their income, and companies only giving 0.8% of their pre-tax profits. Poverty-fighting TSOs, especially small ones, suffer from a particular lack of philanthropic giving. The majority of giving is to the larger medical, animal and international development TSOs.

In this context, it is essential that TSOs take every opportunity to prove the impact of their work. This will instil confidence in existing donors to give more whilst challenging others to start giving. New Philanthropy Capital (NPC) is one organisation conducting valuable work to encourage both more considered giving by donors and fuller accountability by TSOs. NPC has helpfully highlighted the tendency of TSOs to focus their reporting on inputs and processes. Whilst these are relatively easy to quantify, they are much less significant than the TSOs’ actual outcomes i.e. the tangible difference they make in peoples’ lives. The Third Sector Working Group endorses NPC’s call for all TSOs to provide good information on their outcomes. This would generate

42 Chapter 10, paras 2-4 of the Second Chance volume of the State of the Nation Report
43 Chapter 10, paras 9, 19 of the Second Chance volume of the State of the Nation Report
44 Chapter 10, paras 20-23 of the Second Chance volume of the State of the Nation Report
45 Chapter 10, paras 47-50 of the Second Chance volume of the State of the Nation Report
confidence in an organisation’s work from both statutory and non-statutory funders and could particularly help smaller TSOs in their fundraising.

“If you actually know that your funding is going to produce results in that area, then we think that that will stimulate giving” Tris Lumley, New Philanthropy Capital

Larger TSOs are in a position to take a lead here. Despite increasingly dominating the third sector (in a way that causes concern as the Group sets out in the report), there is still frustration at the poor quality information provided by some. Because of their higher profile in the national consciousness, larger TSOs bear considerable responsibility to the rest of the sector to provide models of good behaviour. However there is too much publicity at present over lack of transparency, high salaries, pensions “black holes”, and hoarding of unspent reserves, estimated recently to be £34 billion. In the latter case, one such TSO has unrestricted reserves of £52 million – which, as Bob Holman of Glasgow’s small FARE project points out, means that often they are scooping more and more funds from income sources which their smaller counterparts also need, and are desperate to see a fraction of. Such conduct by larger TSOs may be having a detrimental effect on the third sector’s image in the public’s eye. This may end up further weakening the many smaller TSOs.

Key Challenges for the British public

While the Group outlines how the third sector, and the Government, have many significant ways to improve their performance in combating poverty, it is important that the British public recognises its own potential to help meet this challenge.

Thus it is hoped that the British public can be helped not just to better appreciate the centrality of combating poverty in creating a better and fairer society – but also how through increased volunteering and philanthropy they can help win this battle.

With proper training, a few hours relationship counselling or providing childcare support can help keep a vulnerable family together – in circumstances where its breakdown could send the children into long-term social exclusion. A volunteer can work those hours, can stop that family breakdown, can save lives – and be proud of themselves. But, at present, volunteering in socially excluded communities is still inadequate, poorly monitored, and current Government initiatives are not focussed on volunteers helping in the five poverty pathways.

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46 Chapter 9, para 12, note 122 of the Second Chance volume of the State of the Nation Report
47 Chapter 11 of the Second Chance volume of the State of the Nation Report
48 Chapter 10 of the Second Chance volume of the State of the Nation Report
49 Chapter 11, para 1-7, 16-23 of the Second Chance volume of the State of the Nation Report
Breakdown Britain

Properly directed, an extra direct public donation can allow a drug treatment centre, a debt crisis agency or a neighbourhood project to develop innovative and effective ways of helping Britain's most vulnerable — in a way that a controlling state paymaster is incapable of allowing. A philanthropist (whether a taxi-driver, a nurse, or a hedge-fund manager) can make that difference. As stated above, giving is too low in the UK, especially by the wealthiest 20%, and giving to “non-cuddly” areas such as drug abuse, and joblessness, is given too little attention by everyone.

Conclusion

We have identified issues of fundamental importance in identifying the issues facing TSOs, government and Britain as a whole in the third sector’s work in fighting poverty.

Our consultations will continue throughout this winter and in 2007 we will report with policy proposals to enable the third sector to fight poverty more effectively.

It remains to be seen whether the political parties have the strength and will to take on board the Group’s proposals but, based on the work done so far, anyone wanting to fight poverty in Britain effectively today would be foolish to ignore the contribution that the third sector makes.

“Fewer than half of the organisations surveyed said they had enough volunteers, and a majority said that members of BME groups, disabled people and ex-offenders were under-represented among their volunteers”
Institute for Volunteering Research at Social Justice Policy Group hearing

“Popular causes such as cancer and animal welfare charities receive widespread support but education is needed to encourage the public to support less sexy causes such as charities working with drug addicts.”
Witness at Social Justice Policy Group hearing

50 Chapter 10, para 1-5 of the Second Chance volume of the State of the Nation Report
51 Chapter 10, 9, 19, and 20-23 of the Second Chance volume of the State of the Nation Report
Breakdown Britain
Chapter 9
Polling
Polling

Introduction

Two major pieces of polling research have been conducted to supplement the in-depth topic-by-topic reviews of major social problems (Family Breakdown, Educational Failure, Drug and Alcohol Addiction, Unemployment/Welfare dependency, and serious personal debt). In total, over 40,000 people were asked by YouGov about their experiences of these problems.

Objectives

The polling had three key objectives:

1. To provide an up-to-date quantitative and qualitative picture of each social problem.
2. To understand the general public’s perception of each problem (importance in society, prevalence, causes, and solutions).
3. To understand the interactions between the problems.

These issues cannot be analysed in isolation, as we have seen the relationships between them to be very strong. As such, a broad research exercise such as this is one of the best ways to measure the relationships between the issues.

The First Survey: The General Population

The first survey was conducted on a representative sample of the population. It took place in two stages (2,166 in August, and 2,747 in November). Each respondent was asked questions on their:

1. Background (demographics, experiences growing up, employment and relationship history)
2. Lifestyle (including newspaper readership)
3. Experience of social problems (personal, family and friends)
4. Views of major problems facing society and themselves
5. Opinion on each social problem (prevalence, causes and solutions)
6. Attitude to the voluntary sector and its role in addressing social problems
**The Second Survey: A Specific Population**

To select a sample of people with first hand experience of these problems, we asked 2,111 respondents from the 40,000 people surveyed originally to complete a further in-depth study.¹

In the case of drug addiction, a sensitive topic given legality concerns, the polling included respondents for whom the addict was a close family member. This provided an additional perspective from those who were not apt to sharing their personal experiences.

The second survey repeated the background questions from the first survey, and then asked more detailed questions about the specific problems each respondent experienced. These questions focussed on categorizing the issue, identifying the causes at an individual level, and capturing (a) attitudes towards the issue, (b) what respondents thought would help them, and (c) their perspectives on potential government actions.

Respondents also provided detailed commentary through three open-ended questions:

1. Please describe the specific nature of the issues or challenges you faced, when and how it first started, what caused it, and how serious it is?
2. What, if any, consequences has this had; how has it impacted the rest of your life, the rest of your family, and your work?
3. What steps have been taken (by you, family, friends, charities, school) to help you solve the problems this has caused, and how successful have they been?

What follows below is a summary of the quantitative analysis. The detailed results of the open-ended questions will be reported separately.

**Major Findings**

**Debt is the biggest worry**

The biggest social issues facing Britain over the next 10 years were reported to be: ‘People getting into serious personal debt’, ‘Welfare dependency’ and ‘Alcoholism and binge drinking’.

<table>
<thead>
<tr>
<th>Number of detailed responses for each problem</th>
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<tbody>
<tr>
<td>Serious personal debt: 886</td>
</tr>
<tr>
<td>Difficulties/ under-achievement at school: 616</td>
</tr>
<tr>
<td>Welfare dependency and/or unemployment: 533</td>
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<tr>
<td>Family Breakdown as a child: 494</td>
</tr>
<tr>
<td>Family Breakdown as an adult: 309</td>
</tr>
<tr>
<td>Alcohol addiction: 308</td>
</tr>
<tr>
<td>A close family member’s drug addiction: 337</td>
</tr>
<tr>
<td>Drug addiction: 197</td>
</tr>
</tbody>
</table>

¹ Please identify those you know who have experienced this problem: Myself, Close Family, Other Family Member, Friends, Nobody
Moreover, those who experienced any of these problems were significantly less happy than the average person.2

**Social Problems have many of the same family backgrounds**

For each of the social problems, respondents were more likely to have experienced them if one or more of the following contexts were true:3

1. **Parental background**: The respondent’s parents had struggled at school, and/or were poor/unemployed
2. **Family environment**: As a child, the respondent suffered abuse/did not feel safe, and/or there were drug and alcohol problems at home
3. **Family Structure**: The respondent (a) was not brought up by two parents, and/or they split up when young, (b) had a step-parent, or (c) rarely saw/never knew/ was abandoned by a parent.

Of these contexts, suffering abuse/not feeling safe as a child is most correlated with experiencing social problems in later life. The full rank order is given below:

a. Suffering abuse/not feeling safe
b. Having a step-parent
c. Never knowing/rarely seeing/abandoned by one parent
d. Drug and alcohol problems at home
e. Parents struggling at school
f. Parents splitting up when young
g. Parents poor/unemployed
h. Not having parents together throughout childhood

They generally have a compounding effect. For example, if your parents were poor/unemployed, then you are 2.6 times more likely to experience Educational Failure than otherwise. Furthermore, whether your parents were poor or not, if you come from a broken home then you are nearly twice as likely again to experience Educational Failure, resulting in close to a five times range in likelihood across the combined categories.

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2 Those who are least happy were more likely to be (1) not married, (2) not working, and (3) having drug problems personally, or in the family.

3 Needless to say, these contexts are correlated with each other
While the incidence of every social problem is correlated with each of the contexts listed above, not all are to the same degree. The ranked list is given below:

1. Educational Failure (most correlated)
2. Drug addiction
3. Unemployment/welfare dependency
4. Alcoholism
5. Debt (least correlated)

Social problems have many similar consequences

Those who have experienced one or more social problems are also more likely to be: (a) depressed, (b) in trouble with the police, and (c) homeless. This link is particularly strong for those who have experienced Alcohol/Drug addiction and/or Unemployment/Welfare dependency.

It also appears that the social problems are all linked, and also have a compound effect on each other.

If you have experienced one social problem, then you are 50% more likely than average to experience at least one other. If you have experienced two, then you are twice as likely to experience a third, etc. This is true to varying degrees for the interactions between all of the social problems studied in this analysis.

At the extreme, an alcohol or drug problem doubles or trebles the incidence of other problems. For example, drug addiction increases the likelihood of experiencing serious debt from 20% on average to 60%, and Educational Failure increases the incidence of drug addiction from 2% to 7% (even more so for those who played truant).

<table>
<thead>
<tr>
<th>Social Problems have a compounding effect:</th>
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<tbody>
<tr>
<td><strong>A. Average Incidence</strong></td>
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<tr>
<td><strong>B. Incidence with one other problem</strong></td>
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<tr>
<td><strong>C. Incidence with two other problems</strong></td>
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<tr>
<td>Experience of unemployed / on welfare</td>
</tr>
<tr>
<td>Experience of serious personal debt</td>
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<tr>
<td>Experience of educational failure</td>
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Family Breakdown

In what follows, we differentiate the background and attitudes of those who experienced family breakdown when a child from those who experienced it only as an adult.

Importance is in the eye of the observer
Family Breakdown was ranked as an important issue by only 16% of respondents. Interestingly, those who observed a family member’s experience were more likely to rank Family Breakdown as an important issue than those who have experienced it personally, suggesting a difference in perspective between the close observers and the ‘sufferers’ of a problem. This phenomenon is also seen (more starkly) among drug addicts. More generally, readers of the Sun / Mirror, and those living in rented accommodation are more likely than average to experience family breakdown, but are also less likely than average to rank it as ‘important’.

**A child’s perspective**

It appears that parents do not recognise all instances that children would regard as family breakdown. 80% of those who experienced family breakdown as an adult say it involved divorce or separation. By contrast, only 65% of those who experienced it as a child say it involved divorce or separation, with 30% saying they were brought up in a single parent family. This could be driven by a combination of generational factors and perhaps a different perspective on what counts as family breakdown.

**An emphasis on infidelity**

Those who experienced family breakdown as children mention a wide range of causes: infidelity (33%), parents drifting apart (30%), financial pressures/debt (31%), domestic violence (24%) and alcoholism (22%) etc.

Perhaps not surprisingly, those who experienced it as adults placed more emphasis on infidelity and drifting apart from their partner.

**Unhappy consequences**

Not surprisingly, childhood in a broken family is more likely than average to be unhappy. Furthermore, it is more likely to involve violence, abuse, debt, and drug/alcohol problems in the home. It also involves high levels of anxiety and depression, suicidal thoughts and mental illness.

In addition, children in broken families are less likely to have had bed-time stories read to them. Parents in a broken family are more likely than average to be frequently depressed and in serious debt. They are also more likely than the children to say that they ‘got over it’.

**Spare the next generation**

A majority (55%) of those who have experienced Family Breakdown do not want their child to go through what they did. And 48% think that parents who stay at home should receive the same childcare subsidy as those who work.
Not surprisingly this group also supported curative actions that might address the situation they find themselves in. When asked about how unmarried couples should be treated they emphasised responsibilities as much as rights.

However, it is interesting to note that the top three options chosen to ‘prevent family breakdown and its consequences’ were all ones where closely connected observers are more interested than participants in preventative actions that might reduce the incidence of family breakdown in the first place.

As is often the case, close interested/caring observers place more emphasis on prevention versus cure than do the direct participants. This difference in emphasis is consistent with those who are directly caught up in the turmoil having a greater sense of inevitability of family breakdown within a high separation/divorce context.4

Despite the desire for their children to be spared the experience, there is also indicative evidence of a continuing cycle of family breakdown - those who experienced it as a child are more likely than others to experience family breakdown as a parent5. Again, being caught up in an emotional and cultural milieu associated with family breakdown may reduce one’s optimism/faith in marriage.

**Educational Failure**

Education is all the more important if you have missed out

Parents of school-age children, and those who have personally experienced educational failure, are more likely than others to regard it as an important issue. Furthermore, Londoners are twice as likely as Northerners/Scots to rank it as an important problem (with the rest of the country in the middle).

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4 This theme is explored further in Giddens: The Transformation of Intimacy, 1993, Stanford University Press

5 Reported as: Splitting up from the parent of your children, not having all children born within marriage, and having a partner who is not the parent of your own children
Bored and bullied

Those who experienced educational failure describe it as 'leaving school without good qualifications', and said that 'school did not prepare them for adult life'.

They found school boring are far more likely to have played truant than others, and many were bullied and did not fit in or make friends easily (see box).

25% said their problems started before they were 8 years old. A further 30% said their problems started between 8 and 12, and 30% between 13 and 15.

The apple does not fall far from the tree

If your parents struggled at school, you are nearly three times more likely than others to experience Educational Failure yourself. This context dominates over others such as parents being poor / unemployed.

As mentioned above, Educational Failure is more strongly linked to experience of family breakdown as a child, than to any other problem. Furthermore, those who did not have bedtime stories read to them are twice as likely to experience educational failure (regardless of whether their parents were poor).

The biggest school-related causes of educational failure were that: (a) respondents did not have any say in their education, (b) bullying was not dealt with effectively in school, and (c) teachers never did enough to help them.

Outside of the school environment, they were most likely to cite that: (a) they did not expect to do well themselves, (b) nobody helped them with their homework, and (c) nobody encouraged them to try
harder. They also mentioned the link with instability and problems at home.

**Failing again in the future**

Alongside family breakdown, educational failure happens early in life. As a result problems that occur later can plausibly be seen to be consequences of educational failure, to a greater or lesser extent. (See box) Many say, for example, that it is difficult to get a job now because of their education.

**Encouragement, support and discipline**

Of those who had personally experienced educational failure, 55% said ‘Now that I know I could have done better, I am frustrated that I achieved so little at school’. 47% want their children to work much harder at school than they did, and 41% would still like to be able to further their own education.

When asked what would have helped, respondents highlighted three themes: More encouragement and support, more discipline in school, and more attention to the emotional needs of pupils. (See box)

### Alcohol Addiction

Alcoholism is more likely than average to be regarded as a major problem by those who are not working for health reasons, retired, widowed or single.

Alcoholism and binge drinking is most prevalent among young single males, and those who do not own their own home.

### Alcohol: to escape and deal with boredom

79% of respondents with alcohol problems started drinking as a teenager. They describe the addiction as being ‘unable to go without alcohol’, or ‘having alcohol as a major part of their life’.

However, there were three distinct groups of respondents who drink to different degrees, and started drinking for different reasons:

1. Heavy drinking to cope with life: drink because they feel trapped, to escape from other problems, to provide Dutch courage, or to deal with emotional pain. These were the heaviest drinkers.
2 Drinking as a diversion: drink because they are bored, it is fun, everybody else does it, and/or they experience peer pressure.

3 Drinking to escape: These were the least heavy drinkers, and somewhat more likely to start drinking later. Few were dependent on alcohol, and are more likely to drink socially. They drink to escape from other problems, deal with emotional pain, or are bored.

**Something else to do and support are key**

Common across each type of alcoholic, the three things most cited as being potentially helpful were:

1. If I could keep myself busier with other things (e.g. with a hobby or doing charity work) – 37%
2. If I had received counselling for other problems I have had – 29%
3. If I had support from family members / friends – 21%

The Heavy Drinkers group were most keen to receive counselling for other problems they were experiencing, and were the only group that showed interest in residential rehab (15%). The group who drank-as-a-diversion was most likely to have wished they had kept themselves busy doing other things.

More broadly, those respondents suffering from alcohol addiction want to be able to drink in moderation (48%), and they don’t want their children to drink in the same way they do (44%).

**Drug Addiction**

**Denying the problem**

Drug addiction is mostly a concern of older people, and also of those living in Scotland, Wales, Northwest and Yorkshire/Humber. Addicts themselves are least likely to regard drug addiction as a major social problem.

Self-reported drug addiction is most prevalent among those who are single, under 40, male, living in local authority accommodation or with family/friends, or are homeless.

Those who live in local authority accommodation are five times more likely to experience drug addiction than those who own their own home.

**Acknowledging the addiction**
Unsurprisingly addicts see themselves as being less dependent on drugs than their family members do. (See box)

72% of respondents with drug problems started as a teenager, although most after the age of 16. Solvents and cannabis are the drugs with the earliest take-up ages. Methadone and cocaine are the drugs most likely to be taken up later in life.

A different perspective on the causes
The most common causes cited by addicts are: ‘because it was fun’ (65%), ‘a way to escape from other problems’ (47%) and ‘deal with emotional pain’ (33%).

Family members were much more likely to cite ‘peer-pressure from friends’ as a cause (36%). They were equally likely to cite ‘dealing with emotional pain’, but were less likely to cite ‘because it was fun’.

A helping hand
Respondents and their family members had many similar views. They do not want their kids to take drugs (44%), wish they have never started taking drugs (37%), and want to stop taking drugs completely (22%).

Addicts and their family members were equally likely to support indirect measures to help. E.g. the government investing in programmes to (a) help people get better qualifications, (b) help addicts realise what they could make of their lives and (c) support the creation of more jobs.

However, there was a big difference in support for measures that would connect directly with the addict’s life. Family members appeared to have more of a ‘tough love’ mindset, preferring both the supportive help/rehab/counselling, and also the more punitive side. (See box)

Unemployment / Welfare Dependency
Differing perspectives on dependency
Those who think unemploy-
ment is an important social problem are more likely than average to come from a C2DE background, and also more likely to read the Sun/Mirror/Independent, rather than the Times/Guardian. In contrast, those concerned about welfare dependency are more likely to be working rather than unemployed, own their own home rather than live in council accommodation, and not have any family members on welfare.

**Difficulties with dependency**

Those who are unemployed / dependent on welfare predominantly said they would have nothing to live on if their benefits were withdrawn. 50% want to earn more money by working, but 20% would prefer to increase their income through more benefits.

There are three distinct, and similar sized, groups within this category: (a) those who have been in full-time employment for most of their adult life, (b) those who want to earn more money by working more, and (c) those for whom working is not their preferred way to earn more. Of this last group, 40% want to receive more money in benefits, and nearly 60% don’t work for ‘medical reasons’.

45% have sought more training. For the 55% who have not, the major reasons cited are that (a) they cannot afford to do so, and/or (b) they do not think it will make a difference.

**Barriers to employment**

The major reasons cited for not working more are (a) ‘medical reasons’ (42%), (b) ‘lack of available jobs’ (21%), and (c) ‘caring for another family member’ (18%).

More generally, they are more likely than others to have come from a broken family and to have failed at school, (in particular played truant). Furthermore, it is more likely that their parents were poor and/or struggled at school.

The group for whom working is not their preferred way to earn more are more likely than the others to have come from a disadvantaged background. Compared to the other two groups, it is more likely they:

a  Never knew/ rarely saw/ was abandoned by one of their parents
b  Had an unhappy childhood
c  Left school without good qualifications*
d  Have problems reading and writing
e  Played truant

*Support and tangible help the key
A majority of those dependent on welfare / unemployed thought that the government should (a) make companies provide greater support in the workplace for vulnerable people, (b) increase the minimum wage, and (c) invest in better education and training.

At a more personal level, respondents were looking for (a) help finding/choosing jobs they really wanted to do (60%), (b) training to increase their skills (58%), (c) support to help cope with getting a job (58%).

In addition, many, but especially women, wanted practical help with managing the ‘cost’ of working more, e.g. ‘quickly getting back on benefits if things don’t work’ (56%), and ‘keeping more of benefits when working’ (53%).

Assistance with transport to/from jobs would be helpful to 52% of female and 47% of male respondents, whereas affordable childcare appealed to 31% of women, and to only 17% of men who were unemployed / on benefits.

**Serious Personal Debt**

**A surprisingly sweeping situation**

Serious personal debt was the problem that occurred more frequently than the general public thought. Consistent with this ‘silent’ nature, those who had experienced serious personal debt were twice as likely as others to rank it as an important issue. Respondents in their late twenties, and those in private rented accommodation are also more concerned than average.

Those experiencing serious personal debt are more likely to be divorced/ separated, living in rented accommodation (or homeless), between 25 and 40 years old. There appear to be two distinct groups who are most likely to experience debt: (a) those not working for health or other family reasons, and (b) those who are full-time working or home-makers. Debt seems to be less of a problem among part-time workers and the unemployed.

**A balancing act**

Most people (58%) with debt problems say they are juggling finances to manage (e.g. getting additional credit to cover old). 45% have lost control and are in personal and financial chaos. 31% are experiencing pressure from creditors and 15% have reached legal proceedings.

The most common sources of debt are credit cards, bank overdraft/ loan, and store-cards. The most cited cause was loss of income (48%), followed by not knowing how to manage their finances (42%), then alcohol problems in the household (30%).

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6 Even though their parents were no more likely to have struggled at school than the parents of the other groups
**Outside influences would help**

Of those who have serious amounts of personal debt, 66% thought that it would help if kids were taught at school about how to manage their spending. 59% thought that banks and other lending institutions should make it harder to get credit, and 54% thought the media should encourage a less materialistic society.

The four things that would have been most helpful were:

a  Speaking to an unpaid face-to-face advisor - 30%

b  An agency to negotiate with creditors on their behalf - 25%

c  Someone to help reduce costs/ outgoings - 24%

d  Declaring personal bankruptcy/ IVA- 19%, (although 38% really want to avoid bankruptcy)
Breakdown Britain
Chapter 10

Conclusion
Conclusion

This report presents a picture of breakdown that should worry us all, but particularly the Government. The cost in human terms is immense. However, not only does this breakdown impose immense direct costs on the taxpayer, it also generates huge indirect expenditure that this country can ill-afford. Even a casual look at the crime figures should convince the most cynical observer of this.

For example, over 70% of young offenders come from broken homes. An overwhelming majority have serious drug or alcohol addictions and almost all received little or no education. Many – if not most – have been brought up in dysfunctional families or other settings where violence is common and marriage has all but disappeared. As Camila Batmanghelidjh has observed, without stable and responsible families, many of the street children she cares for look to join gangs to receive the protection and sense of identity they have missed out on. Several times on visits to social projects I have been reminded that it costs more to lock up an offender than it would to send them to Harvard Business School. A great proportion of the costs of the criminal justice system ultimately arise from disrupted home backgrounds. Yet as the work of Eastside Young Leaders Academy, the Lighthouse Group and countless other projects demonstrate, it is possible to effectively intervene early in vulnerable young people’s lives to prevent further breakdown.

What is clear from the preceding chapters (and particularly from the more detailed accompanying reports) is how short-term government thinking has been on most of these issues. The narrow focus on a wholly inadequate poverty target, followed by complacent trumpeting of supposedly major reductions in poverty, has obscured the scale of the problems that have yet to be tackled. Chapter 1 (Economic dependence) persuasively argues for Government to adopt a broader and more meaningful definition of poverty that incorporates measurement of various aspects of social need. Intriguingly, even senior Labour figures such as Alan Milburn, are questioning key aspects of the government’s strategy, for instance, on the growth of means-testing.

Chapter 4, (Addictions) highlights Government’s short-term thinking very clearly. The figures show that the relatively small number of drug rehabilitation
centres all over the country are under threat because not enough of their places are being funded in spite of unprecedented need. This crisis has been caused by a Government that is unwilling to make the funding available to send people to rehabilitation. A cynic might suspect that cheaper harm reduction options are favoured as they allow Government to boost their treatment figures. The fact remains that huge numbers of addicted people who want to break free from their addiction are receiving no help from Government to fulfil this aspiration, as our polling shows.

The combination of the Government’s short-term attitude combined with the curtailing of debate has, as this report has documented, damaged too many people’s lives. These issues are so important that we must resist the creation of ‘no go zones’ in the public debate. Critically, the report points out that at the heart of stable families and communities lies marriage. For too long this issue has been disparaged and ignored and its erosion has had a detrimental effect on us all. If you can’t talk about something, you can’t value it, and if you don’t value it, you risk losing it.

Nothing demonstrates more the Government’s determination to eradicate discussion of marriage from the debate on family breakdown than its removal of marriage as a relationship category in official social research.

Arresting the breakdown described will require honesty from the political class. Full and informed discussion of all six areas of the report is a necessary foundation for the formulation of effective policies. It is not the same as finger wagging and stigmatising. For example, in the area of addictions it is vital that fuller information on the treatment being delivered is made available. There is a culture that puts quantity of treatment ahead of quality. The public must be made aware of the way in which vast numbers of addicts are left languishing on substitutes for years at a time. I am confident that society wants addicts to be
supported to get clean and start contributing to their families and communities.

The interconnected nature of the pathways to poverty described necessitates an interconnected response. This must include scope for local solutions to be developed that are enabled rather than dictated by government. Strengthening the welfare society must be at the centre of the process of renewal. For too long governments have stripped responsibility from citizens and been indifferent to the important local structures that surround them and give them their quality of life. This is what Dr Dick Atkinson refers to in his excellent book, ‘Mending the Hole in the Social Ozone layer.’ In this book he describes how when the bonds that tie people together, such as marriage, loosen, not only families suffer but whole communities decay as well. His description of the effect on Balsall Heath is an experience many will recognise around the country. He is right and this report seeks to show how this is happening to our families and communities on a worrying scale.

In short, we need a system that understands that while material deprivation must continue to be dealt with, poverty isn’t just an issue of money; while money is important, so is the quality of the social structure of our lives. To improve the wellbeing of this country it is necessary that we help the people of Britain improve the quality of their lives or we will all become poorer.
Appendix 1

Committee members

EDUCATION WORKING GROUP

Ryan Robson (Chairman) Managing Partner of Sovereign Capital and former Wandsworth Councillor
Cecil Knight OBE (Deputy Chairman) Former head teacher of Small Heath Secondary School, Birmingham
Simon Brookes, National Black Boys Can
Cllr Merrick Cockell, Leader of Royal Borough of Kensington and Chelsea
Ivor Frank, Human Rights Barrister and Trustee of Frank Buttle Trust
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Simon Howlett, Education Consultant specialising in Engagement Mentoring programmes for young people and vulnerable adults.
Revd Ray Lewis, Founder of Eastside Young Leaders Academy
Mike Royal, Director, the Lighthouse Group

FAMILY WORKING GROUP

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Suzanne Coward, Member of Disability Partnership Board of Birmingham County Council
Professor Hilton Davis,
Melanie Gill, Child Forensic Psychologist
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Tom Jackson, Secretary of “What Price Credit?”
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Simon Edwards, Chief Executive of Believe
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Appendix 2

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Angels Drug Service
Aquarius
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Consumption
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