

The Coalition's Social Policy Record

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Based on detailed papers covering policy, spending and outcomes across **nine** different areas of social policy.

All details at:

http://sticerd.lse.ac.uk/case/_new/research/Social_Policy_in_a_Cold_Climate.asp

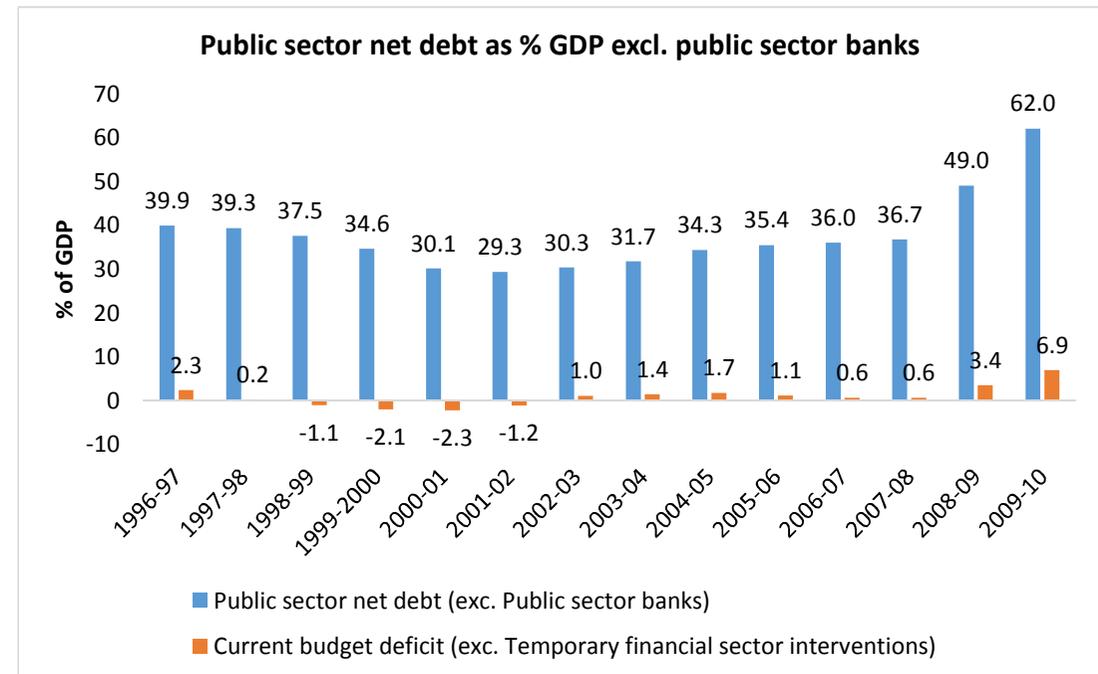


Aim and Scope

- **Aim:** to provide a thorough, balanced well-evidenced record of the period 2010-2015, to inform the debates leading up to the general election in May 2015
- **Scope:**
 - **Social** policies, not macro-economic or fiscal
 - **Policies** not politics
 - **UK policies** where not devolved, **England** where devolved
 - An **interim report?** Since many policies still not fully implemented nor data available
 - Focuses particularly on **poverty, inequality and distribution**
- **This presentation:**
 - A whistle-stop tour; a synthesis with selected examples. For the detail in specific policy areas, please visit the detailed papers (and stay for the workshops!).

The Coalition

- A government committed to **radical change**:
 - Conservatives out of office for 13 years
 - Lib-Dems: a rare chance to govern
- But faced with a very **unfavourable financial situation** in the wake of the global financial crisis.
- An accommodation, therefore,:
 - Between the agendas of two parties
 - Between financial management strategies and reforming intentions
- What was in the Coalition Agreement/*Programme for Government* often proved crucial, but other reforms also emerged later.



Source: IFS 2014

In its own words

- “the most urgent task facing this coalition is to **tackle our record debts**”
- “fairness is at the heart of those decisions so that **those most in need are most protected**”.
- deficit reduction “not what we came into politics to achieve”
- A broader vision: “**a Britain where social mobility is unlocked**, where everyone, regardless of background, has the chance to rise as high as their talents and ambition allow them”.
- ...to be achieved by “**sweeping reform of welfare, taxes, and most of all, our schools** – with a breaking open of the state monopoly and extra money following the poorest pupils”
- Core values: “**freedom, fairness and responsibility**”
- Overall intentions: “**radical reforming government, a stronger society, a smaller state and power and responsibility in the hands of every citizen**”

Source: The Coalition Agreement: Our Programme for Government (2010)

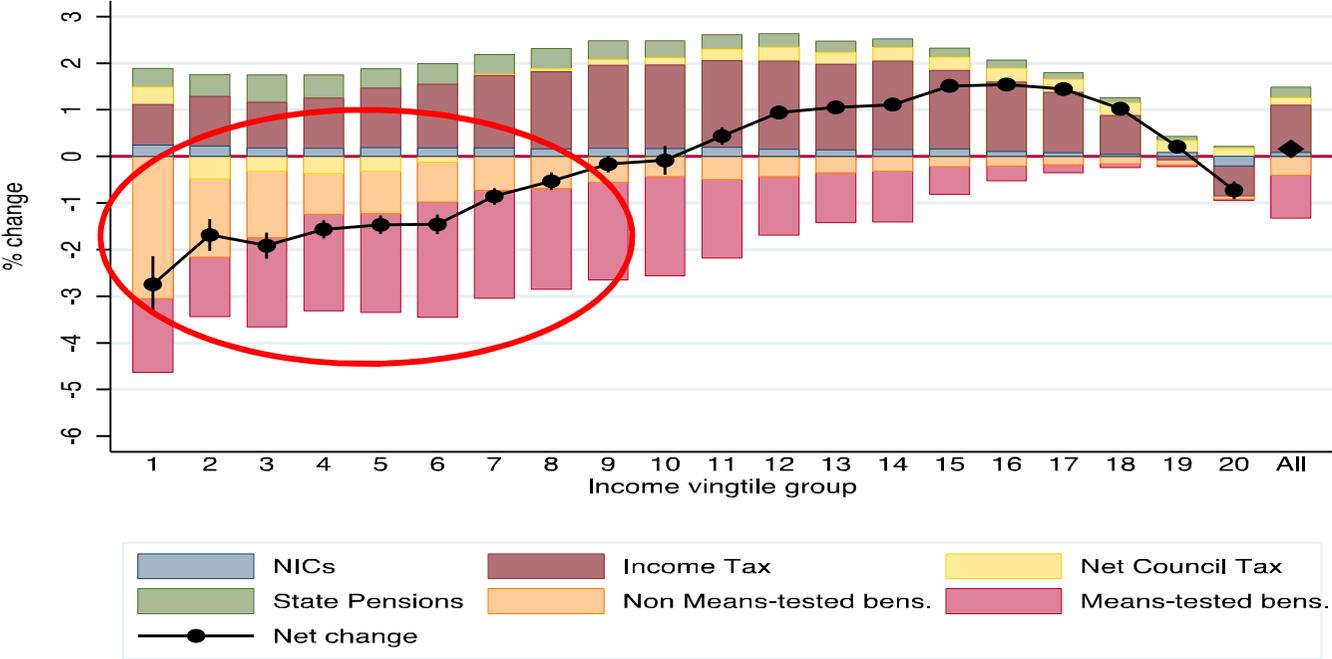
Reforming, and progressive (?), intents

Policy Area	Aims
Poverty and Inequality	Tackle the causes of poverty and make social justice a reality. Maintain goal of ending child poverty by 2020
Personal taxes, benefits and pensions	Simplify the benefit system in order to improve incentives to work. Provide security for retirement.
Health	Real annual increases in spending , end top-down reorganisation, enable GP commissioning
Adult Social Care	Establish basis for funding long-term care in the future. Improve integration of health and social care services.
The Under Fives	Increase social mobility through improving life chances in the "foundation years"
Schools	Tackle educational inequality to increase social mobility. Ensure high standards. Open up the school system to new providers.
Further and Higher Education	Support more apprenticeships. Improve vocational education. Reform FE and HE funding
Employment	Replace welfare to work programme: new mechanism for private providers ; greater conditionality for out of work benefit receipt
Housing	Increase available homes and help people to buy them, improve the rented sector, and provide housing support for older and vulnerable people.
Regeneration and Neighbourhood Renewal	No aims expressed

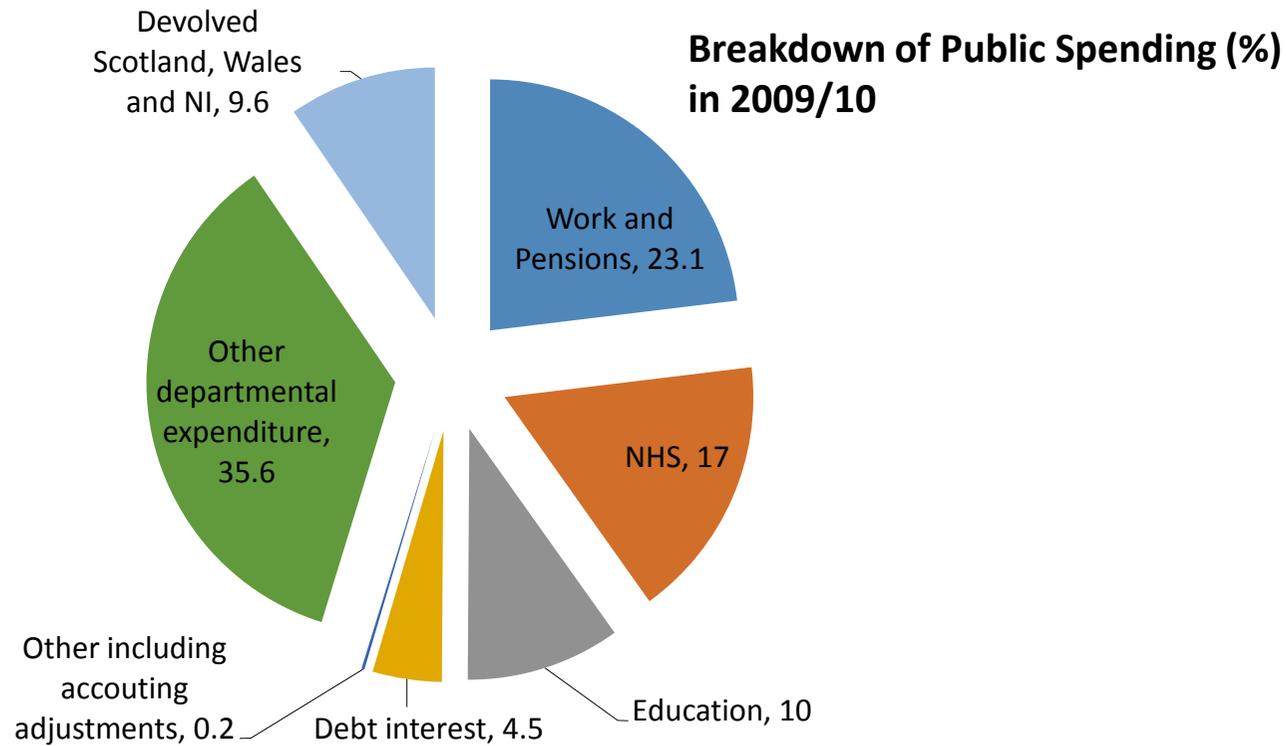
Key early decisions

- **Budget savings to come from public spending reductions** (77 per cent), rather than tax increases (23 per cent)
- And some **tax cuts**:
 - Rise in Income Tax personal allowance
 - From 2013/14 top tax rate reduced from 50 to 45 per cent
- **Pensions to be protected by 'triple lock'**:
(i.e. uprated by the higher of earnings growth, price inflation or 2.5 per cent)
- But from 2012/13 **other benefits to be uprated using the lower Consumer Prices Index**, and uprated by **only 1 per cent for three years** from April 2013. And numerous cuts and reforms to working-age benefits including housing benefit, disability benefits, tax credits, child benefit, income support, the social fund, council tax.
- **Some key services to be protected** from spending cuts :
 - Schools
 - The NHS

Consequence Number One: Direct tax-benefit changes hit poorer groups more, and made no contribution to deficit reduction



Consequence Number 2: The Scope for Big Savings was Limited



'Protected areas' have been substantially reformed

- Health:
 - New NHS board
 - Abolition of Strategic Health Authorities and Primary Care Trusts
 - Creation of GP-led Clinical Commissioning Groups
 - 'any qualified provider' rule to promote competitive tendering
 - Public health budget devolved to local authorities
- Schools
 - Major expansion of Academies programme. Introduction of Free Schools. Creates system of autonomous schools with accountability direct to Secretary of State
 - Curriculum and assessment reforms at all levels
 - New system of teacher training

While not being wholly protected relative to changes in need

Health: Increasing pressures on access and quality:

- Fall in proportion of patients seen within 18 weeks of GP referral
- Persistent failure to meet A&E waiting time targets
- Fall in proportion of cancer patients treated within 62 days of urgent GP referral
- Fall in public satisfaction with NHS from 70 per cent in 2010 to 60 per cent in 2013

Schools:

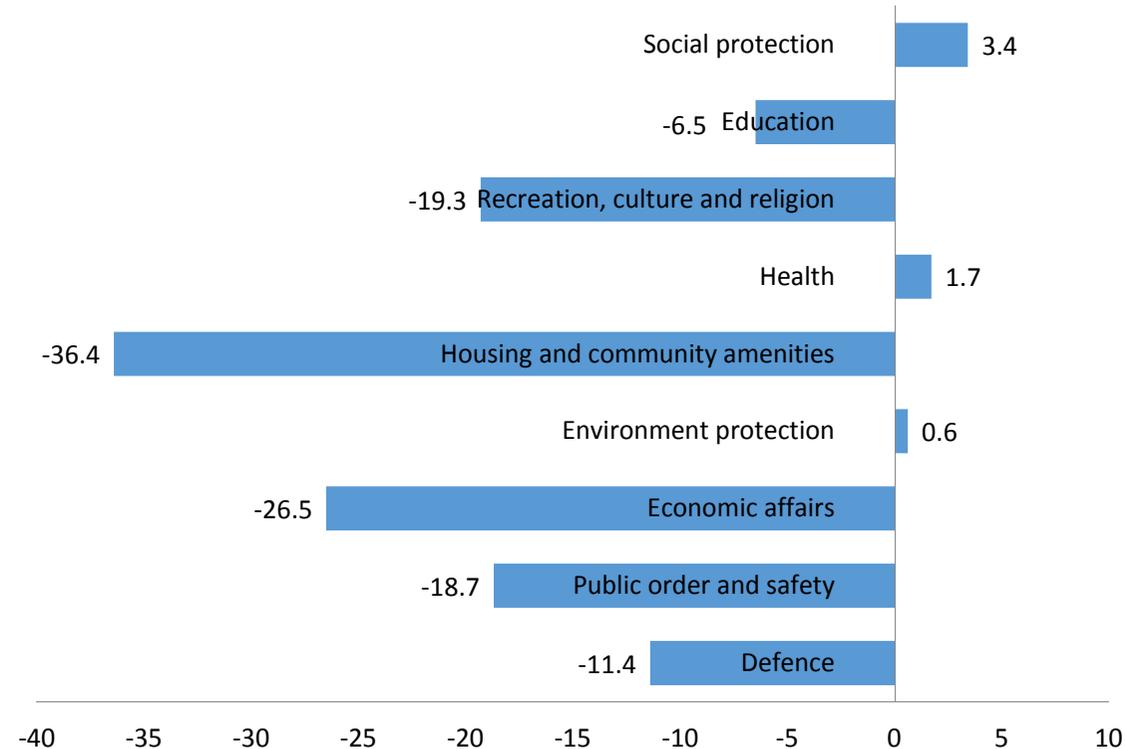
- **Resources hold up broadly in line with need, but..**
- Average class sizes in primary highest since 2000 (26.8)
- Slightly fewer lessons being taught by teachers with a relevant qualification
- Some concerns about teacher supply, due to recovering economy and lower numbers coming through new teacher training system

The axe fell on unprotected areas

Although overall public spending down only 3 per cent.....

- Local government in general - **down 33 per cent**
- Sure Start - **down 32 per cent**
- Adult skills - **down 26 per cent**
- Housing and community amenities – **down 36 per cent**

Percentage Change by Function 2009/10 to 2013/14



Services in these areas affected

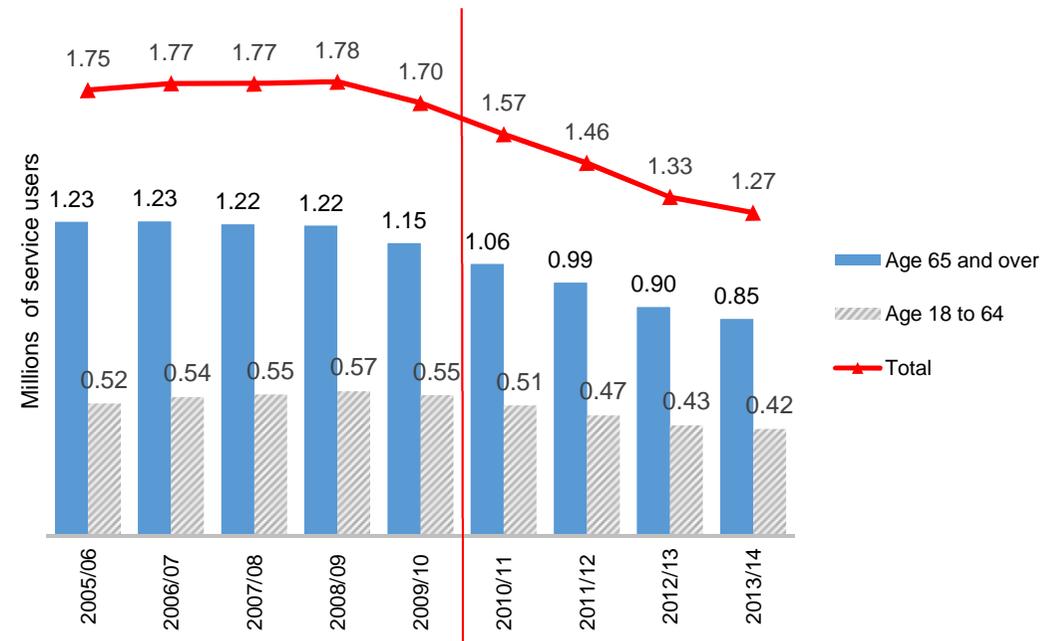
- **17 per cent cut** in number of Sure Start centres, although services holding up partly through greater targeting.
- **17 per cent fewer funder** adult learners.
- **27 per cent fewer homes** completed.
- **All major neighbourhood renewal** funds cut.

The axe fell on unprotected areas

Adult Social Care

- 25 per cent fewer people receiving adult social care services.

Falling number of people receiving community-based, residential or nursing care services through local authorities, by age group, 2005/6 to 2013/14, England



Different spending areas intertwined

- **Cuts to social care create risks for:**
 - A&E demand
 - Length of time before hospital discharge
 - Potential for raising minimum wage

- **Cuts to family income and early childhood services likely to create greater pressures and costs for services for older children**

The extent of these linkages and their effects will take time to become clear.

Meanwhile widespread reform as well:

- Reform of higher education finance and **FE funding system**
- Introduction of **Universal Credit**
- The Work Programme – **payment by results**
- Reform of **apprenticeships** and vocational qualification
- Tighter eligibility and greater **conditionality and sanctions** in many benefits
- New system for **funding long-term care**
- Major reforms to **planning system**
- Pension reforms for **state and private pensions**

Social Policy in a Cold Climate

KEY THEMES

More provision by non-state bodies

Localism

Redefinition of Terms for State Support



In summary

- Less austerity (and therefore less impact on the public finances) than its rhetoric suggested.
- Has not delivered on its promise to protect the poor.
- Has cut selectively in ways which do not overall promise greater social mobility, and may in some cases prove false economies.
- A very ambitious government in many respects:
 - major reforms to the structure of the welfare state that may well be its real legacy
 - Specific reforms in many service areas

Too early to give a definitive view of the results

Interim nature of this report:

- Most data only available until 2012 or 2012/13.
- Many changes and reforms had not been implemented or fully implemented by then.
- And in many cases there is a time lag between a policy change and a change in outcome.

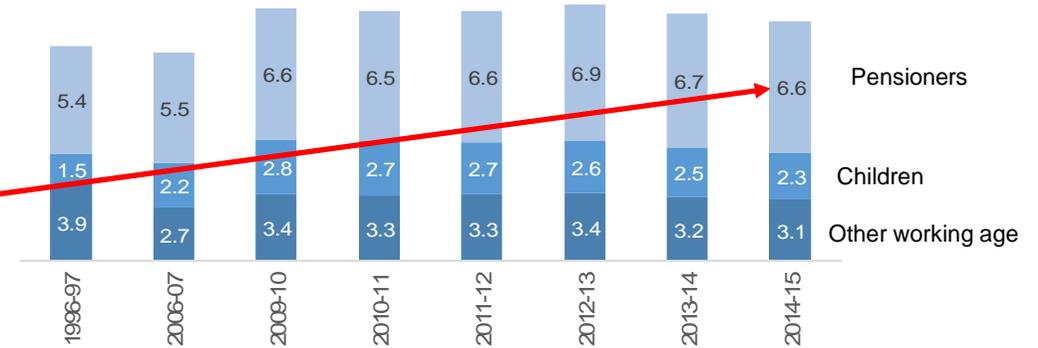
Some results can be observed where:

- There is a quick and straightforward relationship between policy and outcomes (e.g. cash transfers)
- Administrative data rather than survey data are available

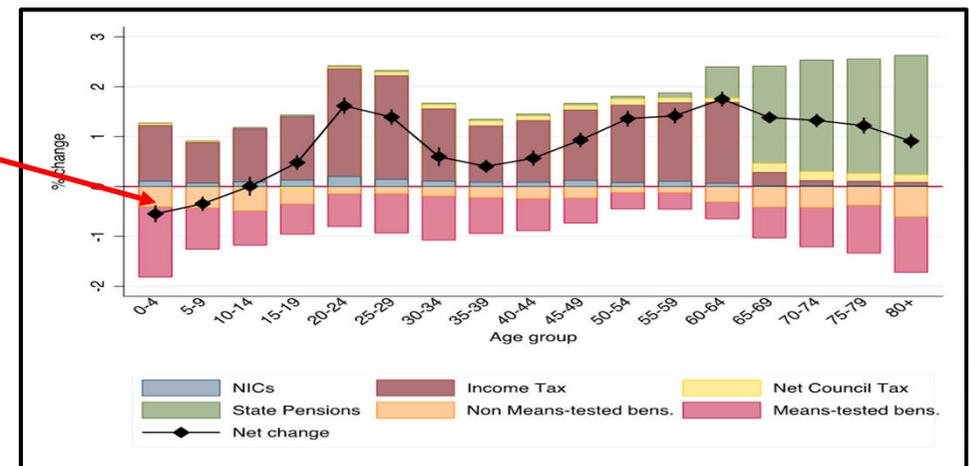
The effects have not been felt evenly

- Direct tax-benefit reforms have hit poorest groups hardest (as we saw earlier) **AND by age:**
- Spending **on pensioners** protected as share of GDP
- **Families with children** hit hardest by changes to benefits
- Although Pupil Premium does redistribute money to schools with poorer pupils

Spending on cash transfers as % GDP



Percentage change in household disposable income **by age group** due to policy change 2009/10 to 2014/15



Relative poverty fell initially but now increasing?

Institute for Fiscal Studies projections of poverty rates to 2020-21 (Before Housing Costs)

	Relative poverty rates (60% contemporary median)			Poverty rate against fixed real line (60% 2010 median income uprated with RPI)		
	Children	Working-age non-parents	Pensioners	Children	Working-age non-parents	Pensioners
Actual						
2009-10	19.9	14.7	17.6	18.0	13.7	15.8
2010-11	17.6	14.4	17.0	17.6	14.4	17.0
2011-12	17.6	14.8	15.9	19.8	16.0	17.5
2012-13	17.4	14.1	15.7	19.5	14.9	17.3
Projected						
2012-13	17.4	14.1	-	19.5	14.9	20
2014-15	20.3	15.3	-	23.2	16.7	23
2017-18	20.4	15.1	-	23.2	16.6	22
2020-21	20.9	15.8	-	24.5	17.3	24
Change 12-13 to 20-21¹	+3.5	+1.7	Na	+5.0	+2.4	+4

Some things show signs of improvement

- Continued increase in **university participation** and narrowing of socio-economic gap.
- Fall in the **NEET** rate for first time in a decade
- Employment and **unemployment rates**
- Positive trends in **social care outcomes for those receiving services**
- **GCSE** results (until 2013)

Others not

In addition to poverty trends:

- Rising number of **children needing protection**. Worse school outcomes for looked-after children.
- No narrowing of **socio-economic gaps in child development**.
- Fewer young people **gaining qualifications at 19** if they have not gained them at 16/17.
- **Homeless** acceptances up 26 per cent.
- Increasing **unmet care needs**.
- On most indicators, **gaps between poorer and richer neighbourhoods** rose in recession and (though falling). have not yet returned to pre-crisis levels.
- **Suicide** levels and **mental health** problems up after economic crisis.
- Part time and **mature participation at university** down 40 per cent.
- Falling **real wages**.

Major challenges remain

- Increasing demands and pressures on the **NHS and social care**.
- High and rising **child poverty**.
- Deeply entrenched socio-economic (and spatial) **inequalities in health, education**.
- The **structure of the labour market** (rising self employment and part-time employment and low wages).
- Lack of **progression routes** into work for young people not going to university.
- Insufficient **housing supply and unaffordability** (now with a weaker housing 'safety net').
- Insufficient high quality **childcare**.
- A **regionally** unbalanced economy.

And in the context of higher debt (80 per cent of GDP)

.....and high deficit (3.5 per cent of GDP)

There are key strategic choices to be made in 2015
and beyond.

These papers provide evidence to support the debates