

# Breakthrough Britain

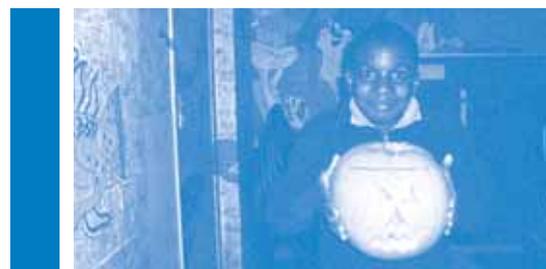
*Ending the costs of social breakdown*

## Overview

Policy recommendations  
to the Conservative Party

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

July 2007



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# Acknowledgements

The last 18 months became a much bigger undertaking than many of us fully appreciated at the start. None of this would have been possible if all those who had volunteered so much of their time, both in the office and out in the community, had not responded so magnificently to the extra demands.

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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 Tomorrow's People, whose support and advice have been invaluable.



*Rt Hon Iain Duncan Smith MP*

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# From Breakdown Britain to Breakthrough Britain

It is important to explain how the unique approach of the Policy Group has enabled us to come up with radical new proposals for strengthening the welfare society in the 21st century.

The work of the Social Justice Policy Group has not been conducted in obscure Policy Units or behind closed doors in Whitehall. Much of the work has been done through six working groups, five of which have been looking at the “pathways to poverty”: family breakdown, educational failure, economic dependence, indebtedness and addictions. A sixth group has studied how the third sector might be supported to do more to assist vulnerable people escape poverty. In addition to prominent academic experts in each of these fields, the working groups have involved over 50 people with first hand experience of fighting poverty. These people live and breathe these social problems, bringing years of experience and a constructive, fresh insight to poverty-fighting. Our team has included such inspirational people as Ray Lewis, the founder of EYLA in Peckham, Mike Royal, who runs a charity for excluded pupils in Bradford (The Lighthouse Group), and Simon Edwards, founder of a charity that works to prevent re-offending in Bristol.



## *The Consultation Process*

In addition to rigorous research by a dedicated Secretariat, we have consulted as widely as possible and held many public hearings. Over the past 18 months, there have been more than 3,000 hours of public hearings and over 2,000 organisations have made submissions to the working groups: from Glasgow to Brighton, from Birmingham to Devon and from London to Manchester. We have travelled the length and breadth of the country to speak to as many people as possible.

The consultation process took us overseas to see how other countries have been tackling these problems. The Addictions Working Group saw some fantastic drug rehabilitation programmes in Holland and Sweden; the Education Working Group went to Gouda and Maarsen in Holland, and the Bronx and Harlem in New York, to see how alternative school providers had transformed the education of inner city kids; the Economic Dependency working group went to the United States to talk to the architects of American welfare reform; and the Family Breakdown Working Group also visited the United States to see the “Healthy Marriage” initiative.

The Policy Group commissioned two waves of YouGov polling, seeking the opinions of almost 50,000 people. From this we found out not only what people thought about the policy areas we have been investigating but also what kind of solutions people wanted to those problems. For example, the unique database at YouGov allowed us to interview over 800 people with a history of drug and alcohol problems and ask them what kind of treatments worked best. The Policy Group has been regularly posting its results via our online blog, [www.povertydebate.com](http://www.povertydebate.com), which has become a point of reference on social issues.

### *Social Breakdown is the greatest challenge we face*

For the last six years, I have been visiting many of Britain's most difficult and fractured communities. I have seen levels of social breakdown which have appalled and angered me. In the fourth largest economy in the world, too many people live in dysfunctional homes, trapped on benefits. Too many children leave school with no qualifications or skills to enable them to work and prosper. Too many communities are blighted by alcohol and drug addiction, debt and criminality and have low levels of life expectancy.

Our interim report *Breakdown Britain* charted the extent of the problem in extensive detail. Britain tops the 'league tables' when it comes to spiraling levels of drug addiction, single parenting, poor education and debt. Many people told us that the quality of their communities had deteriorated, maintaining that the crime levels were much higher than those reported to the police. The recent rise in gang warfare, which resulted in a spate of teenage stabbings and shootings in our cities, is a savage illustration of the deep fractures in so many of our inner city communities. A recent UNICEF Report concluded that we have the lowest levels of child well being in Europe. A further report has shown how young people in Britain are more likely to be unemployed and out of education than in almost any other country in Europe.



Clients at Tomorrow's People's 'Working It Out' programme for 18-24 year olds

Yet in the midst of all these problems, I listened to some of the most inspiring people I have ever met - Jim Doherty and Janis Dobie working to help drug blighted families in Gallogate. Ray Lewis offering hope to young children in Peckham and Camila Batmangeldijh working with street kids in South London. Mike Royal dealing with excluded children in Bradford and Birmingham and Harry Benson and Simon Edwards in Bristol. Dick Atkinson in Balsall Heath and Bob Holman in Easterhouse, amongst many others. These are all people who have dedicated themselves to improving the quality of life of those who have been left behind. Even in the most desolate and deprived corners of the country, these people prove that poverty can be defeated.

These inspirational people showed me that things could be much better if politicians learnt from them 'what worked' and 'what didn't work'. Government action, though filled with good intentions, can often exacerbate existing problems or create new ones. I was reminded that communities need

strong families to bind them together and that families were vulnerable to a society that no longer valued the institution of marriage. I was shown by them what happens when family life breaks down and when the only male role model for a boy is the drug dealer or the gang leader. I saw first hand how drug addiction is destroying families and how parental addiction is too often repeated by their children. Too many of our children are growing up in sad communities where failed education is hereditary and worklessness is a way of life.

What so many of these voluntary sector leaders tell me is that it isn't just about money. The economy has been growing for 14 years yet the bill for social security payments has risen by £35bn in that period, and there are more people claiming disability benefits than ever before. The number of people who are 'economically inactive' has risen yet the business community still continues to argue that we need more economic migrants to fill job vacancies. Too many people are unable or unwilling to work, growing frustrated and increasingly detached from the rest of society. We live in an age where human capital is increasingly important and if we are to maintain our economic productivity in the face of global competition then we cannot allow such a large proportion of our country to be left behind. As our Worklessness and Dependency paper powerfully shows, whether you are a single parent or a married couple, the only real way out of poverty for your family is work.

As the fabric of society crumbles at the margins what has been left behind is an underclass, where life is characterised by dependency, addiction, debt and family breakdown. This is an underclass in which a child born into poverty today is more likely to remain in poverty than at any time since the late 1960s. Bob Holman summed it up when he said that the inner city wasn't a place; it was a state of mind - there is a mentality of entrapment, where aspiration and hope are for other people, who live in another place.

Therefore the challenge for our Policy Group was to harness the wisdom of grassroots poverty fighters in developing solutions "to mend the hole in the social ozone layer", to use Dick Atkinson's phrase. In order to do that we defined the five key 'paths to poverty' - family breakdown, serious personal debt, drug and alcohol addiction, failed education, worklessness and dependency. All of these 'paths' are inter connected and many of those trapped in poverty have experienced more than one of these problems. For example, family breakdown leads to worse life outcomes for children but debt is a significant driver of family breakdown. Similarly, high levels of failed education contribute to worklessness and dependency. To create a lasting solution to poverty we need to tackle all of these 'paths to poverty' at the same time.

For too long now, politicians have been content to adopt piecemeal responses to social problems, reacting to deep fractures in society with a short term policy solution. This approach can often have unintended, and negative, consequences. The classic example of this is the operation of the benefits system. In its justified desire to tackle high poverty rates among lone parents with children, the Government has created a system which contains perverse disincen-



Moorlkands Community  
Development Project, Brixton

tives for couples to officially stay together. This means that couples have effectively been penalised, making it more difficult for couples on benefit to escape poverty. This situation has even led to fraud and recent Institute of Fiscal Studies (IFS) figures have shown that there are more lone parents claiming benefits in this country than there are lone parents. It is vital to ensure policy solutions to tackle social breakdown are integrated and holistic and, above all, designed to improve long term well being.

A prime example of this piecemeal approach is the recent Government legislation on gambling. Many of those who gave evidence working in the inner cities expressed their deep concerns about the links between gambling, drugs and alcohol abuse , debt and family breakdown. They urged us to add this to our report and so I commissioned Dr Mark Griffiths, a Professor of Gambling Studies at Nottingham Trent University to write an additional paper which is in the addictions section of this report. It makes clear that the sort of increase in gambling envisaged would have serious consequences for the other areas we deal with.

Finally, the role of the voluntary sector in helping break this cycle of despair has been undervalued for too long. Local and community organisations are close to the problems and woven into the fabric of the communities they serve, giving them an unrivalled ability to understand ‘what works’ and ‘what hurts.’ Yet successive governments, local and national, have made life increasingly difficult for them. I think of Maxie Richards, who has battled with the city authorities in Glasgow for years to give proper rehabilitation to drug addicts, rather than simply parking them on methadone indefinitely. The Policy Group therefore had the extra task of creating policies that would free the voluntary sector from unnecessary constraints. The innovative and inspirational work of the voluntary sector holds a mirror up to society and shows us the true nature and extent of social breakdown, challenging us to work with them to resolve it. They believe that society shouldn’t write so many people off; we should work to save as many people as we can.



Rt Hon Iain Duncan Smith, with his wife Betsy at a round table discussion in Islington

### *Strengthening the Welfare Society*

*Breakthrough Britain* advocates a new approach to welfare in the 21st century. We believe that, in order to reverse social breakdown, we need to start reinforcing the Welfare Society. The Welfare Society is that which delivers welfare beyond the State. At the heart of the Welfare Society is the army of people who, for love of neighbour and community, shoulder the massive burden of care. I think of the daughter caring for a sick mother, the volunteer in a children’s hospice, the ex-addict helping others escape drugs. Within Britain’s welfare society nearly all forms of need are being overcome by somebody, somewhere. The Welfare Society remains the largest deliverer of care in Britain today, dwarfing the State; without it the State would be over-

whelmed. From birth to death it has a bearing on all our lives and contributes enormously to our well-being. That sense of duty, as well as love, which means parents put their personal need second to those of their children. The Government's slogan 'Every Child Matters' will be meaningless and remain just a slogan, unless the Government understands that the parents' role in a child's upbringing is vital and that 'Every Parent Matters'.

This report steers a course between two different views of how to fight poverty. The traditional 'laissez-faire' approach understands poverty simply as a product of wrong personal choices about family, drugs, crime and schooling. That view says that poverty is always the fault of the person who makes the wrong choices. On the other side of the political divide, the elimination of poverty is seen principally as the job of government – thus if a person is in poverty it must be the government's fault and it must be the government that develops a top down solution to the problem. Our approach is based on the belief that people must take responsibility for their own choices but that government has a responsibility to help people make the right choices. Government must therefore value and support positive life choices. At the heart of this approach is support for the role of marriage and initiatives to help people to live free of debt and addiction. Government has to be committed to providing every child with the best possible education and giving the most vulnerable people the necessary support to enter active employment. The problems of family breakdown, drug and alcohol addiction, failed education, debt and worklessness and dependency affect us all, either directly or indirectly, as *Breakdown Britain* showed. This is why David Cameron has called for 'shared responsibility' and this paper seeks to deliver solutions to these problems which will improve our collective security.



Young people from Peckham at a Social Justice Policy Group hearing

### *An integrated approach*

We wish to develop an integrated and long term approach to tackling disadvantage. This approach pervades all of our policy recommendations but there are two specific areas which highlight why our approach is unique. Firstly, we have recommended a range of policies which are designed to break the cycle of disadvantage in the early years of a child's life. Secondly, we wish to strengthen families by removing the perverse disincentives in the fiscal system which are an obstacle to stable families. These two areas are particularly pertinent because they are areas in which Government policy has either been ineffective and badly directed, as in the case of early interventions, or led to perverse incentives or perpetuated problems, as in the case of Government family policy.

#### *a) Tackling Disadvantage Early*

The work of the Social Justice Policy Group has one overriding theme; that it is better to tackle disadvantage and poverty early. We have already outlined

how the working groups have been set up to find ways to tackle the ‘pathways to poverty’, tackling the underlying drivers of deprivation, rather than merely treating the consequences of a problem. Instead of a short term, reactive approach to tackling disadvantage, we have recommended a series of early interventions designed to improve the long term well being of everyone. For drug addicts, we recommend radically improved rehabilitation, enabling them to re build their lives. For young people looking for work, we focus on ensuring they have first class support to find, and keep, a job. For children at risk of educational failure and exclusion, we propose ‘pathways to success’ so that there is every opportunity for them to maximize their potential. Finally by supporting the third sector to grow organically, Government can enable families and communities to find the solutions that they need in the long term.

*Support in the very early years*

There is now overwhelming evidence that the cycle of disadvantage starts very early. All of the work that we have done has reinforced the importance of the first three years on a child’s cognitive and emotional development. The emotional brain is largely created in the first 18 months of life and its auditory map is formed even earlier, by 12 months. Furthermore, it has also been shown,

alarmingly, that a child’s education developmental score at 22 months can accurately predict educational outcomes at the age of 26. In short, we are now able predict the long term well-being of children on the basis of their environment in the first few years of their lives. This has serious implications for our work.

Above all, it reinforces the importance of the home environment and a stable family, particularly for the first few years of a child’s life. By re-building stable families and stable communities, the best possible environment for our children can be created.

However, we have also made a number of recommendations to support children and families in the crucial early years. For example, the availability of informal childcare must be improved and we need to strengthen existing private and voluntary nursery providers, recognising that informal care whether by close family members or relatives is beneficial for children. We also recommend transforming the support available for families, providing Family Services Hubs in every community, and delivering holistic and integrated support for families.

*Additional support for the most vulnerable families*

We also recognise that some families are in need of additional support. Organisations like OXPIP and PIPPIN, whose primary aim is give babies a secure and loving start in life by providing therapeutic support for vulnerable parents, do much to promote the lifelong emotional health of infants and can transform the emotional landscape of their carers. The NURSE-FAMILY PARTNERSHIP also trains nurses to act effectively as a life coach for the parents, creating a high level of trust between nurse and family. Far from feeling



‘nannied’ or undermined in their role, mothers report a strong bond with their nurses, who provide them with a level of support which many have never experienced in their lives before. We envisage that these services would be made available to all families but that they should be offered to the most vulnerable families as a matter of absolute priority.

#### *Front-Loading of benefits*

Welfare experts, including Frank Field MP, have recommended the front-loading of Child Benefit as a way of allowing parents the financial freedom to stay at home and care for their children should they chose. The Economic Dependency and Family Working Groups heard from a number of organisations that many parents wish to care for their children in their early years but found the financial constraints too great to allow them to make that choice. This desire to choose fits with the growing body of evidence that the first three years of a child’s life are the most critical in the development of cognitive and social skills. Therefore we have recommended that the Conservative Party seriously looks at front-loading benefits. We believe that the initial focus should be on those families who would benefit most from such a policy. For example, if parents of children who are classed as ‘at risk’ could receive up to three times the standard Child Benefit rate – equalling – £2,800 per year for the early years – and this is linked directly to parenting support, then the life chances of those children could be vastly improved.<sup>1</sup>



Rt Hon Iain Duncan Smith MP at  
Tabernacle School

#### *Tackling Educational Disadvantage Early*

To counter this cycle of deprivation, we must also ensure that children are prepared for school, to prevent children falling behind other children before they even reach school. *Breakdown Britain* shows that social and cultural factors can have a big influence on educational outcomes. Children from poor families where there is a strong parental commitment to learning achieve more. For example, 69% of Chinese boys from low income families gain 5 or more GCSEs at A\* - C as compared to 17% and 19% of boys from white and Caribbean families respectively. Therefore our policy proposals in *Breakthrough Britain* will focus on two key areas; improving pre school education and enhancing parental support and involvement in their children’s education. This reflects our belief that educational inequality – the significant gap in educational outcomes between disadvantaged children and their peers, which starts at a very young age – is driven to an extent by cultural and social factors.

<sup>1</sup> For information on how ‘at risk’ children would be identified, the conditions under which front-loading would be available, and how adverse selection would be avoided, see Volume One, Family Breakdown, Chapter 4.4

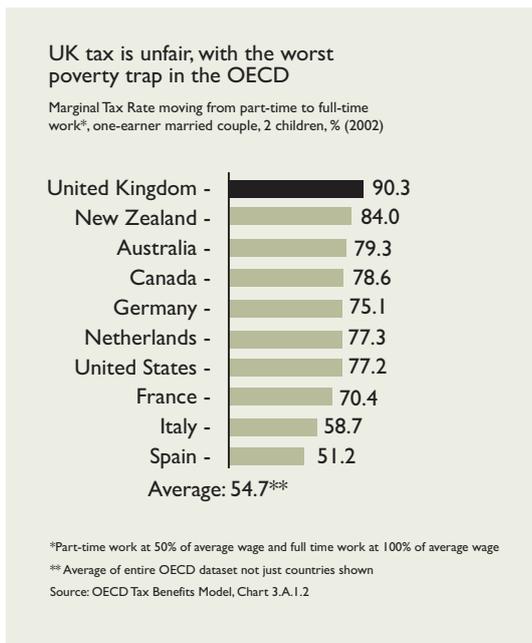
*Early Interventions are very cost effective*

It is also important to note that early intervention to tackle disadvantage is a very cost-effective way of improving well-being. In the United States they have found that for every dollar invested in the first three years of a child’s life, there is up to a seventeen fold return<sup>2</sup>. Benefits include reduced costs of health care, increased employment and reduced crime.

**b) Tackling Britain’s unique record of family breakdown**

The tax and benefits system in the UK has numerous disincentives to marriage. We have, for example, one of the highest marginal effective tax rates in the world which is contributing to high levels of family breakdown. A recent OECD comparison showed that for a one-earner married couple with two children, the marginal effective tax rate can be 90%, the third highest in the OECD, compared to an OECD average of 54.7%. The chart opposite shows this.

This helps to explain why we have one of the highest levels of family breakdown in Europe – over the last decade the number of lone parents in the UK has increased from 1.6 million to 1.88 million. Therefore we outline a package of support for family and marriage. This is not about preaching to people about how they should lead their lives. It is about what works. Our approach as will be seen covers benefits and tax.



- 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
- If you have experienced family breakdown, you are 75% more likely to fail at school, 70% more likely to be a drug addict and 50% more likely to have alcohol problems.

Couples need more support to realise their aspirations of stable family life. Whether it is the young couple who need financial support to get married and start a family or the married couple who are struggling to look after their elderly relatives or disabled children. Government does, after all, support other socially constructive ambitions like the ambition to learn, to save or to start a business.

Therefore the first, and most important, proposal of the Family Breakdown Working Group is to remove the fiscal disincentives to couples staying together, in particular the “couple penalty”. At present, the tax and benefits system

2 Lynn A. Karoly, M. Rebecca Kilburn, Jill S. Cannon, RAND Corporation, *Early Childhood Interventions, Proven Results, Future Promise*, 2005

provides a perverse incentive which means married couples are, in effect, penalised. This is often referred to as the “marriage penalty”. The argument that supporting marriage in the tax and benefits system will skew it against lone parents, those most likely to be in poverty, is inaccurate; reform of the current tax and benefits system will simply be rectifying an imbalance. The IFS says it is troubling that “there is a fiscal penalty on living together as husband and wife” and Frank Field MP has said that the system “brutally discriminates against two-parent families”. Couple families may need to earn several times as much as lone parents to get above the poverty threshold. The following worked examples clearly demonstrate this:



- A lone parent with 2 children needs a cash income of £186 per week to be above the poverty threshold, but only needs to earn £78 because of benefits and tax credits. By contrast a couple with the same age children needs to earn £325 to raise themselves above the poverty threshold of £268 as a result of the interaction of tax and benefits.
- “. . . In 2006, a lone parent with 2 children under 11, working 16 hours a week on the minimum wage, gained a total net income of £487 a week, largely due to tax credits. In order to attain the same weekly income, an equivalent two parent household needed to work 116 hours a week; an extraordinary 100 hours more than the single parent”

We propose reducing the couple penalty by enhancing the couple element in Working Tax Credits so that all couples receive the same ratio of support to lone parents as they currently get in Income Support (taking into account the additional adult Working Tax Credit as a lone parent). This measure would contribute to stability (marriage is almost always preceded by cohabitation) and alleviate poverty (60% of families in poverty are headed by couples).

It should be stressed that the primary purpose of this measure is to tackle poverty. I believe that this is the single most important step that the Conservative Party could take to start supporting stable family life.

Our second policy proposal is to introduce fiscal support for married couples. We propose that married couples should be able to transfer their income tax personal allowance to their spouse if they are not making full use of it. The unit of taxation is the individual, with little or no allowance for family dependants such as children, non-working spouses or elderly relatives whereas the unit of account in the welfare system is the family. Couples on income support receive far less than twice the sum of two adults living apart, decreasing the attractiveness of living - and parenting - together.

However, we would also like to stress that fiscal support alone will not be enough. The breadth of our policy analysis reflects our concern to support all aspects of

3 60% of median income

4 2004/5 figures

modern family life. The issues and challenges facing modern families in the 21st century are constantly evolving and we hope our policies will address the multiple causes of family breakdown. The Family Breakdown Working Group has outlined a comprehensive package of support for all families, including relationship support, parenting support and additional support for families coping with disabilities. The Family Breakdown Working Group has visited many relationship support programmes, such as those operating under the Wisconsin “Healthy Marriage” initiative, the Oklahoma Project and the Bristol Community Trust, all of which have proved very effective. We hope that these services would reach 800,000 families each year.

These two areas show how restoring stability in family life lie at the heart of our approach. However, they will not work unless all the other areas are dealt with at the same time – drug and alcohol abuse, worklessness and dependency, failed education, debt and restoring the voluntary sector as a partner alongside broken communities as they strive to rebuild.

### *Conclusion and Health Warning*

The financial costs of social breakdown are enormous; it has been estimated that family breakdown costs £24 billion per year, educational under achievement £18 billion per year and that the costs of crime are £60 billion per year – a total bill of £102 billion a year for the financial costs of social breakdown (even before any account is taken of the social and emotional costs). Therefore, in developing policy solutions to tackle social breakdown, we are confident that there will be a considerable long term saving and reduction in State expenditure.

The final decision about which Policy Group proposals to implement will be made by the Conservative Party, balancing the enormous benefits that these proposals might bring to the most vulnerable with the importance of fiscal restraint and economic stability. It would be misleading for any politician or journalist to present these policy proposals simply as spending commitments. First of all, in the short term, the expenditures we propose will be offset by the considerable savings likely from our proposed reforms to welfare, which may save the Exchequer £8 billion per year. Second, the long term purpose of these reforms is to support independence, thereby reducing the huge costs we currently pay to meet the rising cost of breakdown. Family breakdown alone costs each taxpayer up to £800 per year.

I hope this Report will be seen for what it is: a unique opportunity to provide a long term solution to the growing challenges of social breakdown. Most of all, to set these recommendations against the enormous cost in terms of growing crime, poor health, failed education, broken homes and the waste of social capital that will result from our failure to act. As one voluntary leader said to me, “Why don’t politicians give us a real price for the boy who watches his mother abused by a string of live in boyfriends, who will go on to be an abuser when he grows up? Or the young girl on the street corner selling her body to pay for the drug addiction she learned at home?”