



Tackling the Poverty of Opportunity

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The Prince's Trust exists to help young people to overcome their barriers and get their lives working. Through practical support including training, mentoring and financial assistance, it helps 14-30 year olds to realise their potential and transform their lives. The Trust focuses its efforts on young people who have struggled at school, have been in care, are long-term unemployed or have been in trouble with the law.

In 2004 The Prince's Trust and the RBS Group produced a significant piece of research - *Reaching the Hardest to Reach*. The report showed that there are more than one million young people the UK who remain outside of education, employment or training. Through interviews with almost 1,000 young people the report found that this group had the same aspirations as other young people - but were deprived of opportunity.

While the 2004 research report defined the nature and scale of those not in education, employment or training, *Tackling the Poverty of Opportunity* was commissioned specifically to identify the areas of greatest need. It forms part of a new five-year partnership with the RBS group to develop new ways of using enterprise to help young people who leave school with no qualifications and few opportunities.

By identifying the communities in which young people continue to slip through the net, the 'Enterprise Works' initiative seeks to pilot new links between schools and social enterprises to ensure 16-18 year olds who leave school with no qualifications have new opportunities and are better prepared for work.

This report was written by Stephen Machin, Sandra McNally and Shankar Rajagopalan at the Centre for Economic Performance, London School of Economics. It was developed and edited by Simon Watson and Rob Cope of The Prince's Trust.



Executive Summary

Spatial disadvantage

- The top five most disadvantaged areas in England have levels of deprivation that are more than twice the national average.
- Twenty-nine of the top 35 most deprived areas in England in 2004 were also in the top 35 in 2000.

Educational performance

- The most deprived Local Authorities in England have made lower relative progress in reducing the number of young people leaving school with no GCSEs.
- Access to further and higher education is very unequally distributed by social group. Only about 19 per cent of young people from manual backgrounds go on to higher education, compared with about 50 per cent from non-manual backgrounds.

Economic impact

- The rate of unemployment in the UK is one of the lowest on record. Yet there remain more than one million 16-24 year olds who are not in education, employment or training.
- Productivity per hour in Britain is roughly 20 per cent lower than in Germany, which has been linked to Britain's relatively poor skill performance.
- Forty-four per cent of men who leave school with no qualifications fail to acquire any qualification in later life.
- Men with no qualifications have a 68 per cent employment rate compared with a 75 per cent employment rate for those with a basic Level 1 vocational qualification.



Introduction

Improvements in living standards, health and general prosperity in recent decades have not been equally distributed. The groups at risk of social exclusion and some of the communities in which they live have not benefited as much as others and, as a result, they have fallen further behind the rest of the population¹.

The rate of unemployment in the UK is one of the lowest on record. Yet there remain more than one million 16-24 year olds who are not in education, employment or training². As a result, this has a significant impact not only on the individual but also the community and wider economy.

Education disadvantage is concentrated in specific high poverty areas. Improvements in the educational outcomes of those in many 'hardest to reach' areas are still below the national average.

This is compounded each year as more than five per cent of 15 year olds leave school with no qualifications. The majority of constituents in this group come from the most deprived socio-economic groups.

The problem of a lack of qualifications among this cohort is exacerbated by a growing shift in the labour market towards skilled positions requiring academic qualifications. There is also a clear link between educational performance and productivity. Britain suffers significantly lower productivity than Germany, which can be linked to relatively poor skills performance at the bottom of the educational distribution³.

The Prince's Trust exists to help 14-30 year olds overcome their barriers: through practical support, including training, mentoring and financial assistance, it helps them to realise their potential and transform their lives.

As part of a five-year partnership with The Royal Bank of Scotland Group, The Prince's Trust is developing a pilot initiative to help young people with no qualifications who face a poverty of opportunity. 'Enterprise Works' will pilot links between working, learning and earning to help 16-18 year olds in the most deprived areas get back into education, employment and training.

This report seeks to identify the most deprived areas in England, Scotland and Wales and explores the impact of spatial disadvantage on educational outcomes for 16-18 year olds. This report also studies the relative change in deprivation and educational outcomes over time.

1 The Future of Social Exclusion: Drivers, Patterns and Policy Challenges, Prime Minister's Strategy Unit, May 2003

2 Labour Market Trends, February 2005

3 Layard et al, 2002. Note: The authors do not attribute the productivity gap entirely to the skills gap between the two countries. Britain has less physical capital as well as human capital per hour worked – though the two are related to each other.



1. Methodology

The aim of this study is to identify the most deprived areas in England, Scotland and Wales and explore the impact of spatial disadvantage on educational outcomes for 16-18 year olds. It also studies the relative change in deprivation and educational outcomes over time.

We have analysed data at district-level and LEA-level, although confidentiality considerations prevent us passing on several of these variables⁴, which provides the basis for selecting the Enterprise Works pilots.

Table 1 describes the information that has been collected. Considerable time was spent identifying and obtaining appropriate data sets and merging and splicing them together. The complexity of this process should be noted as the unit of observation differs between sources. For example there are 149 Local Education Authorities in England and 354 Local Authorities. Also, many of the indicators are not comparable across England, Scotland and Wales because of differences in how these indicators are defined.

⁴ The variables excluded are the CACI income data, variables from the Labour Force Survey and information at school level.

Table 1: Data Description for Quantitative Snapshot

Country	Data description	Units	Source
UK	Unemployment Claimant Counts, 2004	Districts	National Statistics
	VAT Registrations, De-Registrations and Net Stock, 1999-02	Districts	National Statistics
England	% students with 5 or more A*-C grades at GCSE	LEA/school	DfES
	% students with no passes at GCSE	LEA/school	DfES
	Permanent exclusions as a % of total secondary pupils	LEA	DfES
	Average number of half days missed (unauthorised)	LEA	DfES
	% secondary school students eligible for free school meals	LEA/school	DfES
	% 16-17 year olds in full time education and training (2001)	LEA	DfES
	% 16-19 year olds economically inactive	Districts	Labour Force Survey
	Conceptions to women aged below 18 (2002)	Districts	National Statistics
	Crime – all offences (2002)	BCU	Home Office
	Deprivation indices: Average deprivation score (2000, 2004)	Districts	ODPM
Scotland	% students with 5 or more grades at level 5+	LA	National Statistics, Scotland
	% students with 5 or more grades at level 3+	LA	National Statistics, Scotland
	Average number of half days missed per pupil	LA	National Statistics, Scotland
	Total exclusions as a % of school population	LA	National Statistics, Scotland
	% secondary school students eligible for free school meals	LA	National Statistics, Scotland
	% 16-17 year olds in full time education and training	LA	National Statistics, Scotland
	% 16-19 year olds economically inactive	LA	Labour Force Survey
	Conceptions to women aged 13-15, rates per thousand (2002)	LA	National Statistics, Scotland
	Crime – all offences (2002)	LA	National Statistics, Scotland
	Deprivation indices: Average deprivation score (2003)	LA	National Statistics, Scotland
Wales	% students with 5 or more A*-C grades at GCSE	LA	National Statistics, Wales
	% students with no passes at GCSE	LA	National Statistics, Wales
	Permanent exclusions as a % of total secondary pupils	LA	National Statistics, Wales
	% school sessions missed (unauthorised)	LA	National Statistics, Wales
	% secondary school students eligible for free school meals	LA	National Statistics, Wales
	% 16-17 year olds in full time education and training (2001)	LA	ELWa
	% 16-19 year olds economically inactive	LA	Labour Force Survey
	Conceptions to women aged below 18 (2002)	LA	National Statistics, Wales
	Crime – all offences (2002)	LA	Home Office Website
	Deprivation indices: Average deprivation score (2000)	LA	National Statistics, Wales

Notes:

Data refer to 2003, except where otherwise indicated. The categories of crime are differently recorded in England and Wales as compared to Scotland, hence the aggregation of categories 'all offences' might not be strictly comparable. The deprivation indices are also differently computed by region and refer to different time periods. In the district-level files, many variables have been aggregated up to district level from post-code sector level.



Although measures of disadvantage are often strongly correlated, the specific areas identified as 'top priority' will vary to some extent depending on the indicator(s) chosen and any other criteria applied to this decision.

In this report, we discuss various approaches of identifying Britain's most deprived areas. We pay particular attention to what districts would emerge as top priority if one were to focus on the Index of Multiple Deprivation and poor GCSE results. The former measure is constructed as a weighted combination of deprivation scores on seven domains of deprivation: income; employment; health; education; housing; crime; living environment. This is further described in Appendix 1.





2. Educational attainment and opportunities for 16-18 year olds

Participation in post-compulsory education by 16-18 year olds has increased very substantially over time. In the late 1980s, the percentage of this age group in full-time education was about 35 per cent. Following the introduction of GCSEs, this percentage increased sharply to about 55 per cent in the late 1990s, where it has stabilised (56.5% in 2003).

However, the staying-on rate in further education remains low by international standards (DfES, 2004a). It has long been argued that the main issue in the UK education system is the neglect of the long tail of educational underachievers – generally students who leave school at age 16 with few or no educational qualifications and who possess very low basic skills (Hansen and Vignoles, 2004).

Access to further and higher education is also very unequally distributed by social group. For example, according to DfES statistics, only about 19 per cent of young people from manual backgrounds go on to higher education, compared with about 50 per cent from non-manual backgrounds⁵. There are important income and social class differences in participation as children from richer and higher social class backgrounds are significantly more likely to continue in education, with such gaps being more marked now than in the past (Blanden and Machin, 2004; Rice, 1999).

Overall participation in further education and training does not vary much across regions (DfES, 2004b; Rice 2002), though there are noticeable differences in the pattern of participation.

It is evident that there are important gaps in education opportunities for young people leaving the education system, especially for those from disadvantaged backgrounds. We document some of these below, and highlight the spatial variations that result in clusters of disadvantage and low education.

⁵ <http://www.dfes.gov.uk/trends/index.cfm?fuseaction=home.showChart&cid=4&iid=23&chid=90>



3. The socio-economic case for tackling the poverty of opportunity

There are important questions to ask when deciding the best method of improving the opportunities for young people in the most disadvantaged areas. These involve the theoretical scope to improve educational fortunes and the means by which this can be facilitated, as well as the specific sorts of education and training that the third sector may be better suited to provide.

3.1 Raising levels of basic skills

Part of the rationale for providing better opportunities for young people has to do with raising the general level of skills in the economy. As shown by Hansen and Vignoles (2004), relative to other countries, the UK produces a lot more workers with the lowest level of education and far fewer at intermediate levels. Thus, compared with other countries in the International Adult Literacy Survey, around half the UK's workforce is at an educational level associated with poor GCSE results/high school dropout compared with one-third for all other countries in the survey.

This long tail of underachievement has been linked to relatively low productivity in the UK compared to its major competitors. For example Layard et al. (2002) state that productivity per hour in Britain is roughly 20 per cent lower than in Germany, which they link to Britain's relatively poor skill performance at the bottom of the educational distribution⁶. They also state that the most depressing aspect of the skills position in Britain is that younger adults are no more literate than older ones – and the same is true of numeracy. One interesting fact is that in the UK and Germany numeracy skills for 13 year olds are similar but in the UK decline between 13 and young adulthood. The authors connect this to the fact that in most countries other than Britain students continue to study Maths beyond the age of 16.

As well as having consequences for national productivity, low levels of basic skills in numeracy and literacy have very negative consequences for the affected individuals.

Layard et al. (2002) show that someone with Level 2 Literacy and Numeracy skills, the standard that is currently expected of 14 year olds, earns 67 per cent higher wages than someone with only Level 1 skills, i.e. those expected of an 11 year old. In the UK, 18 per cent of adults have skill levels below Level 1. In addition, individuals with numeracy skills below Level 1 are about 5 percentage points less likely to be employed (McIntosh and Vignoles, 2000).

However, when developing new initiatives to improve the opportunities for young people in disadvantaged areas, standard economic models of educational investment show that several factors are likely to deter individuals from less well off backgrounds from continuing in education. One is the presence of credit constraints that stop them carrying on in education, and another is lack of information on any expected monetary returns that would result from more education.

⁶ However, the authors do not attribute the productivity gap entirely to the skills gap between the two countries. Britain has less physical capital as well as human capital per hour worked – though the two are related to each other.



3.2 Impact of low educational attainment

Central to improving young people's opportunities in disadvantaged areas is establishing the impact that low educational performance has on the individual, the community and wider economy.

McIntosh (2004b) examines the labour market outcomes of low-achieving school-leavers over several years. He shows that in recent cohorts of the Labour Force Survey, very few of those who leave school with no qualifications manage to acquire meaningful post-compulsory qualifications. For example, 44 per cent of men who fall into this category fail to acquire any qualification at all after leaving school; 31 per cent acquire a Level 1 qualification at best; 11 per cent acquire a Level 2 qualification; and only 14 per cent manage to reach Level 3. For women, the situation is slightly worse. It is evident that although there are wage returns from pursuing higher-level vocational qualifications, very few school-leavers with no qualifications are ever in a position to access these benefits.

3.3 Vocational qualifications and improved employment chances

McIntosh (2004b) also shows that low-level vocational qualifications can have a dramatic impact on the probability of gaining employment for the group of people who leave school without any qualifications. For example, men in this group who do not go on to acquire post-qualifications have an employment rate of 68 per cent compared with a 75 per cent employment rate for those with a vocational qualification at Level 1. This rises to 89 per cent for those people in this category who later achieve vocational Level 2 qualifications and rises further to 94 per cent for vocational Level 3.

The evidence illustrated in these papers demonstrate that it is possible for people who leave school without any qualifications to pursue even very low-level vocational qualifications and substantially enhance their probability of finding employment. However, very few people who leave school without qualifications are afforded the opportunity to get very far, or indeed anywhere, on this vocational ladder.

3.4 Equity considerations

Despite considerable expansion in access to further and higher education, this has not benefited all socio-economic groups to the same extent. Blanden and Machin (2004) show that the expansion in higher education has disproportionately benefited young people from relatively rich families and hence has widened the gap in participation between rich and poor. They also show that such developments have implications for intergenerational inequality – making a highly unequal society even less equal for future generations.





3.5 International considerations

Many countries take particular care to involve young people who are 'at risk' in special programmes to re-insert them into mainstream academic or vocational education. West and Steedman (2003) outline how vocational education should be developed in the UK, but state that these routes would not be suitable for the bottom 10 per cent of the ability range.

In Sweden, pupils who have not gained the necessary basic qualifications at 16 are placed on 'individual programmes', with the aim of joining a national programme within a year, and in Denmark the less able and undecided students are allowed to sample different occupations before embarking on a recognised vocational programme.

The OECD thematic review (OECD, 2000) endorsed this practice recommending that countries should "design vocational education and training programmes for less successful young people as part of safety nets rather than as ordinary vocational programmes, and make sure that safety net programmes prepare young people for participation in mainstream vocational education and training".

West and Steedman argue that exposure to work and vocational material can help motivate such young people and that there is a strong case for using work-related activities in an individualised manner.



4. Identifying the areas of disadvantage

The myriad of factors determining young people's opportunities to get into education, employment and training is a complex issue. For the purposes of this report, we have used data from a variety of sources to directly compare changes in spatial disadvantage and educational attainment.

The Office of the Deputy Prime Minister's Indices of Deprivation reveal England's most deprived areas and form a base to analyse changes in relative disadvantage over time. The indices incorporate numerous dimensions of deprivation, including income and employment deprivation, health deprivation and disability; education, skills and training deprivation; barriers to housing and services; crime; living environment deprivation.

The existing indices provide a relatively straightforward way of identifying regions suffering the highest degrees of multiple deprivation. We have added to this an indicator of job opportunities by adding changes in VAT registrations.

Table 2 compares the status of the most deprived 10 per cent of districts in England over time, i.e. 35 out of 354 districts.

All of these areas have a deprivation score that is considerably higher than the average for England. The top five most disadvantaged areas according to this measure have deprivation scores of more than twice the national average.

Twenty-nine of the top 35 most deprived areas in England in 2004⁷ were also in the top 35 in 2000⁸. Five of the six new entrants have seen a very notable increase in the degree of their relative disadvantage: Camden; Barking and Dagenham; St. Helens; Gateshead; and Lambeth.

The districts higher up the ranking are more notable for their stability – they were the most deprived districts in 2000 and they remained the most deprived in 2004. Relative disadvantage in Salford; Birmingham; Stoke-on-Trent; and Blackpool has become notably worse since 2000.

It is also worth noting that despite many areas experiencing a small net increase in VAT registrations since 1999, they remain the most disadvantaged areas.

⁷ Table 2 – Where a rank of 1 denotes the most deprived

⁸ The deprivation index in 2004 is based on the approach, structure and methods that were used to create the previous index in 2000. The 2004 index uses more up-to-date data. However, new measures have been incorporated as new and improved data sources have become available. It is relevant to bear in mind that the difference between rankings over this time period might to some extent reflect the availability of different and/or more accurate information in the later period.

Table 2: Ranking of areas in England based on their Multiple Deprivation Score

District	Rank (Based on Deprivation Score 2004)	Rank (Based on Deprivation Score 2000)	Average Deprivation Score 2004	VAT Net Stock 2002	Change in VAT Net Stock 1999-02
England			21.35	1494855	31785
Knowsley	1	2	48.18	1710	135
Liverpool	2	3	48.16	7625	-30
Manchester	3	6	47.42	10855	-785
Tower Hamlets	4	1	45.36	7455	625
Hackney	5	4	42.9	7165	615
Easington	6	7	41.44	1120	20
Nottingham	7	12	41.3	6090	-20
Islington	8	11	40.74	10125	-130
Middlesbrough	9	9	40.68	1870	25
Kingston Upon Hull, City of	10	13	40.3	4310	85
Newham	11	5	39.33	3860	355
Hartlepool	12	8	37.67	1200	-35
Salford	13	21	36.88	5020	315
Halton	14	16	36.68	2040	115
Haringey	15	20	36.11	6415	245
Birmingham	16	23	36.07	21835	-75
Stoke on Trent	17	34	35.88	4550	35
Southwark	18	14	34.74	8015	820
Sandwell	19	17	34.19	6205	350
Blackburn with Darwen	20	10	34.11	3035	45
Blackpool	21	31	34.07	2910	-140
Sunderland	22	18	33.84	3785	-50
Newcastle Upon Tyne	23	26	33.55	5045	-50
Rochdale	24	25	33.25	4250	110
Camden	25	54	32.8	18420	45
Barking and Dagenham	26	47	32.69	2565	310
SouthTyneside	27	15	32.66	1845	20
Wolverhampton	28	29	32.62	5200	-435
St. Helens	29	40	32.61	2890	80
Gateshead	30	41	32.6	3325	230
Leicester	31	28	32.28	7545	215
Lambeth	32	42	32.21	6910	690
Barrow in Furness	33	24	32.06	970	-75
Barnsley	34	19	31.98	4175	30
Mansfield	35	37	31.94	1840	70



5. The widening gap of disadvantage and educational attainment

Having identified the changes over time in the most deprived areas of the UK it is important to understand how this relates to GCSE results.

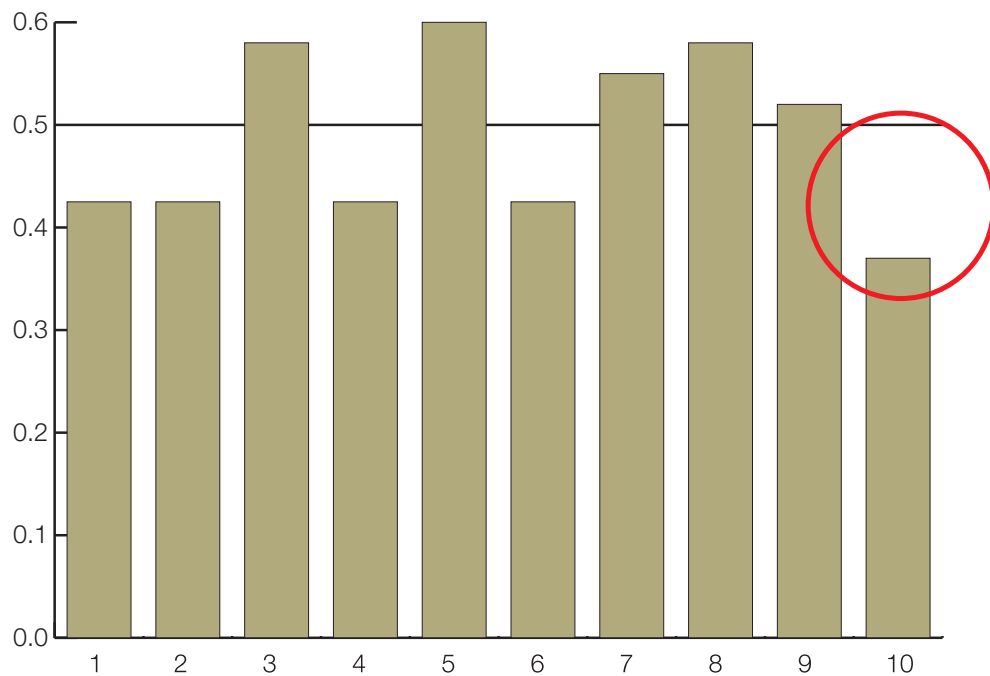
By conducting an analysis of all Local Authorities in England, we reveal that the most deprived Local Authorities have made lower relative progress in terms of education, as can be seen in Fig. 1.

Specifically, Fig. 1 shows changes in educational outcomes, in terms of the percentage of students achieving no passes at GCSE between 1999 and 2003 in each group of Local Authorities, controlling for previous levels of educational attainment.

Local Authorities have been grouped into 10 deciles, where decile 10 represents the most disadvantaged group, i.e. as measured by the multiple deprivation index.

This study reveals that the most disadvantaged group have made below median progress in levels of educational attainment, whilst this is not the case for Local Authorities in the 7th-9th decile, where progress has been above the median.

Fig. 1: Changes in Education (% with no GCSEs) across deciles of deprivation, controlling for previous levels of educational attainment.



For the purpose of analysis we have identified the Local Authorities with below median improvement in educational attainment, taking into account their starting point.



Table 3 reveals that half of the bottom 10 most deprived districts⁹ in England have a below median improvement in GCSE performance.

Table 3: Disadvantaged districts with a 'below median' improvement in GCSE performance, taking account of their previous level of performance

England District	Rank (Based on Deprivation Score 2004)	Average Deprivation Score 2004	Proportion with no passes 2003	Proportion with no passes 1999
Knowsley	1	48.18	0.113645	0.1114
Liverpool	2	48.16	0.065048	0.078351
Manchester	3	47.42	0.0753	0.050218
Nottingham	7	41.3	0.068445	0.070136
Kingston upon Hull, City of	10	40.3	0.071715	0.071588
Hartlepool	12	37.67	0.04852	0.048181
Halton	14	36.68	0.040816	0.032823
Haringey	15	36.11	0.078697	0.060895
Sandwell	19	34.19	0.066057	0.074093
Wolverhampton	28	32.62	0.049576	0.049627
Barrow in Furness	33	32.06	0.046152	0.044316
Wear Valley	36	31.84	0.050336	0.03742
Hastings	37	31.71	0.059261	0.067552
Bradford	38	31.58	0.061329	0.074842
Scotland LEA	Rank (Based on Deprivation Score 2003)	Average Deprivation Score 2003	Percentage with 5+ Level 3 above 1999	Percentage with 5+ Level 3 above 2003
Dundee City	2	37.66957	84	82
West Dunbartonshire	3	35.00742	89	88
Wales LEA	Rank (Based on Deprivation Score 2000)	Average Deprivation Score 2000	Percentage with no passes 2001	Percentage with no passes 2003
Rhondda Cynon Taff	3	32.97	5	6

⁹ The measure of disadvantage referred to is the Multiple Deprivation Score.



6. Quantitative analysis of multiple disadvantage for young people

Derivation of a composite index

In order to present the most holistic picture of disadvantage, we have linked information together to create an alternative ranking of disadvantage. The relevant variables to include in this and the weight to assign to each is essentially a subjective matter.

It is to be expected that the ranking of districts will change as different variables are included in the composite index. It could be argued that the Index of Multiple Deprivation avoids the need for such an approach as this already encompasses the effect of various measures of deprivation.

In the present context, the rationale for adding further measures to this, or using different measures, is to focus on youth disadvantage.

Since the variables needed for analysis are spread over different distributions and units, they are not comparable in their existing form and thus have to be transformed.

In Table 4, we show a ranking of areas based on a composite index, where the Multiple Deprivation Score and measures of educational attainment are the variables used to construct the index.

In England and Wales, the measure of educational attainment is the proportion of pupils with no passes at GCSE. In Scotland, this measure is the proportion of students who fail to achieve five or more grades of Level 3 and above.

To construct the composite index, the following variables are created:

- a deprivation index – for each district, this is the deprivation score expressed as a proportion of the deprivation score in the most deprived district;
- an ‘education’ index – for each district, this is ‘no passes’ (or the alternative measure in Scotland) expressed as a proportion of ‘no passes’ in the district with the lowest educational attainment.

The composite index is an equal-weighted sum of the two indices. The ranking of districts based on this measure for England, Scotland and Wales is shown in Table 4, along with the average deprivation score, the education measure and the rank in 1999¹⁰.

In Appendix 3, we compare the below ranking for England with a ranking of districts based on a composite index derived only from the proportion of students with no passes at GCSE and the number of unemployment claimants under 19 years old.

As highlighted in Table 4, eight of the top 10 most deprived districts in England in 2004 were also in the top 10 in 1999. In Scotland there is hardly any change. Similarly in Wales there is little change in the composition of the top 10.

¹⁰ For Scotland and Wales, the composite index in the two years is based on the same measure of multiple deprivation (since only one measure is available) and the change over time in the index is driven by changes in the measure of educational attainment.



Table 4.1: Ranking for England based on a composite index

District	Rank 2004	Rank 1999	Proportion with no passes in GCSEs 2003	Average Deprivation Score 2004
England			0.04	21.75
Knowsley	1	1	0.11	48.18
Manchester	2	9	0.08	47.42
Liverpool	3	2	0.07	48.16
Kingston upon Hull, City of	4	8	0.07	40.3
Nottingham	5	11	0.07	41.3
Haringey	6	21	0.08	36.11
Easington	7	3	0.06	41.44
Middlesbrough	8	5	0.06	40.68
Newcastle upon Tyne	9	4	0.07	33.55
Sandwell	10	10	0.07	34.19

Table 4.2: Ranking for Scotland based on a composite index

LA	Rank 2003	Rank 1999	Percentage without 5+ Level 3 or above	Average Deprivation Score 2003
Scotland			9	23.48
Glasgow City	1	1	15	46.88
Dundee City	2	2	18	37.67
West Dunbartonshire	3	3	12	35.01
Inverclyde	4	4	5	33.94
North Ayrshire	5	7	12	29.07
Clackmannanshire	6	8	15	27.36
North Lanarkshire	7	5	8	30.58
East Ayrshire	8	6	8	30.24
Renfrewshire	9	10	7	25.67
Eilean Siar	10	9	7	24.22



Table 4.3: Ranking for Wales based on a composite index

LA	Rank 2003	Rank 2001	Percentage with no passes in GCSEs 2003	Average Deprivation Score 2000
Wales			4	22.95
Caerphilly	1	5	7	30.89
Merthyr Tydfil	2	1	4	43.29
Rhondda Cynon Taff	3	4	6	32.97
Denbighshire	4	10	8	21.29
Blaenau Gwent	5	2	3	40.02
Swansea	6	9	7	21.72
Carmarthenshire	7	15	6	25.06
Neath Port Talbot	8	11	2	31.86
Cardiff	9	6	5	18.51
Newport	10	7	4	22.43



7. Conclusions and recommendations

Although participation in further education has increased markedly over time, this remains low by international standards and unequally distributed in terms of participation by family background.

This report reveals that the most disadvantaged areas of the UK continue to be left behind. The consequences of this are a narrowing entrenchment of social exclusion among young people, and a concentration in disadvantaged areas.

The international comparisons shown in this report highlight the value of targeted intervention with 'individual programmes' as a means of re-introducing young people back into education, employment or training. In their analysis of young people at risk, West and Steadman outline the value of such an approach for the bottom 10 per cent of the educational distribution.

In the UK we have a wealth of services for young people. Our challenge now is to better join up and co-ordinate public and voluntary services so that they better meet needs of young people in the most disadvantaged areas.

Areas of high deprivation are characterised by high degrees of income poverty, unemployment and economic inactivity. Barriers faced by young people in obtaining work primarily drive low employment, but more can be done and should be done to help socially excluded young people get back into education, employment and training.

Low levels of educational attainment directly contribute to high concentrations of worklessness and inactivity over time, particularly if demand for lower skilled labour is falling relative to more skilled labour. The longer people remain out of work, the less likely they are to enter the labour market.

Despite a series of bold social policies that have benefited and improved the opportunities in some of the poorest areas, the sharp end of the problem remains. Our analysis shows that those living in the areas of greatest deprivation continue to fall below the level of national progress of educational attainment.

Our report makes a clear link between the educational attainment and employability of young people. By ensuring that all young people achieve the most basic qualifications we significantly improve their employment chances, which adds value to their community and the productivity of the wider economy.

The Prince's Trust 'Enterprise Works' pilot is a direct response to this need. The pilots focus on 16-18 year olds with little or no qualifications in the poorest areas. The initiative will join with local social enterprise partners and youth agencies to create paid working and learning placements.

By creating more skilled young people, The Trust hopes to create new opportunities and, by linking with social enterprises, improve the local networks and raise the levels of economic activity in the UK's most deprived areas.



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Appendix 1: Indices of Multiple Deprivation

The deprivation index used for England is defined as the Index of Multiple Deprivation (IMD). Full details can be found on the following website: http://www.odpm.gov.uk/stellent/groups/odpm_urbanpolicy/documents/pdf/odpm_urbpol_pdf_028470.pdf

This is constructed as a weighted combination of deprivation scores on seven identified domains of deprivation. The domains and their weights are given below.

- 1. Income Deprivation – 22.5%**
- 2. Employment Deprivation – 22.5%**
- 3. Health Deprivation and Disability – 13.5%**
- 4. Education, Skills and Training Deprivation – 13.5%**
- 5. Barriers to Housing and Services – 9.3%**
- 6. Crime – 9.3%**
- 7. Living Environment Deprivation – 9.3%**

The relevant Index for Scotland is the Scottish Index of Multiple Deprivation (SIMD), which is a weighted combination of deprivation scores on the domains listed below. The individual weighting was not given, but the report does mention that Income and Employment domains received the highest weighting. Further details can be found on the following website, <http://www.scotland.gov.uk/library5/social/siod-01.asp>

- 1. Income**
- 2. Employment**
- 3. Housing**
- 4. Health**
- 5. Education, Skills and Training**
- 6. Geographical access and Telecommunications**

The relevant Index for Wales is the Welsh Index of Multiple deprivation (WIMD). It is a weighted combination of the scores on the domains listed below. Further details can be found on the following website: http://www.wales.gov.uk/keypubstatisticsforwales/content/publication/social/2000/deprivation/intro_e.htm

- 1. Income – 25%**
- 2. Employment – 25%**
- 3. Housing – 10%**
- 4. Health – 15%**
- 5. Education, Skills and Training – 15%**
- 6. Geographical Access and Telecommunications – 10%**

The geographical unit for the WIMD is the Electoral Division (EDiv). There are 865 EDivs in Wales. The index for Local Authorities was obtained as a population weighted average of the EDiv scores of all EDivs in that LA. (This aggregation was presented as part of the report by Statistics for Wales).



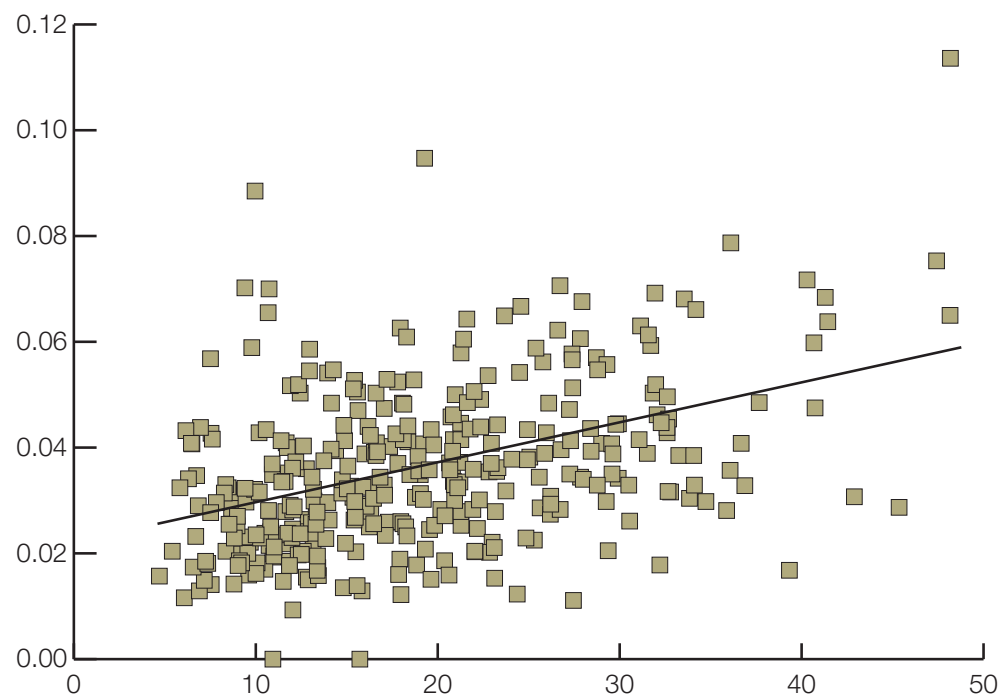
Appendix 2: The relationship between GCSE performance and indicators of disadvantage

There is a clear relationship between disadvantage and educational attainment these variables – areas where there is a high level of poor educational attainment are also disadvantaged along many other dimensions. This can be illustrated using district-level data in Figs 2-5.

For example, in Fig. 2, the average deprivation score in each English district is plotted against the percentage of pupils with no passes at GCSE. The line through these points illustrates the average association between these two indicators. It is upward sloping – showing that more disadvantaged districts (in terms of the deprivation score) are also those with a relatively low percentage of pupils with no passes at GCSE.

Fig. 3 shows the relationship between average income in each district and this measure of GCSE performance. The line through these points illustrates the average association between average income and this measure of GCSE performance. In this case, the line is downward sloping, illustrating that districts with lower household income are more likely to also have a relatively high percentage of pupils with no passes at GCSE.

Fig. 2 GCSE Performance and the Multiple Deprivation Score in England

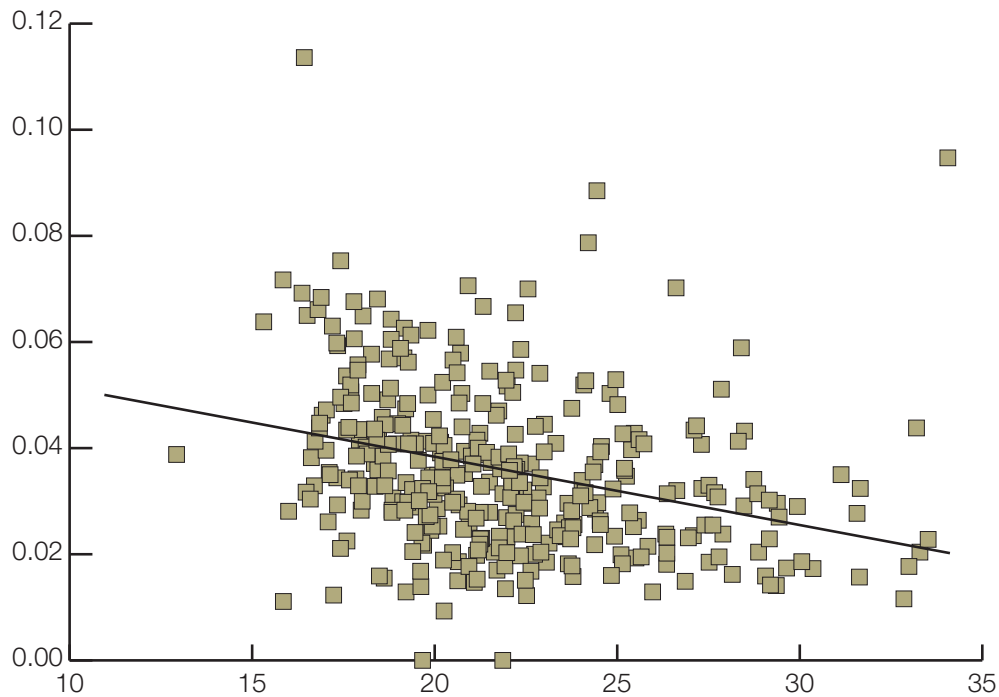


Note: the fitted values are from a regression of GCSE performance on the Index of Multiple Deprivation in England. The regression is weighted by the population of each district.



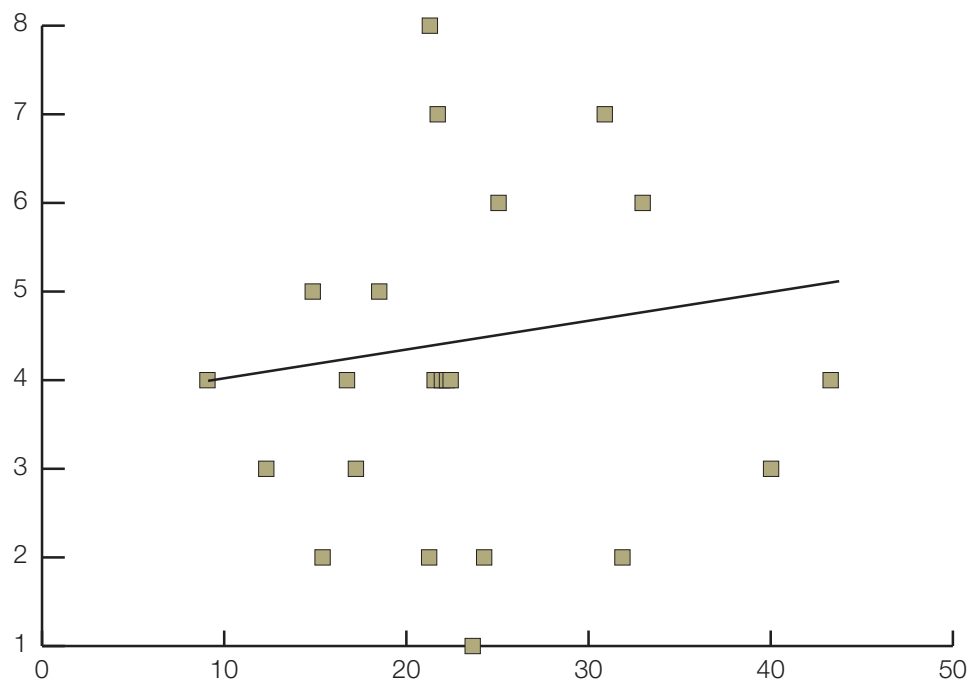


Fig. 3 The relationship between GCSE Performance (i.e. percentage of students with no passes) and mean income in England



Note: the fitted values are from a regression of GCSE performance on a measure of mean income at district level (CACI data). The regression is weighted by the population of each district.

Fig. 4 The relationship between GCSE Performance (i.e. percentage of students with no passes) and the Multiple Deprivation Score in Wales

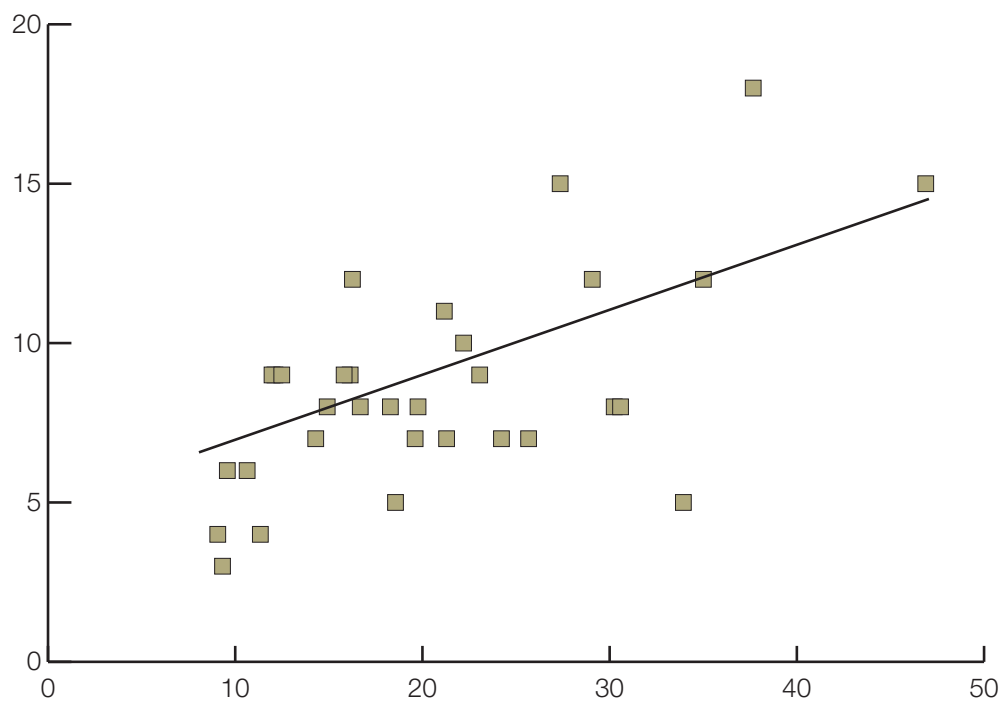


Note: the fitted values are from a regression of GCSE performance on the Index of Multiple Deprivation in Wales. The regression is weighted by the population of each district.





Fig. 5 The relationship between SQA Performance (i.e. percentage of students without 5 or more grades at Level 3 or above) and the Multiple Deprivation Score in Scotland



Note: the fitted values are from a regression of SQA performance on the Index of Multiple Deprivation in Scotland. The regression is weighted by the population of each district.



Note: Both graphs show the regression relationship between GCSE performance and variables measuring crime and unemployment respectively. Regressions have been weighted by population averages in the relevant areas.

Fig. 6: Crime vs GCSE performance, 144 LEAs in England

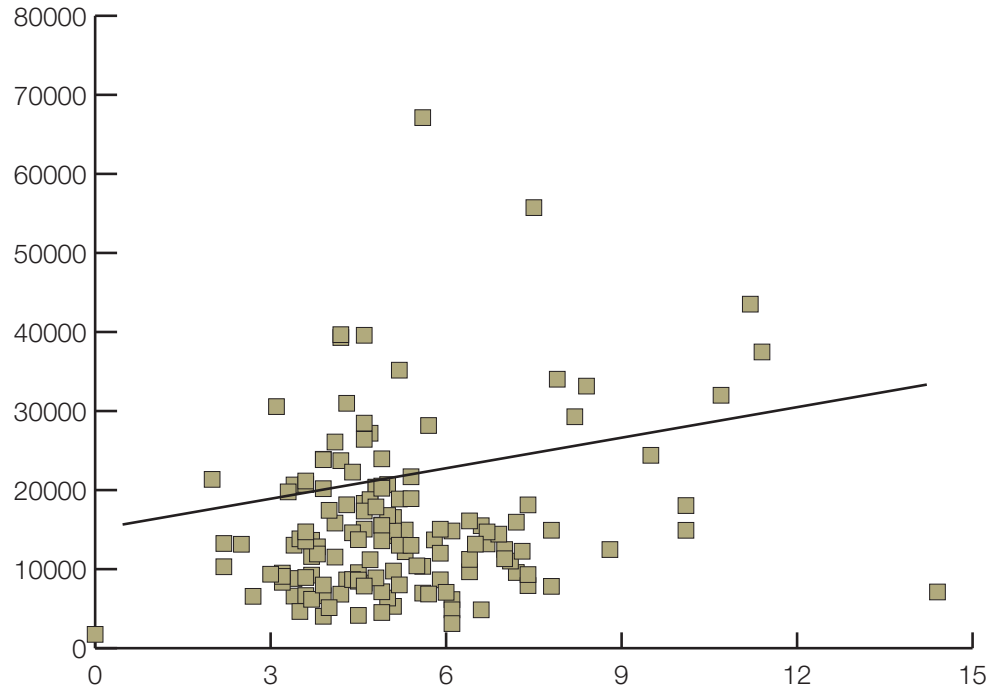
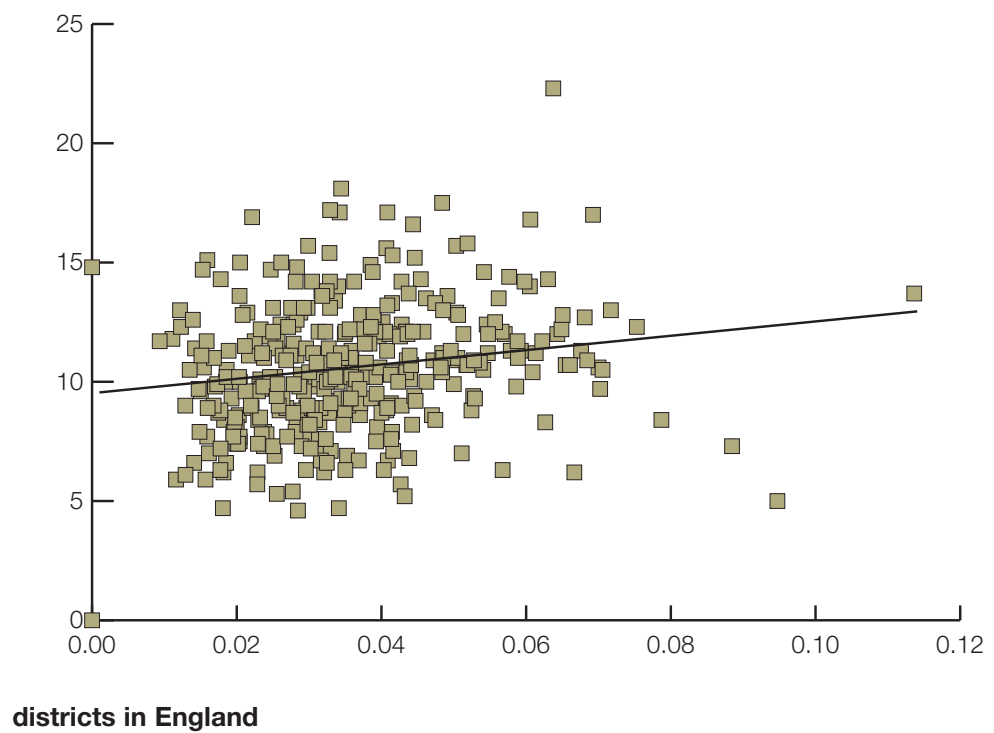


Fig. 7: Unemployment claimants aged under 19 vs GCSE performance, 354 districts in England



Appendix 3: Composite indices

Note: see the end of tables for an explanation for how the indices were constructed.

District	Rank Based on Composite Index of Deprivation and GCSE no passes	Rank based on Composite Index of Young Unemployed and GCSE no passes	Average Deprivation Score 2004	Percentage of Pupils with no passes in GCSEs, 2003	Unemployment Claimants under 19 as a percentage of age group, 2004
Knowsley	1	1	48.18	0.11	13.7
Manchester	2	5	47.42	0.08	12.3
Liverpool	3	15	48.16	0.07	12.8
Kingston upon Hull, City of	4	6	40.3	0.07	13
Nottingham	5	27	41.3	0.07	10.9
Haringey	6	30	36.11	0.08	8.4
Easington	7	2	41.44	0.06	22.3
Middlesbrough	8	11	40.68	0.06	14.2
Newcastle upon Tyne	9	9	33.55	0.07	12.7
Sandwell	10	32	34.19	0.07	10.7
Mansfield	11	3	31.94	0.07	17
Islington	12	161	40.74	0.05	8.4
Kensington and Chelsea	13	34	19.28	0.09	5
Hartlepool	14	56	37.67	0.05	13
Doncaster	15	8	31.15	0.06	14.3
Bradford	16	42	31.58	0.06	11.2
TowerHamlets	17	228	45.36	0.03	9.8
Hastings	18	47	31.71	0.06	11.3
Bristol, City of	19	25	26.72	0.07	10.5
Sheffield	20	23	27.93	0.07	11.3
Hackney	21	259	42.9	0.03	8.4
Halton	22	71	36.68	0.04	13.2
Barnsley	23	10	31.98	0.05	15.8
Wolverhampton	24	74	32.62	0.05	11.3
Derwentside	25	4	27.84	0.06	16.8
WearValley	26	14	31.84	0.05	15.7
Leeds	27	29	26.6	0.06	11.7
Walsall	28	39	29.3	0.06	12.5
Preston	29	45	28.72	0.06	12
Brighton and Hove	30	122	24.57	0.07	6.2
North East Lincolnshire	31	49	28.79	0.05	12
Barking and Dagenham	32	43	32.69	0.05	14.3
Lincoln	33	13	27.38	0.06	14.4
Barrow in Furness	34	54	32.06	0.05	13.5
Corby	35	44	27.39	0.06	12.1

District	Rank Based on Composite Index of Deprivation and GCSE No Passes	Rank based on Composite Index of Young Unemployed and GCSE No Passes	Average Deprivation Score 2004	Percentage of Pupils with No Passes in GCSEs, 2003	Unemployment Claimants under 19 as a percentage of age group, 2004
Knowsley	1	1	48.18	0.11	13.7
Easington	7	2	41.44	0.06	22.3
Mansfield	11	3	31.94	0.07	17
Derwentside	25	4	27.84	0.06	16.8
Manchester	2	5	47.42	0.08	12.3
Kingston upon Hull, City of	4	6	40.3	0.07	13
BlythValley	62	7	26.1	0.05	17.5
Doncaster	15	8	31.15	0.06	14.3
Newcastle upon Tyne	9	9	33.55	0.07	12.7
Barnsley	23	10	31.98	0.05	15.8
Middlesbrough	8	11	40.68	0.06	14.2
Cannock Chase	58	12	21.42	0.06	14
Lincoln	33	13	27.38	0.06	14.4
WearValley	26	14	31.84	0.05	15.7
Liverpool	3	15	48.16	0.07	12.8
Oldham	50	16	29.79	0.04	16.6
City of Peterborough	54	17	24.5	0.05	14.6
Sedgefield	64	18	29.01	0.04	17.1
Tendring	38	19	23.67	0.06	12.2
Hyndburn	83	20	27.85	0.03	18.1
Wealden	55	21	9.96	0.09	7.3
Carlisle	47	22	21.6	0.06	12
Sheffield	20	23	27.93	0.07	11.3
Bassetlaw	44	24	25.78	0.06	13.5
Bristol, City of	19	25	26.72	0.07	10.5
Melton	97	26	10.73	0.07	10.6
Nottingham	5	27	41.3	0.07	10.9
Chesterle Street	101	28	21.26	0.04	15.2
Leeds	27	29	26.6	0.06	11.7
Haringey	6	30	36.11	0.08	8.4
Bolsover	74	31	29.92	0.03	17.1
Sandwell	10	32	34.19	0.07	10.7
Wansbeck	73	33	30.5	0.03	17.2
Kensington and Chelsea	13	34	19.28	0.09	5
Tameside	60	35	29.56	0.04	15.6



Composite Indices Explained

1. Composite Index of Deprivation and GCSE No Passes

Deprivation Index is calculated as a proportion of the deprivation score of the most deprived district.

GCSE No Passes Index is calculated as a proportion of corresponding value of the district with highest proportion of no passes.

The Composite Index is an equal weighted sum of the two indices.

2. Composite Index of Young Unemployed and GCSE No Passes

Young Unemployed Index is calculated as a proportion of the corresponding value of the district with the highest percentage of unemployment benefit claimants.

GCSE No passes Index is calculated as above.

The Composite Index is an equal weighted sum of the two indices.





Notes





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