Misspent youth

The costs of truancy and exclusion

A guide for donors and funders

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Summary

The problem
This report is about the costs of truancy and exclusion from school. It is also more broadly about measuring the social costs and the returns from effective ways of tackling social problems.

The report starts from the premise that measurement can produce interesting and valuable insights. It applies this premise to school exclusions and to persistent truanting. Excluded children and persistent truants often struggle to get on in life. Precise data on this subject is not available but using a series of indirect proxies and partial data, it is possible to piece together a picture of the lifetime costs associated with exclusions and with truanting.

The costs included in the calculations are:
- the cost to the education system;
- the cost of lower earnings;
- the cost to the health service;
- the cost of higher crime;
- the cost to social services.

In each case, conservative estimates have been made and an aggregate figure has been produced. The results are striking.

The average excluded child costs £63,851 to society. This includes costs to the child in future lost earnings resulting from poor qualifications and, also, costs to society in terms of crime, health and social services. More than three quarters of the costs fall on society. Each year, there are over 10,000 new exclusions from school, producing a total cost of £650m per annum.

The same calculation shows that the average cost of a persistent truant is £44,468. This figure splits roughly fifty-fifty between costs to the individual and costs borne by the rest of society. Since there are the nearly 200,000 persistent truants in the UK, this represents a total cost of £8.8bn or £800m per annum.

The solution
Some of these costs are avoidable. Addressing the causes of behaviour that lead to exclusions and to truanting tackles the underlying problems and offers potentially large returns. Two charities that do such work are School-Home Support and The Learning Challenge.

School-Home Support provides social support in primary and secondary schools in London and Yorkshire and the Humber. This approach is tailored to the needs of children but can include addressing problems at home such as domestic violence or substance abuse, tackling behavioural problems and improving self-esteem. Research shows that this type of work can reduce exclusions by 25%.

It is not possible to identify with certainty which pupils will go on to be excluded, so School-Home Support works with a broad range of children aged six and above. The cost of successfully preventing an exclusion works out at £28,555.

For every £1 spent on School-Home Support, there is a net saving of £1.24. For all preventable exclusions, this represents a net saving of £90m per annum. This is more than all the secondary schools in the UK spend on books in a year.

The Learning Challenge works in secondary schools in the North East, providing group therapy sessions to tackle behavioural issues. Evidence shows a clear improvement in attendance for one third of pupils. This report uses very conservative estimates of the charity’s success rate.

From these calculations, each £1 spent by the charity produces £11.60 in savings. An aggregate saving of £2.7bn would be made if all preventable persistent truancy was tackled, the equivalent of £250m per annum. This would pay for an extra teacher in every secondary school in the UK.

A call to arms
There are numerous charities carrying out similar work to School-Home Support and The Learning Challenge. They should be given more funding to extend their work. Not doing so is economic nonsense.

It is not unusual to focus on the financial costs of social problems such as school exclusions and truancy. The distinctive feature of this report is to place these costs alongside the work of charities that are successfully tackling the problems. Doing so highlights the high returns on offer.

The financial costs of truancy and exclusion go hand in hand with long-term social and emotional costs. By emphasising the financial returns from a charity’s work, one does not devalue the human side. Until better measures of well-being are available, the financial costs of a problem can be taken as a useful proxy for how serious a burden it places on society.

All funders of charities—individuals, grant-makers, corporates and government—should think about the returns on offer through the work of charities. There is a tendency in parts of the charitable sector to emphasise complexity rather than articulate solutions. This report proposes the creation of a ‘Results Library’ to counter this attitude and to encourage more funders to support charities that have effective solutions.

In the meantime, analysis shows the staggeringly high costs of truancy and exclusion, and demonstrates that fantastic returns from investing in charities tackling these problems are being missed.
PUT ANOTHER WAY

Making School-Home Support available to all children at risk of exclusion would save enough money each year to buy books for all secondary schools in the UK.

Giving all truants access to charities like The Learning Challenge would save enough money to pay for an extra teacher in every secondary school in the UK.
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Introduction

These emotional costs translate into real costs for society. The costs examined in this paper include:

- the cost to the education system;
- the cost of lower earnings;
- the cost to the health service;
- the cost of higher crime; and,
- the cost to social services.

Truancy and exclusion are the specific focus here, but the lessons may be drawn more widely. First, most social problems create considerable long-term costs to society. Second, there are many charities that offer solutions to these underlying problems. Third, implementing these solutions can produce high returns.

This report is not just for policy-makers but also for private funders, both of whom often lack the information to pursue sensible social policies that deliver better lives for us all.

Measuring success

Charitable results have been viewed in terms of their financial return at least as far back as the creation of the Foundling Hospital in London in the 18th century. A number of the individuals who supported Thomas Coram's initiative did so out of a concern for the economy as well as for the individual children. The returns from charitable giving were viewed in terms of the future economic well-being of the British nation and empire.

Where charities can demonstrate results, funders should make an investment in these charities. Both public and private funders should support effective charities and recognise the high social returns that can be achieved.

The idea that measurement of results is important and possible and should determine the assessment of charities may alienate some. It is hoped that the argument outlined in this report will persuade many others, creating converts to the cause of measurement and the use of investment approaches to thinking about social policy and charities.

New Philanthropy Capital seeks to encourage more effective giving with a greater focus on results. The lessons in this report apply to all potential funders of charities.
To help such an endeavour, this paper argues for a concerted effort to build a library of data that can improve spending decisions by all groups—charities, private and public funders. This library would consist of a large number of calculations and data points such as those presented here. Charities would use this library to make their case to funders. Funders, in turn, would use the library to improve their spending decisions.

Learning from experience

The belief that charitable money can be better allocated through analysis underpins all of NPC's research.¹ This report delves more deeply into one aspect of this analysis—the calculation of the cost of a social problem and the return from charitable interventions to address this problem.

There have been numerous attempts to estimate the cost of social problems such as truancy or exclusion. Recent studies have ranged widely from the cost of domestic violence to that of autism.⁵,⁶ Applying these findings to the work of charities however, though not new, is relatively recent and has yet to become commonplace.

One interesting and neglected contribution to this field was work carried out by the children’s charity, Barnardo’s in 2000.⁷ As part of its ‘Counting the cost of child poverty’ campaign, Barnardo’s estimated the financial costs of not intervening to help children in each of the terrible situations highlighted through the campaign’s case studies, from higher crime to unemployment. Typically, attention focused on the appeal rather than the underlying analysis.

More recently, the charity Relate worked with academics at the University of Bath to estimate the cost of family breakdown.⁸ This came to over £2bn, including court costs, pressure on housing and stress-related illness.

In 2006, the KPMG Foundation commissioned a report on the long-term consequences of poor literacy skills.⁹ Like this paper, the KPMG report showed how interventions with school-age children can yield high returns in the future. KPMG’s report uses similar sources and methodology to the analysis here.

The generic idea of calculating the financial return from investing to tackle a social problem has in recent years come under the heading ‘social return on investment’.¹⁰

The calculations in this report use predominantly public data and only limited data from individual charities or projects. Social return on investment, in contrast, makes heavy data demands on the charity. This burden makes it less accessible and less widely applicable than the approach laid out here.

Each of the figures used in the calculations that follow comes from existing studies. These include, where appropriate, NPC’s own studies on individual charities and our research on truancy and exclusion. Background information about truancy and exclusion, including trends, policies etc, can be found in NPC’s report, School’s out?¹⁰

We use a variety of data from diverse sources, from government reports to academic papers to charities’ own analyses of themselves. Great care must be taken when knitting together such a variety of data and so at each step we make sure that any assumptions made are conservative.

How to read this report

The style of this report will look familiar to anyone with experience of financial analysis, whether in a financial services company or a professional services firm such as a management consultancy. Building and estimating models of costs and benefits is widespread in the commercial sector and this report mimics such approaches.

In the sections that follow, the paragraphs numbered in bold explain the steps in our calculation. References in square brackets are presented in a table in Appendix 2 (Sources for calculations). Those denoted by a superscript number, eg, ⁵, can be found in the References section. Further notes on the calculations (eg, discount rates, proxies and sourcing the data) can be found in Appendix 1. All calculations use 2005 prices and all future costs are discounted at 3% per annum.
Exclusion

Exclusions from school have risen in recent years and the government is under pressure to allow teachers more flexibility and power to exclude difficult children. In 2004/2005, 10,239 pupils were permanently excluded from schools in the UK. The most common cause of exclusion was, and continues to be, persistent disruptive behaviour [9].

Despite the large number of exclusions, there has been no attempt to date to estimate the cost to society. Our goal is to estimate the financial cost of an average or ‘typical’ pupil permanently excluded from school. These costs impact the school, social services, the criminal justice system and the NHS, as well as the future earnings of the child. In this report, we record each item of cost separately.

According to our calculations, the total cost of an exclusion is £63,851. The aggregate cost of all exclusions is £650m per annum.

Many charities provide the type of work in schools that has been shown to reduce exclusions. One example is School-Home Support. On reasonable assumptions, one quarter of exclusions could be prevented and the net saving per exclusion prevented would be £35,297. This represents a return of 124%. Such exceptional returns are on offer for many charities working in this field, which creates a straightforward economic case for extending the work of charities such as School-Home Support.

The cost of exclusions

The government has trumpeted a ‘zero-tolerance’ approach to school discipline. However, numbers of exclusions have remained constant in the past decade and nobody knows the true cost underlying these figures. In the following section, we attempt to provide an accurate estimate of this cost.

After building a model to estimate the costs borne by society and the excluded child, we look at the possibility of avoiding these costs by funding a charity tackling the social and emotional problems that lead to exclusion.

1. The cost to the education system

Exclusions impose costs on the school and the local education authority, which both spend time and resources managing the process.

1.1 The academic Carl Parsons is an expert in the subject of exclusions. In 1999, Parsons used a sample of local authorities and estimated the cost of managing the process to be £720, or £831 per exclusion in 2005 prices [1].

1.2 The average age for exclusions is 12½ [9] so in our model the exclusion takes place in 2013. As this cost is eight years into the future, we must discount it accordingly and reduce it from £831 to £676 in 2005 prices (see Appendix 1: Calculating over a lifetime, for details of discounting).

Permanent exclusion does not spell the end of a child’s education. Most excluded children enter a Pupil Referral Unit (PRU), which provides a narrower curriculum in a specialist setting with a higher teacher-pupil ratio. Other options are home-based education, a special school or entering another mainstream school.

Table 1: The destination and costs of alternative provision for excluded pupils [2] *

<table>
<thead>
<tr>
<th>Costs of alternative education provision</th>
<th>Cost per annum (£)</th>
<th>Percentage of excluded children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pupil Referral Unit</td>
<td>14,664</td>
<td>57%</td>
</tr>
<tr>
<td>College</td>
<td>2,623</td>
<td>7%</td>
</tr>
<tr>
<td>Special school</td>
<td>26,225</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>5,245</td>
<td>7%</td>
</tr>
<tr>
<td>Mainstream school</td>
<td>4,355</td>
<td>15%</td>
</tr>
<tr>
<td>Home/Alternative Education</td>
<td>24,996</td>
<td>6%</td>
</tr>
<tr>
<td>No education</td>
<td>-</td>
<td>6%</td>
</tr>
<tr>
<td>Average weighted total</td>
<td>11,536</td>
<td>100%</td>
</tr>
</tbody>
</table>

*All figures are in 2005 prices
1.3 The weighted average cost of alternative provision is £11,536 per excluded pupil per year (see Table 1). This compares with £4,355 for mainstream secondary schools. Therefore, the average extra cost of educating a permanently excluded pupil is £7,181 per year [2].

1.4 Over the three and a half years left from the average age of exclusion (12½) in 2012 up to the age of 16 in 2014, this totals £19,434.

1.5 We assume that excluded pupils who remain in education post-16 cost no more than other pupils.

The aggregate cost to the education system of an exclusion is then the administrative costs (£676) plus alternative education costs (£19,434), totalling £20,110.

2. The impact on earnings

Both the behaviour that causes exclusion and the exclusion itself can disrupt a child’s education. Excluded children gain lower qualifications. Lower earnings and higher unemployment follow on from this. Excluded children are more likely to suffer from under-developed literacy, numeracy, punctuality, communication and language skills. Poor qualifications and job prospects are an inevitable consequence.

In this section, we estimate the impact on qualifications and future earnings. We assume that any difference in earnings is due to the impact of poor qualifications alone.

2.1 The Youth Cohort Survey from the Department for Education and Skills provides estimates of the qualifications at age 16 of all children. Figures are available separately for those who are excluded [3].

2.2 For each qualification band at age 16, the same survey shows the percentage of children who are still in higher education at age 21 [4]. We assume that an excluded child with a given qualification at 16 is as likely to be in education at 21 as another child with the same qualifications at 16.

One half of excluded children fail to get any A-C grade GCSEs, compared with 22% for the overall population. Twenty-three per cent of all children go on to higher education, compared with 13% of excluded children. Table 2 gives a more detailed breakdown of qualifications achieved by excluded children.

2.3 These estimates cover only excluded children who remain in education up to 21 or those who leave at 16. Excluded children who stay in education after 16 but not up to age 21 are not included to ensure that our estimate of costs remains conservative.

### Table 2: Qualifications achieved by excluded children [3, 4]

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Percentage achieved (excluded)</th>
<th>Percentage achieved (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>Other form of higher education</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>A-Level or equivalent</td>
<td>Not available</td>
<td>22%</td>
</tr>
<tr>
<td>GCSE grades A-C or equivalent</td>
<td>37%</td>
<td>33%</td>
</tr>
<tr>
<td>Other qualifications</td>
<td>37%</td>
<td>18%</td>
</tr>
<tr>
<td>No qualifications</td>
<td>13%</td>
<td>4%</td>
</tr>
</tbody>
</table>

2.4 We assume that the earnings gap between excluded and non-excluded children who stay on at school up to age 18 but then leave is the same as that for children who remain in education up to age 21.

2.5 To translate levels of qualifications into levels of earnings we use the Labour Force Survey (LFS) [5] figures for full-time wages at different ages according to levels of qualifications.*

### Box 1: The Burden on the Taxpayer

#### Income Tax

Not all of the cost of lower earnings fall on the individual. The taxpayer shares them too as lower earnings hit income tax payments and National Insurance contributions. We use the basic tax rate of 22% and 11% National Insurance (NI) contributions to calculate the direct cost to the taxpayer (average earnings of both excluded and non-excluded children fall into this bracket).

The present value of lost tax and NI receipts is £6,988. Every time a child is permanently excluded from school, this is the present value of the expected lost income to the taxpayer.

#### Job Seeker’s Allowance

Increased unemployment for excluded children raises the costs of unemployment benefits such as Job Seeker’s Allowance (JSA).

Taking the basic JSA of £57.45 per week as a baseline, the cost in today’s money is £583. However JSA is a ‘transfer payment’, and not a net cost; money is transferred from one part of society (the taxpayer via the government) to another part (the recipient of JSA). We therefore do not include this within the aggregate costs of exclusion.

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* We do not consider whether the earnings gap is different for part-time working, or whether part-time working is more common among adults excluded from school.
2.6 Figures for earnings are for those in full-time employment only, hence we must include the effect of unemployment. We use figures from the Youth Cohort Survey [4] to translate LFS figures for qualification levels [5] into unemployment rates. This survey implies that unemployment rates for excluded children are just two percentage points higher than the national average (6.7% vs. 4.9%). This is a very conservative estimate: some studies suggest that excluded children are around two and a half times more likely to be out of work at age 19 [6].

2.7 The LFS figures for unemployment are for age 21 only. In the absence of other data, we assume the gap in unemployment rates remains throughout the adult working life of the excluded child.

So, excluded children are three times more likely than their peers to leave school with no qualifications, half as likely to get a degree and 37% more likely to be unemployed.

The combined effect of lower qualifications leading to lower pay and higher unemployment means that there is a predicted gap in earnings of £21,175 over a lifetime.

Figure 1 shows this earnings gap. In the very early years in the labour market, a child excluded from school will earn more than their peers because he or she is more likely to leave full-time education and enter the labour market. In later years the earnings gap reverses as lower qualifications lead to a persistent gap in earnings. This amounts to almost £500 a year during their 20s, rising to over £830 a year by their 50s.

3. The cost to the NHS

Excluded pupils often experience poorer health in later life than their non-excluded peers. Part of this is due to poor educational outcomes; there is clear evidence that academic attainment is positively related to health [7].

There is also evidence that excluded children are more likely to use drugs. Around half of children excluded from school admit to using illicit drugs, compared with 15% of all children [8]. Greater drug use is clearly a health risk and increases the likely costs created by excluded children to the NHS.

The most common cause of school exclusion is persistent disruptive behaviour [9].

A study published in the British Medical Journal (BMJ) "The financial cost of social exclusion" [10] tracks the various costs to public services incurred by children with conduct problems and conduct disorders over 18 years from age 10 to age 28.

As discussed in Appendix 1: Proxies, we use this population as a proxy for excluded children.

3.1 Relative to the group with no problems, those with conduct disorders and problems incurred an average of £1,019 in health costs each over the 18 years from age 10 to 28 (see [10] for further details). These costs include hospital inpatient and outpatient costs, psychiatric costs and costs arising from abortions or miscarriages.

Figures from the BMJ study [10] cover the period up to age 28 only. We have no data on additional health costs beyond this age and no reasonable basis on which to extrapolate. We therefore make the conservative assumption that there are no extra health costs associated with exclusion beyond the age of 28.

4. The cost of higher crime

A range of data links exclusion with higher crime [11,14]. One survey by the polling company, Mori, showed 60% of excluded children reported offending, more than twice the offending rate for other children [11].

Moreover, the survey found that offending begins earlier for excluded children, at age 10 or 11; for non-excluded children offending peaks (though at a much lower rate of 36%) around the age of 14.

The BMJ study [10] shows that conduct disorders and problems are good indicators of criminal behaviour. Children with conduct disorders were over three times more likely to have been convicted of a crime by age 18 than their peers, and were over 12 times more likely to have been imprisoned.
18 than their peers, and were over 12 times more likely to have been imprisoned.

4.1 Children with diagnosed conduct disorders and problems committed crimes resulting in extra costs above those of the control group of £16,034 each over 18 years. This works out at roughly £891 per year.

The BMJ study records costs between the ages of 10 and 28 only. Reoffending rates are extremely high in the UK and the age profile of the prison population peaks at 30-39, representing almost 30% of the total population. Offending behaviour then tails off beyond age 40.

4.2 We assume that children who are excluded and who go on to commit crime continue to do so between the ages of 30 and 39 in line with standard rates of recidivism [12].

4.3 We assume that once in their 40s, former excluded pupils are convicted less frequently and that their convictions decrease at the same rate as the prison population for these ages [12].

Using this approach, the lifetime cost of crime of an excluded child is £15,527.

5. The cost to social services

Children excluded from school will frequently attract the attention of social services. Some will come from difficult backgrounds and will end up in foster care. *The financial cost of social exclusion* [10] suggests that up to 12% of children with behavioural disorders and problems end up in foster care or a residential home.

6.1 Two studies put the cost of social service involvement with excluded children at around £1,000 per child per annum in 1999 prices [11,19]. We take the lower of these two costs, £991, which is £1,169 in 2005 prices. We assume these costs are incurred from the age of 12½, the average age at which exclusion takes place. Over the 3½ years to the age of 16 this comes to £3,165.

5.2 According to the BMJ study [10], the cost of residential and foster care for children with conduct disorders and problems totalled an extra £3,507 between the ages of 10 and 16. Dividing this by seven gives a yearly cost of £501. Discounting into the future and summing over seven years gives a total cost of £2,856.

The combination of these two costs comes to £6,021.
The potential saving of £90m per annum is equivalent to the amount spent on books by all secondary schools in the UK.

**The total cost of an exclusion**

Adding together the different elements gives an estimate of the total cost of an exclusion of £63,851 in 2005 prices (see Table 3). The majority of this cost is incurred by society rather than the individual. Less than one quarter (£14,187) is lost by the individual in terms of lower future earnings. This figure is lower than the gross earnings gap of £21,175 because of income tax and NI contributions.

The biggest item of cost to society involves providing alternative education. The next biggest item is crime, with social services coming third.

If a fraction of this £64,000 could be saved by preventing exclusions, the benefits to society would be enormous. In addition, the personal lives of the excluded children would be markedly improved, as they would avoid the under-achievement, depression, poor health and other problems that go with exclusion.

**Table 3: The cost of an exclusion***

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>£20,110</td>
</tr>
<tr>
<td>Lost earnings</td>
<td>£21,175</td>
</tr>
<tr>
<td>Health</td>
<td>£1,019</td>
</tr>
<tr>
<td>Crime</td>
<td>£15,527</td>
</tr>
<tr>
<td>Social services</td>
<td>£6,021</td>
</tr>
<tr>
<td>Cost to individual</td>
<td>£14,187</td>
</tr>
<tr>
<td>Cost to society</td>
<td>£49,664</td>
</tr>
<tr>
<td><strong>Total cost of exclusion</strong></td>
<td><strong>£63,851</strong></td>
</tr>
</tbody>
</table>

*All figures are in 2005 prices

**Preventing exclusions**

Preventing exclusions does not mean simply announcing a target for schools and local education authorities to cut numbers. Cutting exclusions without tackling the underlying problems will have a negative effect on teachers, other pupils and the prospective excluded children themselves. Preventing exclusions in a sustainable way requires society to tackle the underlying behaviour that causes problems and leads to exclusions.

**School-Home Support**

NPC’s report on truancy and exclusion, School’s out?, highlighted four main areas of activity that can reduce exclusions. The first of these, social support, covers charities providing one-on-one or group support to children (and often their families) experiencing personal difficulties. School-Home Support is one such charity.

School-Home Support trains and helps support workers in primary and secondary schools in over 160 schools in 14 London boroughs, and an additional 16 schools in Yorkshire and the Humber.

Many factors contribute to truancy and exclusion, including parental breakdown, substance abuse, domestic violence and learning difficulties. Common areas of work for School-Home Support include self-esteem, behaviour and anger management support; attendance issues; parenting difficulties; transition from primary to secondary school; and child protection issues.

Working with pupils and their parents typically results in improved behaviour of children in school and greater commitment to education on the part of parents and pupils.

**Evidence**

For the purposes of this paper we base ‘success’ on the number of permanent exclusions prevented.

Independent evaluations have shown that the model of practical and emotional support offered by School-Home Support leads to reductions in exclusions. As one academic put it, ‘there is widespread evidence from both the United States and from Britain that early home-school based interventions can make a major impact on preventing the drift to exclusion and subsequent criminality’.

In one study, a three-year social work programme was carried out in both a primary and a linked secondary school in an urban area with a high level of deprivation and social problems (for example, poverty, unemployment, delinquency and crime rates).

The programme employed two full-time and one part-time support workers, based in the two schools. The project focus was on family and child counselling, child protection issues, transition to secondary school, truancy and exclusions. Results from these schools were compared to a control primary and a secondary school in the same area.

The results showed significant reductions in self-reported theft, truancy, bullying, hard drug use and exclusions. This was particularly notable at primary school level, where there were no exclusions, despite taking in 28 ‘difficult’ students. The control school excluded ten, despite having taken in only three difficult students. At secondary school level, there were a similar number of exclusions but the intake of difficult pupils was higher at the project school.
A similar, experimental three-year project in secondary schools has also been evaluated. This had a stronger focus on reducing exclusions and encouraging an integrated local authority response to pupils displaying challenging behaviour. Trained, full-time support workers were based in seven schools, working with students with behavioural difficulties. The report concluded that:

‘In the view of those staff working closely with caseload pupils, support workers considerably reduced the numbers of fixed-term exclusions. Over the duration of the project 26 caseload pupils were saved from permanent exclusion, representing a 25% reduction in permanent exclusions across the project schools.’

Following this study, we estimate that School-Home Support’s activities save 25% of exclusions, and we have used this figure in our calculations. There is no independent evaluation of School-Home Support’s interventions around exclusions, school by school and year by year. However, in the absence of this analysis we believe the above study to be a reasonable estimate. Such a lack of detailed evaluations is fairly typical of the charitable sector.

**Targeting**

Of children who display challenging behaviour later in their school career and who are excluded, the vast majority—about 90%—can be identified as displaying problem behaviour by the age of six. Around 15% of children aged six display this problem behaviour [18].

A guiding principle of School-Home Support is intervening early, ‘resolving an issue before it develops into a crisis by engaging with children and their families at the earliest opportunity’. As such, we assume for the model that social support starts at the earliest opportunity for those identified as having difficulties, aged six.

There were 716,600 six year old children in the UK in 2005 [15]. Fifteen per cent with persistent, disruptive behaviour represents 107,490 pupils at risk of exclusion. As we have seen, however, there were 10,239 permanent exclusions in the UK in 2004/2005 [9]. Therefore, it appears that only a small minority of disruptive children go on to be excluded later in life. Nevertheless, 90% of exclusions come from this group (see Figure 2).

Ninety per cent of exclusions represent 9,215 children aged six in 2004/2005 who might well be excluded through the course of their school career. This implies that the probability of a child at aged six with persistent disruptive behaviour being excluded is about 8.5% (9,215 out of 107,490).
All disruptive six-year-old children have the potential to become excluded. Hence, interventions must be directed very broadly at the 15% in the expectation that 90% of exclusions fall within this group. There is no way of further targeting interventions at such a young age.

Figure 2: Targeting services to prevent exclusions

A unit cost for success

In 2004/2005, School-Home Support’s income was £2.8m. The charity worked with over 13,700 families during this period. This implies a cost per family of under £210 per annum.

School-Home Support works with families for as long as is needed. This can vary substantially according to area, school and family. No figures are available on average length of contact. In our model we use three years, reflecting the academic studies described above. This gives a unit cost of this work in 2005 prices of £612.

As only 8.5% of the target group will be excluded and only 25% of these exclusions will be prevented, this means that School-Home Support will prevent just 2.1% of the children they help from being excluded. This translates into a unit cost per success of £612 ÷ 2.1% = £28,555, giving a saving of £35,297 per exclusion prevented.

Put against the cost of an exclusion of £64,000 this represents a financial return of 124%.

Therefore, for every £1 spent on School-Home support, society saves a net £1.24.

Taking the whole population of 2,560 of preventable exclusions, leads to a potential net saving to society of £90m. This is the amount that all the secondary schools in the UK spend each year on books. Preventing this number of exclusions could allow schools to double their spending on books.

That high return is based on conservative estimates and also ignores the other benefits of the charity’s work for the 91% of the 107,490 children with persistent disruptive behaviour who would not go on to be excluded. Such benefits are less tangible but are nonetheless real.

The calculations in this section show that the financial costs of exclusion are staggeringly high. However, there are ways of reducing exclusions and these methods produce high returns.
COST OF AN EXCLUSION  COST OF PREVENTION  SAVING
£63,851  -  £28,555  =  £35,297

RETURN = \frac{35,297}{28,555} = 124\%
Truancy

On any given day at least 70,000 pupils play truant. Rates of unauthorised absence have not changed in ten years. An estimated 198,000 children are persistent truants in the UK, missing at least five weeks of school per year [15,20].

As with exclusion, we set out to estimate the cost of persistent truants to society. Building a model incorporating the lower qualifications, lost earnings, higher crime and increased pressure on the NHS as well as social services, we estimate the cost of each persistent truant to be £44,468. The 198,000 persistent truants therefore cost society over £8.8bn. This translates to £800m per annum.

To tackle truancy the underlying issues must be dealt with. A charity such as The Learning Challenge in North East England does this. Using a form of group therapy, truancy rates can be cut by 3.4%. Using this charity as a model, it costs £3,529 to stop a truant, representing a saving of £40,939 per prevented truant. This implies a return on investment of over 1,100%.

The cost of truancy

Truancy seems remarkably persistent. The government has spent over £1bn trying to tackle the problem since Labour came to power in 1997 but truanting levels have not fallen. Persistent truants represent 2% of the total school population of the UK. These children each miss five weeks or more in an academic year through unauthorised absences.

After building a model to estimate the costs of truancy, we look at the possibility of avoiding these costs by funding a charity tackling the social and emotional problems that lead to truancy.

1. The cost to the education system

Each local education authority has an education welfare service that pursues persistent truants. Referral to the education welfare service is recommended when ‘a pattern of irregular attendance is either continuing or worsening.’

1.1 Educational welfare services in England cost £108m in 2002/03 [16]. Given that 2% of pupils—about 165,000 out of 8.3 million [15]—are persistent truants [20], we take the cost per truant to be £706 per person per annum in 2005 prices.

1.2 We assume that the cost to the education welfare system is only felt over two years when the child is 11 and 12. This comes to a total of £1,200 in 2005 prices.

It is hard to isolate further costs to the education system, eg, the cost of truancy initiatives, hence we leave them out of our estimate.

2. The impact on earnings

As with exclusion, truancy leads to lower qualifications and, as a result, to lower earnings and higher unemployment. When persistent truants return to school, they will have fallen behind their peers. As a result they are likely to have low self-esteem and low confidence. Truancy can become a self-perpetuating cycle; attending school becomes an even less appealing prospect for a child struggling to catch up. Poor qualifications and reduced employment prospects are therefore inevitable.

Table 4: Qualifications achieved by persistent truants [3, 4]

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Percentage achieved (Persistent truants)</th>
<th>Percentage achieved (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td>Other form of higher education</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>A-Level or equivalent</td>
<td>Not available</td>
<td>22%</td>
</tr>
<tr>
<td>GCSE grades A-C or equivalent</td>
<td>28%</td>
<td>33%</td>
</tr>
<tr>
<td>Other qualifications</td>
<td>37%</td>
<td>18%</td>
</tr>
<tr>
<td>No qualifications</td>
<td>25%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Box 2: The burden on the taxpayer

As with exclusions, some of the lost earnings are income tax payments and NI contributions lost to the taxpayer. Calculating these as before, this comes to £11,113.

Adding in higher unemployment benefits totalling £518, a total of approximately £11,631 is lost to the taxpayer in today’s money.
The impact of truancy on qualifications, and therefore on earnings, is higher than for excluded children. This is because the majority of those who are excluded receive alternative provision and therefore are better educated than those who are absent from school and disengaged with education.

2.1 To estimate the impact on earnings, we follow the same steps as for exclusion, this time using the separate figures available for truancy. Table 4 shows the final qualifications achieved by truanting children.

Almost 60% of children who persistently truant fail to get any A-C grade GCSEs. One child in four who truants gets no qualifications at all. Returning to Labour Force Survey figures, we can calculate that earnings are on average 13% lower for truants, with a peak absolute difference of £894 at age 31 (see Figure 3).

2.2 The combined effect of lower qualifications leading to lower pay and higher unemployment means that there is a predicted gap in earning of £33,694 over a lifetime.

3. The cost to the NHS
Persistent truants, like children excluded from school, experience poorer health in later life than other children.

Again we used the BMJ study [10] as a source for health costs, this time taking children with conduct problems only as our proxy for truants (see Appendix 1: Proxies for more details).

As we saw in the previous section, figures from the BMJ study cover the period up to age 28 only [10]. We have no data on additional health costs beyond this age and no reasonable basis on which to extrapolate. As before, we make the conservative assumption that there are no extra health-related costs beyond the age of 28.

3.1 From the BMJ Study [10], the estimated extra lifetime cost to the health service of a truant is just £832 in today's prices. As with exclusion, these costs include hospital inpatient and outpatient costs, psychiatric costs and costs arising from abortions or miscarriages.

This figure is very conservative. Persistent truants are more likely to smoke, drink, take drugs and be sexually active [17, 13]. Twenty-three per cent of truants surveyed in a recent study on pupil drug misuse in Edinburgh secondary schools reported weekly alcohol consumption. This was compared to 7% of non-truants in the same survey. Twenty per cent of truants smoked whereas only 3% of non-truants were smokers [13].

This behaviour has obvious health risks in the long term; however the data to quantify the extra risk for truanting children is not available. As a result the associated costs to the health service are not included.

4. The cost of higher crime
Truants are both more likely to commit crime and to become the victims of crime.

Being in school reduces the opportunities for criminal behaviour. Non-attendance at school, through exclusion or truancy, increases the likelihood of getting poor qualifications and becoming unemployed, both well known predictors of crime.

Sixty-five per cent of teenagers who truant once a week or more self-report committing offences, compared to 30% of their peers [14].

4.1 Our model uses the lower figure of 31% from the BMJ study [10]. Taking the costs of the group with conduct problems as a proxy for truants (see Appendix 1), we estimate that the lifetime extra cost of crime committed by a truanting child is £6,776.

5. The cost to social services
5.1 Again we take the cost of residential and foster care from the BMJ study [10]. As for health and crime costs, we take the group with conduct problems as a proxy for truants. This totalled an extra £1,967 between the ages of 10 and 16 in 2005 prices.
The total cost of a persistent truant

The total cost of a persistent truant, including all the items mentioned, is £44,468. Table 5 shows the breakdown into the five component parts. Just over half the total costs are felt by the individual in lower earnings; the remainder are borne by the taxpayer.

Compared with the cost of exclusion, truancy is less expensive. Four of the five components —crime, health and social services—are higher for an exclusion. The lower qualifications gained by a truant, however, reduce both earnings and taxes below those for an adult who was excluded from school.

For the 198,000 persistent truants in the UK, the aggregate cost is £8.8bn. If we assume that truancy is evenly spread over the 11 years a child spends at school, this cost equates to £800m per annum.

Table 5: The cost of a persistent truant*

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>£1,200</td>
</tr>
<tr>
<td>Lost earnings</td>
<td>£33,694</td>
</tr>
<tr>
<td>Health</td>
<td>£832</td>
</tr>
<tr>
<td>Crime</td>
<td>£6,776</td>
</tr>
<tr>
<td>Social services</td>
<td>£1,967</td>
</tr>
<tr>
<td>Cost to individual</td>
<td>£22,562</td>
</tr>
<tr>
<td>Cost to society</td>
<td>£21,906</td>
</tr>
<tr>
<td><strong>Total cost of persistent truant</strong></td>
<td><strong>£44,468</strong></td>
</tr>
</tbody>
</table>

*All figures are in 2005 prices

Tackling truancy

Despite government spending of more than £1bn in the past nine years to tackle the problem, truancy remains a persistent problem and little progress has been made. As with exclusions, effective solutions to truancy require society to focus on the underlying behavioural problems of truanting children.

The Learning Challenge

Here we consider a small charity called The Learning Challenge based in North East England. Set up in 1995, the charity has worked in 75 schools across the region.

The Learning Challenge provides behaviour management advice and training and support to primary and secondary schools. Arts-based group therapy forms the core of the charity’s work. It works with school staff, facilitates group therapy sessions and tackles disaffected pupils.

Evidence

Measurement by The Learning Challenge of the outcomes of their work provides good data on the effect of their intervention on absence levels. Interventions last for one year. An evaluation showed that, over this period, 46% of children taking part in The Learning Challenge programme improved their attendance to above 90%, a higher rate than the school average. This compares to 18% of children before the intervention. If we define ‘success’ as curbing persistent truanting, this implies a success rate of 28 percentage points, or 34%.

As this is the only data we have on the effectiveness of The Learning Challenge’s model, we make the conservative assumption that just one in ten of those whose truanting is reduced are helped in the long term by The Learning Challenge. This reduces the success rate to 3.4%. Given the evidence of success, including increased attendance and fewer incidences of poor behaviour, this seems more than reasonable.

This modest success rate of only 3.4% of children successfully helped is similar to that for exclusions. One clear implication of this is that the problems addressed by charities such as The Learning Challenge are deep rooted and the likelihood that any particular intervention can solve these problems is low. Nevertheless, the returns from the work of these charities is so great that they outweigh the slim odds to produce a very high return.

Targeting

It is important to note that the work of The Learning Challenge starts once truants have identified themselves through their behaviour. This is in contrast to the work of School-Home Support in the model of exclusions where interventions were assumed to take place long before the event of exclusion. This allows The Learning Challenge to focus its efforts more precisely and accounts for the higher returns.

A unit cost for success

Dividing the cost of school projects run by The Learning Challenge by the number of children using these projects gives a unit cost of £120 per child.

Based on this unit cost and with a success rate of 3.4%, the cost per success is £3,529. This is a very modest figure compared with the cost of £44,468 for each truant, giving a saving of £40,939 per child stopped truanting.

This means that each £1 spent by the charity produces £11.60 in savings. Half of these savings accrue to the taxpayer, the other half to the individual.
Suppose all truants could be reached through interventions such as those used by The Learning Challenge then, using their success rates, 34% of persistent truants would start attending school (a total of 67,300 children). This would lead to a potential net saving of over £2.8bn or £250m per annum, if we assume that truancy is spread evenly over 11 school years. This is enough to pay for an extra teacher for every secondary school in the UK.  

Recently, government has been trumpeting truancy sweeps, with police picking up schoolchildren out of school. This does send the message that government is tough on truancy, but there is considerable scepticism about this approach. 

Truancy sweeps do not address the real reasons why children are absent from school. The Learning Challenge offers high returns on investment by tackling the original causes of truancy. More money needs to be spent addressing the underlying behavioural problems that push pupils to truant. Failing to do so imposes real costs on the individuals who miss out on the benefits of education—as well as passing costs on to the rest of society.
Conclusions

This paper shows the staggering cost to society of truanting and excluded children. These costs are all the more shocking when placed alongside the simple and effective solutions that charities can offer. The analytical approach presented here can and should be applied across the whole spectrum of social problems. This would allow more responsible allocation of resources by all types of funders.

High costs

As we have seen, there are more than 10,000 exclusions in the UK each year costing over £650m per annum. In addition, the 198,000 persistent truants in the UK will cost nearly £8.8bn. This translates into £790m per annum. Every time a child is excluded from school, the average cost to society is nearly £64,000. Similarly, each persistent truant costs almost £45,000.

This paper represents the first attempt to estimate the full lifetime costs of exclusions and truancy. The estimates here do not assume that all excluded children commit crime or that all truants end up with poor qualifications. One does not need to highlight extreme cases to demonstrate society’s failings. The aggregate costs represent a staggering waste of economic potential.

Included in our calculations are costs to the education system of excluding a child or pursuing a truant, the extra cost of providing education elsewhere and the impact of lower educational achievements on future earnings. In addition, we have included the higher costs of crime, higher health costs and finally the burden on social services.

We have taken a deliberately cautious approach to this data and, as a result, the estimates here represent minimum figures.

Charitable solutions

Distinctively, this study places the costs of these social problems alongside the work of successful charities.

The waste represented by truancy and exclusion is all the more shocking considering that cheap and cost-effective solutions exist. Charities that address the underlying causes of behavioural problems and tackle them through a mix of social work and therapy offer enormous returns.
This paper has described the work of two charities pursuing effective methods. In each case the returns from their work are high. Figure 4 summarises findings for both individual truants and excluded children.

For every £1 spent tackling exclusions, £1.24 is saved. The aggregate saving from stopping all preventable exclusions is enough to double the amount spent on books by UK secondary schools. For every £1 spent tackling truancy, over £11 are saved. This is an astronomic return. The aggregate saving from stopping all preventable truants is enough to employ an extra teacher in every secondary school in the UK.

The financial costs of truancy and exclusion go hand in hand with long-term social and emotional costs. Charities such as The Learning Challenge and School-Home Support help truants and excluded children out of consideration for the individual, not because of the financial return from so doing. Here the two are aligned. In emphasising the financial returns from a charity’s work, one does not devalue the human side.

NPC is currently researching the possibility of measuring the impact that charities have on well-being as well as the financial costs that they save. In the meantime the financial costs of a problem can be taken as a useful proxy for how serious this problem is for society.

In our model fewer than one in 40 future exclusions and one in 30 persistent truants can be prevented from among children identified at age six as having behavioural problems. These problems are entrenched and it is important to be realistic about our ability to solve these intractable issues. Our calculations are justified modest and yet still show widespread benefits.

A results library

There is a tendency in parts of the charitable sector to emphasise the complexity of problems rather than articulate solutions. We propose the creation of a ‘Results Library’ to counter this attitude and encourage more funders to support charities that have effective solutions.

This Results Library would include the costs of social problems such as truancy or exclusion as well as the costs of interventions to tackle these problems. Evidence and probabilities of success for these interventions would also be included. The library would be able to output the kind of calculations outlined in this paper.

Private and government funders alike are concerned with directing their money efficiently. A Results Library would make charities’ contributions to the broader well-being of society more tangible, presenting them in an accessible way. The end result of this would be more effective charities being funded with enormous savings being made in both financial and human costs.

The waste represented by truancy and exclusion is all the more shocking when cheap and cost-effective solutions exist.
Appendices

Appendix 1: Technical notes

Sourcing data

There are no comprehensive evaluations of individual charities that calculate the financial costs of truancy or exclusion. Because of this, the calculations in this paper draw on a number of different sources—charity accounts, evaluations of projects, academic research and government publications.

We must temper the conclusions to reflect the blend of imperfect data underlying the calculations. As a consequence, we are conservative in the way we use data. Each step is transparent and clear; data is publicly sourced and all calculations are available from NPC.

There is an unfortunate tendency in much of the charitable sector to reject ‘measurement’ of results because it is not possible to measure precisely. This leads to very little information being produced at all where perfectly acceptable, albeit imperfect, data and results could be achieved. The quest for the best becomes the enemy of the good. This paper starts from the opposite end of the spectrum.

We insist on the possibility of measuring and seek data to fulfil this goal. The results must be handled with care but they nevertheless yield powerful insights.

The ‘average’ child

An important part of an exercise like this is establishing a baseline. Calculations are made relative to an estimate for an ‘average’ child, whether in terms of earnings, crime or other indicator.

This study compares the life of this baseline ‘average’ child to that of the average truant or excluded child. Of course, within this population the costs and benefits will not be distributed evenly. It might be that one child incurs none of the costs we mention while another incurs all of them. The advantage of defining an average truant or excluded child is that we can take into account all this variation.

Cause and effect

The costs presented in this paper are the costs incurred by the average truanting or excluded child. These costs are not necessarily caused by the actions of truancy or exclusion themselves.

Many of the costs share a ‘common cause’ with truancy and exclusion, eg, poverty or poor educational attainment. Other costs are a direct result of the truancy or exclusion itself, eg, the cost of managing the exclusion process.

The cost of crime is particularly complex. One local authority found that 58% of excluded children over the age of 11 offended either shortly before or after the exclusion [11]. Compared to 25% of their peers. Offences after the exclusion increased by 50%. This suggests that exclusion is a cause of crime in itself but also that excluded children are more likely to be offenders in the first place.

Because this paper does not separate common cause costs from direct costs, it does not follow that schools should be prevented from excluding disruptive children. Indeed, keeping a disruptive child in the classroom also incurs costs as teachers spend more time on this child than on educating his or her classmates. Rather, we make a case for preventing the kind of behaviour that leads to truancy and exclusions in the first place.

The whole cost?

This paper considers only the financial costs of truanting and excluded children.

A truant also faces substantial social and emotional costs. A study on the relationship between truancy and outcomes in young adulthood showed that persistent truants were more susceptible to marital breakdown and psychological problems. Another study found that young adults who had persistently truanted were three times more likely to report depression than those who had attended school. These differences remained constant, even after controlling for poor educational attainment and social background.

We do not try to estimate the cost of exclusions or truancy in terms of ‘happiness’ or well-being. However, there is a clear correlation between financial costs and well-being. Each item of costs discussed represents a cost to well-being, whether this is through poor educational attainment, lower wages, higher unemployment, imprisonment or worse mental health.

Putting a value on these in terms of happiness is beyond the scope of this report but remains a very real aspiration. As the conclusion notes, NPC is working on a tool that charities can use to measure their impact on well-being.
Calculating over a lifetime

These figures take into account all present and future costs up to age 65 for a child who is aged six in 2005. We use 2005 as our baseline year for all calculations and each data point is converted into 2005 prices using the GDP deflator, which measures the price level for the economy as a whole.

All costs that fall in the future are discounted back to 2005 using a real interest rate of 3%. This is a standard approach. For example, the costs of healthcare over the 18 years from age 10 to 18 for an excluded child is £78 per year in 2005 prices. Instead of multiplying the £78 by 18 to get £1,404 for the total cost, the £78 is discounted by 3% for every year beyond 2005. So the healthcare cost in 2009—when the child is aged 10—is £69, which reduces to £67 in 2010 and so on. This discounting reflects the fact that we value things less the further into the future they are likely to occur. Using a different discount rate will alter the quantitative conclusions of the report. However, it will not affect our overall conclusions.

Truancy and exclusion?

The costs of truanting and excluded children are presented separately. However, some persistent truants end up being excluded. There is an overlap between the two groups of schoolchildren considered here. Unfortunately the degree of overlap is unknown. However, the fact that some children sit in both categories means that one cannot simply add up the costs of the two problems to get an aggregate.

Proxies

We always try to use the most appropriate data available. However, we sometimes have to use proxies for the true variables of interest. For example, the BMJ Study [10] on the costs of children with conduct problems and conduct disorders is heavily drawn upon as a proxy for the criminal, health and social services costs of truanting and excluded children.

This BMJ study looks at the impact of conduct problems and disorders on children from the age of ten in 1970 through to age 28 in 1988. It tracks the various costs to public services incurred by these children over the 18 years. The study groups children into three categories: one with conduct disorders, one with milder conduct problems and one with no such problems.

All children permanently excluded during the study fall into either the conduct disorder or conduct problems categories. The percentages of children permanently excluded in these groups were 5% and 6% respectively. These figures are way above that for the school population as a whole, which according to DfES data is 0.19% [9].

Hence we assume that such children share characteristics with those identified by psychiatrists as having conduct problems or disorders and that their experiences mimic each other. We use the costs of these children as a proxy for the costs of excluded children.

Anecdotal evidence suggests that truanting is typically associated with less aggressive behaviour than exclusions. Faced with the choice of ‘fight or flight’, truants choose flight. As a proxy for this less serious behaviour, we assume that truants have conduct problems but not conduct disorders. The material impact of this assumption is to bias down our estimates of the costs of truancy.
# Appendix 2: Sources for calculations

<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parsons, C. (1999) <em>Education, Exclusion and Citizenship</em>. Routledge, New York, p.94, table 6.2.</td>
<td>Sociological analysis of the causes and effects of exclusion in the UK, including a chapter on the economics of exclusion. Estimates on the national costs of exclusion are based upon a 1994/1995 study of six local education authorities—two from London, two metropolitan and two county authorities. Costs for financial year 1998/1999. In 1994/1995, the estimated costs brought on the education system by excluding children were estimated to be around £720 per excluded student. Administrative costs are arrived at by deducting home tuition and Pupil Referral Unit (PRU) costs from total education costs—in order to arrive at total costs to the formal/mainstream education system (£784,906)—divided by the total number of exclusions (1,092). Table 6.6 gives us the mean per child per annum cost that an excluded child brings on the social services system: £1,128 (1999 prices). We settle for a more conservative figure of £991, estimated in another study. See [13].</td>
</tr>
<tr>
<td>2</td>
<td>Daniels et al. (March 2003) <em>Study of Young People Permanently Excluded From School</em>. DfES, p.72, table 6.1.</td>
<td>Report from a study that tracked the careers of 193 young people (aged 13–16) for two years following their permanent exclusion from school. A representative sample was chosen from ten LEAs. First destinations for young people post-exclusion PRU – 55.9% New mainstream school – 14.5% FE college – 6.7% No education – 6.2% Tuition at home/community base – 4.7% Other – 2.6% Work-based learning/training – 2.1% Youth Offending Institute – 2.1% Home education – 1.6% Special school – 1.6% Destination not known – 3.1% Figures were adapted and rounded off. ‘Destination not known’ is excluded; ‘tuition at home/community base’ is subsumed into ‘home education’.</td>
</tr>
<tr>
<td>3</td>
<td>DfES (2003) <em>Youth Cohort Study: The Activities and Experiences of 16 Year Olds: England and Wales 2002</em>.</td>
<td>A report of the findings of surveys conducted as part of the Youth Cohort Study, from the DfES. Figures for final qualifications achieved by excluded and truanting children are attained via data from both reports. The 2002 survey of 16 year olds, Table B, gives the figures for academic attainment in Year 11 of children excluded from school in years 10 or 11, and children not excluded:</td>
</tr>
</tbody>
</table>
### Reference

<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
<th>Data</th>
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</thead>
<tbody>
<tr>
<td>4 DfES (2001) Youth Cohort Study: The Activities and Experiences of 21 Year Olds: England and Wales 2000.</td>
<td>A report of the findings of surveys conducted as part of the Youth Cohort Study, from the DfES.</td>
<td>Following figures came from Table A in the 2000 survey of 21 year olds – year 11 qualifications achieved by students who, at age 21, are in higher education, or out of work:</td>
</tr>
<tr>
<td></td>
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<td>Higher ed.</td>
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<td></td>
<td>5+ GCSE A-C:</td>
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<td>8+ A-C:</td>
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<td>1-4 GCSE, A-C:</td>
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<td>5+ GCSE, D-G:</td>
<td>4%</td>
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<td>1-4 GCSE, D-G/none:</td>
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<td>Final figures – qualifications achieved, at 21, by excluded children:</td>
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<td></td>
<td>Degree or equivalent:</td>
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<td></td>
<td>GCSE grades A-C or equiv.:</td>
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</tr>
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<td></td>
<td>Degree or equivalent:</td>
<td>6.3%</td>
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<td></td>
<td>Higher education:</td>
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<tr>
<td></td>
<td>A-Level or equivalent:</td>
<td>N/A</td>
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<td></td>
<td>GCSE grades A-C or equiv.:</td>
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<td>Other qualifications:</td>
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<td></td>
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<td></td>
<td>Qualifications achieved, at 21, by all children:</td>
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<td></td>
<td>Degree or equivalent:</td>
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</tr>
<tr>
<td></td>
<td>Higher education:</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>A-Level or equivalent:</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>GCSE grades A-C or equiv.:</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Other qualifications:</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>No qualifications:</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Income data from Prospects, Graduate and non-graduate earnings from the Labour Force Survey (Spring 2003), http://www.prospects.ac.uk/cms/ShowPage/Home_page/Labour_market_information/Graduate_Market_Trends/Graduate_and_non_graduate_earnings_from_the_Labour_Force_Survey_Spring_03_/pleLdbF#19848 (accessed on 18 February 2007). | Survey of weekly earnings of full-time employees. 17,337,000 subjects were involved (11,104,000 males, 6,233,000 females), aged between 21 and 60. | Table 1: Weekly earnings of full-time employees by highest educational qualification and age (£): |
<p>| | | Highest qualification | 21-25 | 26-30 | 31-35 | 36-40 | 41-45 | 46-50 | 51-55 | 56-60 | All ages (21-60) |
| | | Degree or equivalent | 357 | 501 | 634 | 702 | 718 | 694 | 696 | 720 | 605 |
| | | Higher education | 314 | 406 | 468 | 492 | 505 | 508 | 510 | 463 | 466 |
| | | GCE A-level or equivalent | 284 | 359 | 428 | 454 | 457 | 448 | 423 | 395 | 405 |
| | | GCSE A-C or equivalent | 257 | 331 | 379 | 369 | 380 | 386 | 378 | 416 | 355 |
| | | Other qualifications | 266 | 349 | 376 | 395 | 369 | 356 | 323 | 323 | 352 |
| | | No qualification | 229 | 277 | 302 | 307 | 285 | 292 | 290 | 292 | 289 |
| | | All qualifications | 295 | 399 | 457 | 477 | 485 | 465 | 441 | 416 | 431 |</p>
<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>DfES (2003) Youth Cohort Study: the activities and experiences of 19 year olds in England and Wales 2003.</td>
<td>‘TABLE A: 19 year olds in 2003: Main activity by characteristics’ gives the following figures for the percentage of excluded/not excluded children who, at age 19, are out of work: Excluded in year 10/11: 12% Not excluded: 5%</td>
</tr>
<tr>
<td>8</td>
<td>National Statistics, ‘Drug Use: Girls aged 11-15 more likely to smoke,’ <a href="http://www.statistics.gov.uk/CCI/nugget.asp?ID=719&amp;Pos=6&amp;ColRank=2&amp;Ran">http://www.statistics.gov.uk/CCI/nugget.asp?ID=719&amp;Pos=6&amp;ColRank=2&amp;Ran</a> k=480, (accessed on 28 February 2007).</td>
<td>‘The prevalence of drug-use was higher among boys than girls. In 2000, 15 per cent of boys aged 11 to 15 years used drugs in the last year compared with 13 per cent of girls, and 31 per cent of males aged 16 to 19 years used drugs in the last year compared with 24 per cent of females in the same age group.’ The 15% figure for the 11–15 age group is used in the paper because it is within this group that the vast majority (about 85%) of permanent exclusions take place.</td>
</tr>
</tbody>
</table>

### Table 11: Number and percentage of permanent and fixed period exclusions by reason of exclusion

<table>
<thead>
<tr>
<th>Exclusion Reason</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>2,890</td>
<td>31%</td>
</tr>
<tr>
<td>Total</td>
<td>9,400</td>
<td></td>
</tr>
<tr>
<td>Fixed period</td>
<td>103,650</td>
<td>27%</td>
</tr>
<tr>
<td>Total fixed</td>
<td>389,560</td>
<td></td>
</tr>
</tbody>
</table>

### Table 4: Number of permanent and fixed period exclusions by age and gender

<table>
<thead>
<tr>
<th>Age</th>
<th>Permanent</th>
<th>Fixed period</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-15</td>
<td>31%</td>
<td>27%</td>
</tr>
<tr>
<td>16-19</td>
<td>32%</td>
<td>28%</td>
</tr>
<tr>
<td>19-24</td>
<td>33%</td>
<td>30%</td>
</tr>
</tbody>
</table>

### Table 20: Total removed from register by local authority 1999/00 to 2005/06

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>271</td>
</tr>
<tr>
<td>2005/06</td>
<td>465</td>
</tr>
</tbody>
</table>


### Reference

<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Scott, S. and Knapp, M. (2001) <em>Financial cost of social exclusion: follow up study of antisocial children into adulthood.</em> BMJ, vol. 323.</td>
<td>Compares cumulative costs to public services through to adulthood by individuals with three levels of antisocial behaviour in childhood – no problems, conduct problems, and conduct disorder. 142 individuals were divided into these three categories.</td>
</tr>
</tbody>
</table>

#### Rates of permanent exclusion

<table>
<thead>
<tr>
<th></th>
<th>Permanently excluded children/YP</th>
</tr>
</thead>
<tbody>
<tr>
<td>No problems (n=65):</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Conduct problems (n=61):</td>
<td>3 (5%)</td>
</tr>
<tr>
<td>Conduct disorder (n=16):</td>
<td>1 (6%)</td>
</tr>
</tbody>
</table>

It is on the basis of these figures that children with conduct problems and children with conduct disorders are used as proxies for excluded children when calculating the use of public services (health, criminal justice and social services systems) and the costs involved.

#### Cost on health system

**Table 3: Arithmetic mean of total costs of services** gives us figures for the total health costs (1998 prices) incurred by each individual throughout the 18 year duration of the study:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No problems:</td>
<td>£247</td>
</tr>
<tr>
<td>Conduct problems:</td>
<td>£1,237</td>
</tr>
<tr>
<td>Conduct disorder:</td>
<td>£2,178</td>
</tr>
</tbody>
</table>

The figure of £1,019 is obtained by inflating amounts to present day prices, and calculating the weighted average of the figures for children with conduct problems and conduct disorders. This figure is used to estimate the total lifetime costs brought on the health system by individuals excluded in their youth. The corresponding figure for individuals who truanted in their youth is £205, and uses only children with conduct problems as a proxy for calculating health system costs.

Five items of health costs are recorded: hospital inpatient costs as a child, psychiatric outpatient costs as a child, psychiatric outpatient costs as an adult, psychiatric inpatient costs as an adult, and the costs of abortion or miscarriage.

#### Cost on justice system and rates of criminality

<table>
<thead>
<tr>
<th></th>
<th>Convicted</th>
<th>In prison</th>
</tr>
</thead>
<tbody>
<tr>
<td>No problems:</td>
<td>12 (18%)</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>Conduct problems:</td>
<td>19 (31%)</td>
<td>3 (5%)</td>
</tr>
<tr>
<td>Conduct disorder:</td>
<td>9 (56%)</td>
<td>4 (25%)</td>
</tr>
</tbody>
</table>

Children with conduct problems and/or disorders are used as proxies to calculate the levels of criminality, and costs to the justice system, of excluded and truanting children. (The latter uses only children with conduct problems).

#### Cost on social services (foster & residential care)

**Table 2** gives us the figures for the number and percentage of children with conduct problems/disorders placed under foster or residential care during the period of the study:

<table>
<thead>
<tr>
<th></th>
<th>Foster</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>No problems</td>
<td>2 (3%)</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>Conduct problems</td>
<td>2 (3%)</td>
<td>4 (7%)</td>
</tr>
<tr>
<td>Conduct disorder:</td>
<td>0 (0%)</td>
<td>3 (19%)</td>
</tr>
</tbody>
</table>

For extra costs brought by the provision of foster and residential care for a child with conduct problems or disorders between the ages of 10 and 16, we refer to **Table 3**:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct problems:</td>
<td>£3,412</td>
</tr>
<tr>
<td>Conduct disorders:</td>
<td>£7,647</td>
</tr>
</tbody>
</table>

The figure of £501 is attained by inflating amounts to present day prices, calculating the weighted average of the figures for children with conduct problems and conduct disorders, and dividing by seven (for care between the years 10-16, inclusive). £501 per annum must then be discounted, starting with age ten in 2009 in our model. From this we get the total discounted cost of £2,856 (in 2005 prices).

MORI surveyed pupils aged 11–16 from mainstream schools. 4,715 students from 192 schools completed questionnaires. The survey also reached excluded pupils who were attending special projects instead of school. 687 more children aged 11-17, spread throughout 85 projects, participated in this way.

On p.15, the table ‘Profile of offenders – gender and age’ gives percentage figures for offenders according to gender, age (11–16) and young people (YP) excluded or non-excluded. See also 14.

<table>
<thead>
<tr>
<th>YP in school</th>
<th>YP excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>All YP:</td>
<td></td>
</tr>
<tr>
<td>Male:</td>
<td>31%</td>
</tr>
<tr>
<td>Female:</td>
<td>20%</td>
</tr>
<tr>
<td>Gender</td>
<td>65%</td>
</tr>
<tr>
<td>Age</td>
<td>48%</td>
</tr>
<tr>
<td>11:</td>
<td>14%</td>
</tr>
<tr>
<td>12:</td>
<td>17%</td>
</tr>
<tr>
<td>13:</td>
<td>28%</td>
</tr>
<tr>
<td>14:</td>
<td>36%</td>
</tr>
<tr>
<td>15–16:</td>
<td>50%</td>
</tr>
</tbody>
</table>


A report detailing statistics for prison population, rates of offending and reoffending, convictions and sentences. 61% of all prisoners discharged in the first two quarters of 2001 were reconvicted for a standard list offence within two years of their discharge.

Table 8.6: Prison population % by age (2004):

<table>
<thead>
<tr>
<th>Age</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>15–17</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>18–20</td>
<td>19%</td>
<td>10%</td>
</tr>
<tr>
<td>21–24</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>25–29</td>
<td>29%</td>
<td>19%</td>
</tr>
<tr>
<td>30–39</td>
<td>39%</td>
<td>30%</td>
</tr>
<tr>
<td>40–49</td>
<td>49%</td>
<td>14%</td>
</tr>
<tr>
<td>50–69</td>
<td>69%</td>
<td>5%</td>
</tr>
<tr>
<td>70 and over</td>
<td>82%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Figure 11.1: Two-year reconviction rates of prisoners discharged in 2001 by age and sex:

<table>
<thead>
<tr>
<th>Age</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 18</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>18–20</td>
<td>80%</td>
<td>70%</td>
</tr>
<tr>
<td>21–24</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>25–29</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>30–39</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>40–49</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>50–69</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>70 and over</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Males make up 93% of reconvictions, so all is heavily weighted in their direction.


Draws on findings of the Edinburgh Study of Youth Transitions and Crime (the Edinburgh Study), a longitudinal research programme exploring pathways into and out of offending for a cohort of around 4,300 young people who started secondary school in 1998. The methods of attaining data were:

• Self-report questionnaires (annual sweeps)
• Semi-structured interviews (40 undertaken in sweep 2): School, social work, children’s hearings records (annual sweeps)
• Teacher questionnaires (1999)
• Police juvenile liaison officer and Scottish criminal records (from 2002)
• Parent survey (2001)
• Geographic information system

Figures for various activities by truants and non-truants.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Truants</th>
<th>Non-truants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drug misuse</td>
<td>19%</td>
<td>3%</td>
</tr>
<tr>
<td>Sold drugs</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Alcohol use</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Smoking</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
<th>Primary years</th>
<th>First year</th>
<th>Second year</th>
<th>Third year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drug misuse</td>
<td>19%</td>
<td>3%</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>Sold drugs</td>
<td>2%</td>
<td>N/A</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Alcohol use</td>
<td>6%</td>
<td>3%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Smoking</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
<th>Primary years</th>
<th>First year</th>
<th>Second year</th>
<th>Third year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drug misuse</td>
<td>3%</td>
<td>3%</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>Sold drugs</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Alcohol use</td>
<td>0.8%</td>
<td>N/A</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Smoking</td>
<td>0.4%</td>
<td>3%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Reference</td>
<td>Description</td>
<td>Data</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
<td>------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Stevens, A. and Gladstone, B. (2000) Learning, not offending: effective interventions to tackle youth transition to crime in Europe. RPS Rainer, Westerham.</td>
<td>Analyses and compares the perceptions and rates of, and corresponding responses to, truancy and youth crime across three European countries (Finland, Germany and the UK). Comprises a review of the literature coming out of each country, and a collection of demonstrative case studies. Stevens &amp; Gladstone: ‘According to surveys of English young people, 65% of truants reported committing offences, compared with 30% of pupils who have not truanted, and a quarter of males and one in eight females who were excluded from school reported offending.’ These figures are close to those reported in the MORI Youth Survey 2004. See [11].</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 DfES (2005) Statistics of Education: Education and Training Statistics for the United Kingdom.</td>
<td>Integrated overview of the statistics for education and training in the UK. Includes data relating to expenditure, schools and school population, destinations of school leavers, and international comparisons. Table 5.1: Population at 1 January by age at the beginning of the academic year and gender, 2005: Number of children aged six at school in 2004/2005 is 716,600. Table 2.2: Full-time and part-time pupils by age, gender and school type, 2004/2005: Total number of pupils in the UK (ages two to 19 and over) is 9,894 million. Total number of pupils in England (ages two to 19 and over) is 8,275 million.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 National Audit Office (2005) Improving School Attendance in England.</td>
<td>Provides an analysis of school absence statistics for 2002/2003, an overview of the various causes of truancy, and in conclusion makes recommendations about reducing truancy. In addition to statistical data the report draws upon school visits, surveys of head teachers, local authority staff, school inspectors and policymakers. Page 17: ‘Local authorities and schools devote substantial resources to managing absence: local authorities’ education welfare services cost around £108m a year; all schools are likely to spend five to ten minutes of each school day taking registers; and, many schools employ attendance officers.’ Inflated to 2005 prices this is £117m.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Malcolm, H. et al (2003) Absence from school: A study of its causes and effects in seven LEAs. DfES Research Report No. 424.</td>
<td>A 12-month study of school absence, exploring the views of pupils, parents and teachers on the causes and effects of truancy. 662 primary school pupils and 373 parents completed questionnaires, while 143 education professionals, five police service representatives and 528 secondary school pupils were interviewed. The study was conducted across seven LEAs throughout England. Premature sexual activity among truants was mentioned by teachers in two out of the seven LEAs in which surveys were conducted (p.16). Many teachers throughout all LEAs surveyed identified the negative effects of persistent truancy on peer relationships (pp.13, 19, 65).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Scott, S. (2002), unpublished research conducted for the Home Office in 2002. Cited in Sutton, C. et al (2004), ‘Support from the Start’, DfES Research Report No. 524.</td>
<td>Home Office research into the continuity of antisocial behaviour from age five to 17. Fig 1.1: Continuity of anti-social behaviour from age 5-17. 15% of six year olds have oppositional behaviour problems. By the age of 14, just over half of these children (about 8% of all 14 year olds) continue to show antisocial behaviour.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
An analysis of the direct and indirect costs for a sample of ten families with a child with antisocial behaviour (conduct disorder). The ten children were aged four to ten years, had all received a diagnosis of conduct disorder, and did not have any clinical signs of generalised learning disability.

Table 3: Direct costs sets out the direct per child per annum costs brought on public/voluntary services by children with conduct/behavioural disorders. (1996/1997 price levels):

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHS</td>
<td>£2,469</td>
</tr>
<tr>
<td>Social services</td>
<td>£991</td>
</tr>
<tr>
<td>Education</td>
<td>£4,754</td>
</tr>
<tr>
<td>Voluntary sector</td>
<td>£56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£8,270</strong></td>
</tr>
</tbody>
</table>

Children with conduct/behavioural disorders are used as proxies for excluded children, when calculating the use of public services, and annual/lifetime costs of this.

Report of the findings of a survey conducted as part of the Youth Cohort Study, from the DfES.

Table I: Extent of truancy reported in Year 11: 1989-2004:

The percentage of students who persistently truant for weeks at a time in 2004 was 2%. This figure had not changed over the ten years prior to the writing of the report.

Recent figures suggest that this figure may, in fact, be much higher but it is not clear whether this is a sustained trend or an anomaly. To ensure that our estimate remains conservative we use the 2% figure. 2% of the 9.894 million schoolchildren in the UK is 198,000.
Acknowledgements

Several people helped in the production of this report. Most of these were involved with and acknowledged in NPC’s earlier report on truancy and exclusion, School’s out?. The Chief executives of the two charities used in this report, Jan Tallis of School-Home Support and Toby Quibell of The Learning Challenge, deserve thanks for providing information to help build the examples used here.

Fiona Halton and John Butterworth, both of Pilotlight, deserve particular thanks for their encouragement, support and patience throughout the project. Dan Ritman of Pilotlight helped coordinate comments and gave valuable input.

Within NPC, a number of staff helped. Most important were David Boyle who kicked off the project and, particularly, the dogged work of Rebecca Geary and Jonathan Finighan, two interns who took an earlier draft and bashed it into shape. Their hard work made this a real team effort.

Any errors are the authors’ own.
References


8. Personal communication with Relate, Relate: Savings to the Nation.


36. Personal communication with The Learning Challenge.


Other publications

Community
- A long way to go: Young refugees and asylum seekers in the UK (2007)
- inside and out: People in prison and life after release (2005)
- Side by side: Young people in divided communities (2004)
- Local action changing lives: Community organisations tackling poverty and social exclusion (2004)
- Charity begins at home: Domestic violence (2003)

Education
- Read on: Literacy skills of young people (2007)
- What next?: Careers education and guidance for young people (2005)
- School's out?: Truancy and exclusion (2005)

Health and disability
- Don't mind me: Adults with mental health problems (2006)
- Valuing short lives: Children with terminal conditions (2005)
- Ordinary lives: Disabled children and their families (2005)
- Caring about dying: Palliative care and support for the terminally ill (2004)

Cross-cutting research
- Striking a chord: Using music to change lives (2006)

Improving the voluntary sector
- Funding success: NPC’s approach to analysing charities (2005)
- Surer Funding: Improving government funding of the voluntary sector (2004, published by acevo)
- Full cost recovery: A guide and toolkit on cost allocation (2004 published by NPC and acevo)
- Just the ticket: Understanding charity fundraising events (2003)
- Funding our future II: A manual to understand and allocate costs (2002, published by acevo)

Forthcoming research
- Autism (2007)
- Child abuse (2007)
- Environment overview (2007)
- Out of school hours learning (2007)
- Violence against women (2007)
- Financial exclusion (2007)
- How to fund (2007)
- Advocacy and systemic change (2007-08)
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Using this research, we advise clients (including individuals, foundations and businesses) on issues such as:

- Where is my support most needed, and what results could it achieve?
- Which organisation could make the best use of my money?
- What is the best way to support these organisations?