

SOCIAL EXCLUSION



Experian's views on identifying and addressing social exclusion.

Summary of the paper

The purpose of this paper is to explain how, in practical ways, Experian could help HM Government, or components of Government both local and central, identify and address many aspects of social exclusion. These ideas are not “Blue Sky” thinking: whilst they demonstrate some thought leadership, they are capable of being implemented today and executed with modest investment.

The paper sets out initially to define what we mean by ‘social exclusion’ and identify the different ways that exclusion is experienced and suffered by those excluded members of society. There are 5 key principles for actions to tackle social exclusion.

This is followed by an explanation, in context, as to how Experian can classify, ‘segment’ and describe the UK population down to a very fine level of granularity, to individual households if necessary.

Our views on what could be done are then illustrated by real initiatives that have been carried out already, in the areas of addressing –

- Financial exclusion
- Fuel poverty
- Educational opportunity
- Neighbourhood safety
- Communication barriers
- Health inequality
- Sustainable housing
- and Discrimination

The way that a snapshot view taken today is examined, so it can then be extrapolated into the future, using forecasting capabilities and new data sets.

In conclusion, the foregoing is then mapped against the 5 guiding principles of the ‘Reaching Out’ documentation.

Experian has made huge investments in understanding all UK citizens, their residency and their communities. The public sector can now exploit this intelligence to target efforts to significantly reduce social exclusion in UK society, in particular the “most excluded 2% of families who have not been lifted by the rising tide of living standards and increased opportunity, and who remain in poverty with complex needs, multiple problems and low aspiration”; (Hilary Armstrong, 18th June 2007).

Social Exclusion – some definitions

Social Exclusion is an expression that most people would claim to understand, but for which there is no widely accepted definition. For the purposes of this paper we refer to the working definition developed in 1997 by the Centre for the Analysis of Social Exclusion:

'An individual is socially excluded if (a) he or she is geographically resident in a society, (b) he or she cannot participate in the normal activities of citizens in that society, and (c) he or she would like to so participate, but is prevented from doing so by factors beyond his or her control'.

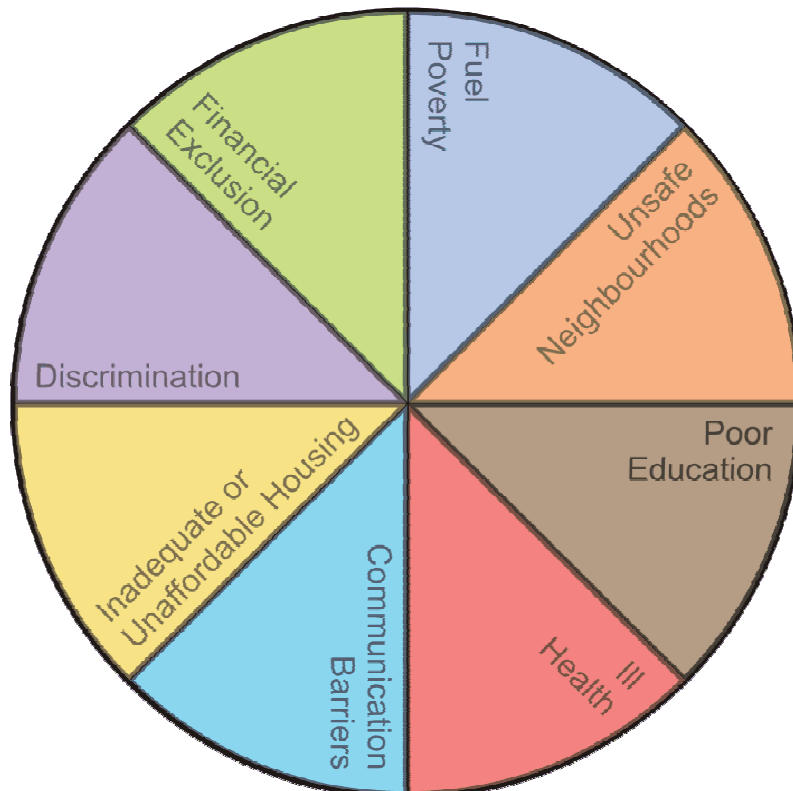
Social Exclusion is a phrase that most will understand, but for which there is no standard definition.

However, the problems in defining Social Exclusion pale into insignificance against the problems of tackling it. In 2006 the Social Exclusion Task Force issued a document "Reaching Out: An Action Plan on Social Exclusion", which spelled out the steps Government, and others, need to take in the effort to reduce and ultimately eradicate the problem. It observed:

'No civilised country should ignore the plight of the most excluded in society and no one should be shut off from the opportunities, choices and options in life which most of us take for granted.'

Social Exclusion may take on many dimensions, but the following illustrates many of the key ones:

Social exclusion takes on many forms.



Experian Business Strategies – how do we fit in?

The Building Blocks to understanding Social Exclusion

The “Reaching Out” paper identifies 5 key principles necessary for implementing an action plan to tackle social exclusion. These may be summarised as:

1. How do you identify social exclusion?
2. How do you share best practice at dealing with it?
3. How do you improve both effectiveness and efficiency through shared working?
4. How do you determine the needs of those at risk?
5. How do you introduce consistency and transparency to highlight areas of under-performance?

Experian’s business is built upon understanding people and the lives they lead.

Experian Business Strategies’ core business revolves around understanding people in all aspects of their lives. Data sets pertaining to individuals, the households to which they belong, the property in which they live and their local neighbourhood, are all collated and analysed. These diverse and highly granular datasets form the building blocks from which customer insight may be developed, and hence allow us to identify those most likely to be socially excluded, and to quantify and locate them.

This insight enables organisations, including Government, to tailor and target service delivery to their customers, and provide a common platform for sharing information across multiple agencies.

The Application of Segmentation

Whilst low level data provides the precision necessary to identify and target some aspects of social exclusion, it is not always the most appropriate tool to use. In the 1970’s Richard Webber (now Visiting Professor at University College London) demonstrated that the population could be placed into groups where the individuals and households within a group shared many common characteristics, and differed markedly from those in other groups. This was demonstrated in deprived areas of Liverpool where it showed that it was possible to identify and locate different types of deprivation with associated different needs.

People who share similar needs can be identified and grouped together.

Modern methods developed out of studies of deprivation in the 1970’s.

Some practical examples

The effectiveness of the application of Experian's data and services is best illustrated by example.

Financial Exclusion

Experian has linked Mosaic Public Sector to the Indices of Deprivation across the UK to provide a complementary tool. Whilst the Indices identify large areas of deprivation (typically covering approximately 700 households) to drive strategic thinking and funding decisions, Mosaic Public Sector provides a view of deprivation at a lower level (typically 15 households). This enables local pockets of deprivation, missed by the Indices, to be identified to allow tactical intervention. Even in areas where the Indices identify deprivation, deprivation is rarely uniform and the needs of the population will probably vary. Mosaic provides the means to identify those needs, and hence determine the most appropriate interventions.

Experian's datasets have also been used specifically to identify areas of the most extreme financial exclusion on behalf of the South East England Development Agency. Following successful implementation discussions are now in progress with the Financial Exclusion Task Force and HM Treasury to extend the work nationally.

Fuel Poverty

The Eaga Partnership was awarded its first contract to address 'fuel poverty' in the UK by the government in January 1991. It was then specifically appointed to manage the Government's Home Energy Efficiency Scheme (HEES), later re-branded as the £150 million-a-year Warm Front scheme as part of the Government's (DEFRA) Fuel Poverty Strategy during February 2001.

Eaga now works on large scale programmes for central government, devolved administrations, local government and the former utilities, managing the delivery of energy efficient heating, insulation, water efficiency and security measures into over 5 million low income and elderly peoples' homes across the UK. Many of these were unaware of the existence of such schemes, but were identified and targeted using data and services provided by Experian.

Experian's data is a complementary tool to the broad-brush Indices of Deprivation. It enables localised areas of deprivation to be identified and analysed.

Subsidised energy efficiency measures are targeted at those eligible to claim government support due to financial hardship.

This understanding of the related issues of poverty and fuel usage has led Experian to develop its own fuel poverty model. Whilst more recognised models are heavily reliant on Census data (and hence only apply to groups of 100 or more households), the Experian model enables users to prioritise each and every household based on their likelihood to be classed as “Fuel Poor” according to official definitions.

Educational Opportunity

School league tables, even with Value Added measures, do not fully recognise that a school’s performance is linked to the socio-economic make-up of its pupils. As a result, those schools serving the poorest in our society are often seen as failing. Many will have a poor reputation, making it difficult to attract good teachers and stigmatising former pupils as they seek employment. By linking the Pupil Level Annual School Census to Mosaic Public Sector it has been possible to create alternative school league tables (published in the Guardian) that take full account of the social background of the intake.

Analysis of educational performance allowing for the family/social background of a school’s intake reveals that some schools in highly deprived areas are performing exceptionally well given the nature of their intake.

The proportion of young adults (18-30) entering Higher Education has risen from 40% in 2000/01 to 43% in 2005/06 (Source: DfES). However, the Wider Participation agenda is placing demands on places of Higher Education to increase this further by providing access to those from more deprived backgrounds. Institutions such as the Universities of Nottingham and Sheffield are using Experian data both to target their recruitment activity to reach these groups, and to measure the success of that activity.

Neighbourhood safety

In November 2006 £315m was granted to fund Police Community Support Officers and Neighbourhood Policing. This is in part a reaction to the fact that, whilst crime rates are generally reducing the public perception paints a different picture. The relationship between reality and perception is complex, requiring a detailed understanding of the people and circumstances of the neighbourhood. Only with this understanding can the police achieve the right balance between crime prevention, crime detection and public reassurance.

Greater Manchester Against Crime (GMAC), in conjunction with the Jill Dando Institute, achieved EU funding to research a suitable methodology to understand vulnerable communities. An index to identify these communities was developed from a range of publicly available data, and then Experian data used to understand the differences between the vulnerability index and actual reported crime.

Experian data has been used in an EC-sponsored program to understand the local drivers of crime.

The process was developed on sample neighbourhoods and is now in the process of being applied across Greater Manchester. The methodology was also presented to police forces across Europe in December 2006.

Communication barriers

Increasingly both public and private sector organisations are encouraging their customers to transact with them on-line. However, this process needs to be carefully managed and targeted if a significant number of customers are not to become disenfranchised.

The drive to move to low cost delivery channels must not be at the expense of those least able to use them.

In 2006 some 14.3m UK households (57%) had internet access at home. However, of those that did not 25% felt that it was too expensive for them, and 24% lacked the necessary skills. In essence these are most likely to be the poorer and/or older members of society.

HM Revenue & Customs has used Experian data to implement its channel strategy to ensure that, whilst encouraging internet usage where possible to reduce costs and improve efficiency, it maintains telephone and face-to-face services where they will be most needed.

Health Inequality

There is a long established link between deprivation and poor health, and hence increased health needs. Where areas of deprivation can be identified health provision may be made accordingly; however, when those areas of deprivation are too small to be detected by broad-brush public data such as the Indices of Deprivation then they may be missed. This is a major contributory factor to the "postcode lottery" of health provision.

Scarce resources have been redistributed to tackle health inequalities identified through the use of Mosaic Public Sector.

The Director of Public Health for Huddersfield Central and South PCT's has used Experian's Mosaic Public Sector to identify localised deprivation. This has demonstrated that the difference in life expectancy of people living in the most affluent and most deprived areas is over 5 years.

More alarmingly, heart attack victims from deprived neighbourhoods, once admitted to hospital, are 3 times as likely to die as similar victims from affluent areas. This additional insight has allowed the Huddersfield PCT's to estimate mortality rates by postcode, and hence divert health resources to where they are most needed.

Sustainable Housing

The Guinness Trust provides good quality affordable homes and services that help their residents achieve their aspirations. They work to build neighbourhoods where people will choose to live, and have developed a Sustainable Housing Toolkit to assist in this process. Experian has worked in conjunction with The Guinness Trust to develop a reporting pack that provides the necessary information for use within the toolkit.

Effective development of sustainable housing relies on comprehensive and accurate local information.

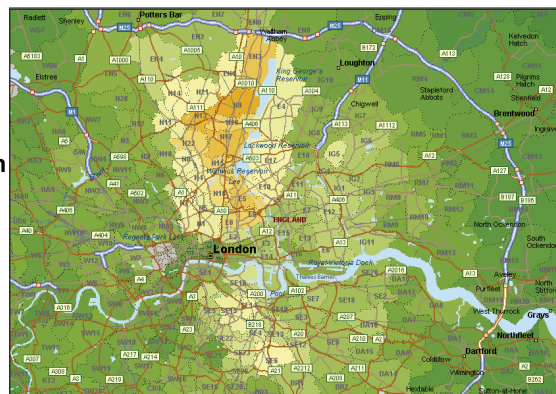
Discrimination

Social exclusion can frequently manifest itself through discrimination (either deliberate or unintentional), of which racial discrimination is one of the more serious. The only UK-wide source of data on racial background is the Census. Unfortunately this only provides data at very coarse levels of detail, and in a rapidly-changing UK is 6 years out of date.

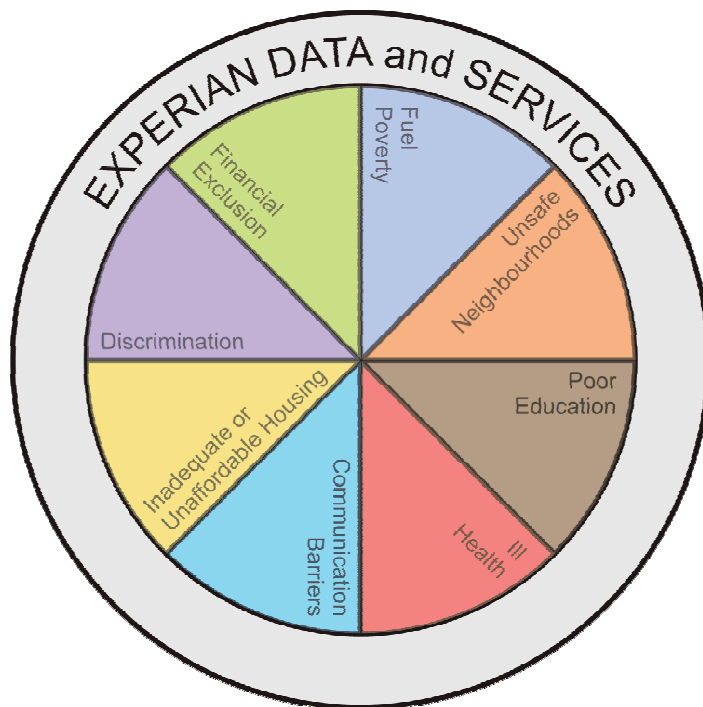
To overcome these shortcomings, Experian has introduced Mosaic Origins, a names analysis tool that determines the probable ethnic background of individuals. Whilst case-by-case this is clearly subject to error, when accumulated to small areas such as postcodes it highlights the existence of minority communities. This is being used by the police (including the Met) to provide appropriate policing, by health organisations to target prevention of ethnic-specific disease, and by Local Authorities for targeting communications in appropriate languages.

The innovative Mosaic Origins product has been welcomed by Sir Trevor Phillips, Chair of the Commission for Equality and Human Rights.

Concentration of Turkish names in London



Joining it all up



Consistent data across all aspects of social exclusion encourages common understanding and supports multi-agency working.

Experian data, and in particular Mosaic Public Sector and Mosaic Origins, provides a common theme to how Experian helps clients address social exclusion in its various manifestations.

By using the same tools it enables multiple agencies to understand the victims of social exclusion in a consistent manner, resulting in more efficient and effective interventions. This in turn makes it easier to measure best practice and to communicate results.

Future proofing and innovation

This paper has focused on how Experian data products and services are used to understand and locate the many aspects of social exclusion that remain in the UK today. However, we fully recognise that the world does not stay still, and hence that we need to ensure that our analysis remains valid. We do this in three distinct ways:

Forecasting capabilities

Within Experian we have a unique combination of forecasting capabilities that enable us to forecast both how the world will change and how society will change.

The former is delivered by our 50 strong economics, strategy and research team which provides a detailed understanding and analysis of economies, markets and

The world and the manifestations of social exclusion, continue to evolve. It is vital that information used to identify and understand social exclusion also evolves.

individuals in the UK and around the world, and generates insights and advice on a wide range of planning, marketing, public policy and business issues.

The latter is provided by the Future Foundation, formerly an independent Think Tank. Their rigorous research and analysis is very much focused on understanding people to ensure that the consumer is placed at the heart of all decisions. This integrates analysis of economics, technology, politics, lifestyles, attitudes, consumption patterns and demographics.

Keeping information both current and relevant is a careful balance between maintaining and developing existing information sources and creating new ones.

Innovation

As the world evolves, so do the needs of the UK population. The picture of social exclusion today is radically different to how it was 10 years ago; indeed aspects covered elsewhere, such as evolving technology and increased migration, impact on social exclusion on an ongoing basis, both in terms of what it is and how it must be tackled.

Experian is therefore developing its own products and services to meet these changing needs. For example, within the past 12 months it has introduced the Mosaic Origins data (discussed above), and a dataset designed to understand consumer's channel preferences and decision styles (which influence the style of communication message that will be most effective). These datasets in combination are important in communication with, and service delivery to, the new socially excluded resulting from the expansion of the EU.

Keeping up to date

Whilst new developments are essential, it is equally important that existing products and services are updated to reflect changing society. The Census provides a decennial snapshot, Experian data is updated on an annual cycle, both with the latest source data and with constantly improving methodologies.

Conclusion

Experian has the tools that support the 5 guiding principles of the Reaching Out paper at a strategic level, and the delivery of results at a tactical one.

1. How do you identify social exclusion?

Experian data is strongly correlated with most aspects of social exclusion, enabling those most at risk to be identified and located.

2. How do you share best practice at dealing with it?

The Experian data provide a common platform that can be applied across the UK. Methodologies and associated solutions developed by one organisation can easily transfer to others. Experian facilitates this by providing a 'Knowledge Base' for sharing of experience.

3. How do you improve both effectiveness and efficiency through shared working?

Not only does the common platform provide the means for sharing best practice, it also provides a means by which partner organisations across local and central government, health, education and emergency services can all share a uniform view of the population they serve.

4. How do you determine the needs of those at risk?

The linkage of Experian data to a host of market research and public datasets enables a truly rounded picture of the likely attributes of each and every individual. Their likely needs can therefore be predicted, and the means and the resources to meet those needs can be effectively focused.

5. How do you introduce consistency and transparency to highlight areas of under-performance?

As a result of Experian data providing a common platform applicable across the UK it is possible, based on a national picture, to estimate the level of different aspects of social exclusion at a local level. If this expectation is compared to known actual information, it will highlight areas of both potential over and under performance.

Experian would be particularly interested in opportunities to intercept and add value to some, (not all are appropriate), of the new initiatives, namely "Reaching Out: Think Family" and "Next steps in tackling social exclusion – 12 approaches to tackle the country's most chronically excluded adults".

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