

## **Social Policy in a Cold Climate**

**A research programme on recession, spending changes,  
policy reform and distribution in the UK, 2007-2014**

**Funded by the Joseph Rowntree Foundation, Nuffield Foundation and  
Trust for London**

**Summary of Proposed Work**

## Introduction

The research is designed to examine the effects of the major economic and political changes in the UK since 2007, with a particular focus on their potentially dramatic impacts on distribution, poverty, inequality and spatial differences. These changes include the onset and aftermath of recession, and policies and spending decisions in the last period of the Labour government 2007-2010 as well as under the Coalition government since May 2010. It will:

- i. Systematically document policy changes under Labour (2007-2010) and the Coalition (2010-2014) across a wide range of social policies, including analysis of local variation.
- ii. Analyse changes in public spending across these policy areas against a variety of benchmarks, and provide a systematic analysis of the nature of these changes and associated outputs.
- iii. Provide a thorough and authoritative analysis of the way outcomes are changing for and within different groups of people using traditional economic indicators (e.g. employment, earnings and incomes) and associated outcomes (e.g. qualifications, life expectancy, neighbourhood conditions).
- iv. Disaggregate these outcomes and changes by age, gender, ethnicity, country of birth where available, socio-economic group and type of area.
- v. Present new evidence on what has been happening to social mobility and, to the extent possible, the potential impacts of changes on inequalities in opportunities.
- vi. Untangle, where possible, the relative impacts of the economic situation, public spending cuts, policy change, and demographic/compositional change, using various analytical tools including long-run analysis of indicators and trends and modelling of alternative tax/benefit regimes.
- vii. Produce, wherever data permits, specific analysis for London across all of these aims.
- viii. Disseminate findings through books, refereed journal articles and also through a range of more accessible means to contribute to the knowledge base about the impact of these changes as they unfold.

## Background

The decade from 1997 was, in political and economic terms, very favourable to an egalitarian agenda. A government with clear majorities had explicit aspirations to create a more equal society, while economic growth lifted the financial circumstances of many households, as well as enabling increased investment in public services and transfers. Over this period, we and others documented and analysed changes in poverty and inequality (Hills, Sefton and Stewart 2009). We revealed a complex picture. In some respects, Britain had become a 'more equal society'. Child and pensioner poverty fell, educational inequalities were reduced, and the gaps in outcomes between richer and poorer areas narrowed. 'Final incomes' (including financial incomes and the benefits of public spending) became more equally distributed. Income inequalities and poverty rates were both substantially lower in 2006-07 than they would have been had the 1996/97 tax and benefit system simply rolled forward. However, poverty for working age adults without children increased, health inequalities widened, and income gaps between the very top and very bottom of the distribution got larger. There were clear breaks in policy, spending trends and trends in outcomes, before and after 2004. For example, spending on health, education and children slowed after 2004, and (apparently

successful) area-based programmes were discontinued. Child and pensioner poverty started to rise and, benchmarked against earnings (rather than prices), tax and benefit changes in the period 2004-2008 were actually mildly regressive. On the other hand, reductions in educational inequalities speeded up after 2004/05 for a variety of reasons including investment in primary education in the late 1990s and early 2000s.

In later analysis for the National Equality Panel (2010), we analysed where these changes left Britain in terms of different dimensions of inequality on the eve of the financial and economic crisis in 2007-08. We pointed, among other things, to links between economic inequalities at one moment and inequalities in opportunities and later life chances, to substantial differences between London and the rest of the UK, and to strong gradients in outcomes between less and more disadvantaged neighbourhoods.

Since 2007, the economy, social policy and the welfare state have undergone a series of shocks and changes that can be expected to have substantial impacts on the distribution of incomes and wealth and the nature, extent and distribution of state provision, including for the poorest. These include:

- The financial crash and recession.
- The step change upwards in public spending, both as a share of GDP and in real terms, that occurred following the crash in 2007 up to May 2010, followed by the deficit reduction programme of the Coalition government. The *net* effects of the post-2007 spending increases and the current cuts will be a substantial change not only in the size but also the shape of the welfare state – towards health care, pensions and school education, for instance, and away from social security for the working age population, housing and higher education (Hills, forthcoming).
- Major reforms in nearly all aspects of social policy, including working-age social security, pensions, the National Health Service, housing and education, under new ideologies of ‘fairness’, the ‘Big Society’ and diversity of provision. More will follow, including in social care following the conclusions of the Dilnot review.
- The Coalition’s particular focus on ‘localism’, with encouragement of local variation in policy and delivery, removal of central targets and accountability, and an explicit withdrawal from New Labour’s focus on reducing spatial inequalities.

There has also been a shift in the ideological ground in relation to measuring distributive effects, with the Coalition emphasising ‘equality of opportunity’ and ‘greater social mobility’ as being at the heart of ‘fairness’ (Clegg 2010; HM Government 2011), and a desire to move to wider measures of well-being (rather than simply economic indicators) as indicators of policy success or failure (Field 2010; Office for National Statistics 2010).

Research on the *potential* impacts of *specific* policy announcements is already beginning to emerge (e.g. Browne and Levell 2010; HM Treasury 2010, Appendix B; Fenton 2011; Horton and Reed 2010; Browne, Kenway and Phillips 2010). We believe, however, that at this time of profound and complex change, **a sustained and systematic programme of research** is required both to document and to analyse the combined effects of these changes on the distribution of outcomes, particularly on poverty, low-income areas, and life chances. To understand the overall effect of these multiple changes in different policy areas, a combined programme will be more productive than a set of isolated research projects. An independent approach is in any case vital, but the need

for the work is made all the more pressing by the substantial reductions in government research capacity and research funding and governmental withdrawal from monitoring of distributional outcomes. The New Labour government had already ceased to monitor its 'Opportunity for All' indicators, although targets remained in many policy areas. The Coalition has explicitly withdrawn from central targets and monitoring in favour of a localism agenda. These developments make independent research on these issues increasingly critical to the development of a sound knowledge base.

We are therefore bringing together a team of experienced researchers to work on a set of closely linked themes and analyses over the period from Autumn 2011 to the end of 2014, with individual outputs published regularly through the programme and final dissemination preceding the planned election in May 2015.

This research programme will produce vital documentation and independent analysis of the changes that are occurring, and ensure that decision-makers, opinion-formers and the public can be well-informed about their effects. It will provide an essential basis for the design of future public policy both nationally and locally: building on 'what works' (in relation to a range of potential goals) and supporting the development of sound policy alternatives. It may also serve to dispel some of the myths and misunderstandings around public policy that exist in the public arena, for instance where many people seem unaware of the reality of income and wealth distributions, the programmes that governments have initiated, or their results (e.g. Toynbee and Walker 2008; Kelly 2008). In academic terms, this will be an important comprehensive analysis of contemporary UK social policy and its distributional impacts. We will be analysing welfare spending in-depth, carrying out extensive disaggregation between groups, using time series and modelling methods to isolate policy impacts, analysing policy and spending spatially, and developing new typologies for analysis of area outcomes and trajectories. We expect the work to contribute to scholarly debate and to social policy teaching and research both in the UK and internationally.

## **Programme Overview**

The programme will consist of work on four inter-related analytical themes:

**Theme 1: Policy, spending and outputs.** This will focus on documenting and analysing policy and spending changes in four main policy areas: personal taxation and social security, early years, education, and health and social care. It will also assess policy 'outputs', reporting on changes in the indicators upon which policies are specifically intended to impact, and on levels of service provision. For example, the generosity of benefits and credits; which schools get more or less funding; what changes there are to levels of health and social care provision in relation to relevant populations.

**Theme 2: Distribution of outcomes.** Whereas Theme 1 assesses specific policies and their immediate outputs, work under this theme will examine changes in the overall distribution of economic outcomes such as incomes, employment, educational qualifications, wealth and life expectancy, resulting from the combination of economic and policy change. It will include more detailed analysis of these outcomes for different groups within the population (including analysis by gender, ethnicity, country of birth where available, age, disability status and social class). This will

extend many of the analyses produced by the National Equality Panel (which could use data only up to 2006-2008).

**Theme 3: Social mobility and life chances.** This will include new analysis of what has been happening to intergenerational income mobility using the British birth cohort studies, along with new work on access and opportunity in the foundation and school years, both central to the current policy focus on expanding ‘social mobility’.

**Theme 4: Spatial Variation.** Spatial disaggregation will run across the programme, including a specific focus on London, wherever data permits, and its position compared to the rest of the country. The work will consist of analysis of spatial variations in policy and spending (in effect tracing the delivery of the ‘localism’ agenda) and spatial disaggregation of outcomes (by country and region and with a specific focus on small area variation and trends).

**Figure 1: Overall Structure of Programme**

<p><b>Theme 1: Policy, spending and outputs</b></p> <ul style="list-style-type: none"> <li>• Tax and social security</li> <li>• Early years</li> <li>• Education</li> <li>• Health and social care</li> </ul>	<p><b>Theme 2: Distribution of outcomes</b></p> <ul style="list-style-type: none"> <li>• Overall distributions of economic outcomes</li> <li>• Disaggregation between groups</li> </ul>	<p><b>Theme 3: Social Mobility/Life Chances</b></p> <ul style="list-style-type: none"> <li>• Early years</li> <li>• School years</li> <li>• Intergenerational mobility</li> </ul>
<p><b>Theme 4: Spatial variations and position of London</b></p> <ul style="list-style-type: none"> <li>• Policy and spending</li> <li>• Outcomes</li> <li>• Life Chances</li> </ul>		

## Methods and Analysis

**Theme 1: Policy, spending and outputs** (led by John Hills and Kitty Stewart, with Tania Burchardt, Ruth Lupton, Holly Sutherland (University of Essex), and Polly Vizard)

This theme will address the questions: How has policy changed?; what changes have occurred in the scale and profile of public spending assessed in different ways?; and what specific impacts have these policy and spending changes had?

We will look at four broad areas:<sup>1</sup>

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<sup>1</sup> Given available resources, we do *not* propose to cover all aspects of social policy. For example, we have not included criminal justice policy, transport, migration or energy policy (although there may be scope for extending our current interest in fuel poverty). Aspects of some policy areas and selected outcomes (particularly housing and planning) will be included in coverage of local variation in Theme 4. Housing benefit changes will be covered in Theme 1.

- Personal taxation and social security, including pensions and employment policy
- Early years (including what is now called ‘the foundation years’)
- Education
- Health and social care

Within each, we will:

- Review policy changes and update time series data to extend the analysis covered in our earlier survey, *Towards a More Equal Society?: Poverty, inequality and policy since 1997* (Hills, Sefton and Stewart 2009), thus documenting the ‘policy legacy’ of the last government.
- Review policy reforms already introduced or announced by the Coalition government since May 2010, and continue monitoring until 2014.
- Conduct systematic analysis of public spending trends against the variety of benchmarks required to understand their costs and potential impacts (e.g. in real terms, in relation to public sector costs, in relation to GDP, in relation to sizes of target populations, etc). This analysis will cover spending since 2007, as well as that planned for the future, and will include longer term historical comparisons.<sup>2</sup>
- Analyse the direct results of different forms of public spending, both in terms of inputs into public services (relative generosity of particular benefits or pupil-teacher ratios, for instance) and immediate indicators of outputs (such as examination results). In this, it will be important to use measures which capture both previous priorities for the objectives of policy and those which could capture the new government’s objectives.
- Analyse changes in the relative roles of public, private and voluntary sectors within the overall total of activity in terms of provision as well as finance.<sup>3</sup> Changes in these boundaries have been very gradual over the last three decades (Hills, forthcoming) but many aspects of current policy rhetoric emphasise ambitions for much more radical change.

Additionally, we will conduct specific and more in-depth analyses within the different policy areas, which will include:

- **Modelling the distributional impact of tax-benefit policy changes** since 2007-08 and from 2010-11, using a range of counterfactuals for what would have constituted ‘unchanged policy’ before the change of government. Sefton, Hills and Sutherland (2009) illustrates this kind of approach. In this case we would use the UK element of the tax-benefit microsimulation model, EUROMOD, run by a team based at Essex University (this incorporates the analytical capacity previously provided by the earlier model, POLIMOD). We would also draw on, and compare results with, the results of modelling by other groups, including the government’s own analysis (as in HM Treasury 2010, Appendix B or the annual ONS analysis of the effects of taxes and spending), from the Institute for Fiscal Studies (of the kind presented in Browne and Levell 2010,

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<sup>2</sup> See Glennerster and Hills (1998) for analysis of the period up to 1997 including the kind of service by service analysis of public spending trends required to understand the course of public spending over the period. Data sources include the Treasury’s own PESA analysis, but also the very detailed data now available through the COINS database.

<sup>3</sup> In work already underway within CASE we are examining changes up to 2007-08 in the boundaries between public and private sectors in terms of the dimensions of finance, provision and control previously presented in Burchardt, Hills and Propper (1999) and in Hills (2004).

or Brewer et al 2010), or elsewhere (such as by Horton and Reed 2010, 2011). Different base-dates will be required to reflect varying views of whether the appropriate starting point was the system in place before the crisis, or that directly inherited by the new Government. Different assumptions will also be needed about what 'unchanged' policy would constitute.

- **Pensions:** Analysis of the long-run impacts of the reforms to state and private pensions being introduced under inherited legislation, but also from further reforms, including to state pension age, introduction of the National Employment Savings Trust, and proposed reforms to create a single tier state pension (Department for Work and Pensions 2011).
- **Early years:** Analysis of the impact of Coalition policy on provision of early years services including Sure Start, with a focus on changes in access in disadvantaged areas and by low-income families.
- **Education:** Analysis of the pre- and post-Coalition distribution of funding between different kinds of schools using a database of detailed school-level data on income and expenditure, matched to school and area characteristics and performance that we have built up in CASE.
- **Health and social care:** Analysis of pre- and post-Coalition Government health and social care policy and evaluation of outcomes achieved. Trends in access to health and social care services, and trends in key outcome variables such as life expectancy, infant mortality rates, healthy life expectancy, mental health status and self-reported health status, will be examined using a combination of administrative and survey data (including Health Surveys, Patients' Surveys, the Life Opportunities Survey, and Understanding Society).

Policy changes and spending cuts are being phased over the period 2007 to 2014, and different categories need to be distinguished: system change; shifts in responsibility from governmental to non-governmental organisations; cuts in future planned programmes; changes in indexation rules; and cuts in actual capital and revenue programmes. A key contribution of the work will be to assess policy change and spending cuts systematically using these different categories and time periods, thus illuminating similarities and differences across policy areas and demonstrating the overall impact on the shape of the welfare state.

## **Theme 2: Distribution of Outcomes** (led by John Hills and Polly Vizard, with Ruth Lupton)

While the work in Theme 1 concentrates on public policy change and direct outputs from that activity, this theme deals with the overall distribution of outcomes. It asks: How did the overall distribution of economic outcomes change in the periods 2007- 2010 and 2010-12?; which groups of people moved up and down the distribution?; did gaps between and within groups get smaller or larger, and in what ways?; and therefore, what can we infer about how the changes affected the circumstances of different kinds of people?

Our intention is to capitalise on the opportunity offered by the detailed distributional analysis done by the National Equality Panel. This provided data on differences between and within population groups just before the economic crisis (generally to the years 2006-2008, or 2007-08), enabling us to examine how outcomes have *changed* for different groups since then. Because data on outcomes for individuals come with a time lag, we have not yet seen the actual distributional effects of the recession nor of the policies followed in the last years of the previous government. Data on these will become available in the first part of the programme. By its end we will have data to report

on the situation after the initial phase of the current administration. A first wave of analysis will therefore examine changes to 2009-2010, and a second wave those to 2011-2012.

For the aggregate distribution of household income, analysis is, of course, available in the DWP's annual *Households Below Average Income* analysis, and the associated research of the Institute for Fiscal Studies (e.g. Joyce et al 2010, Jin et al 2011). We will draw on these - our intention is to place this work within a broader account. However, we will also widen the analysis in this area in two ways. First, at aggregate level, we will examine a wider range of economic outcomes. We will look at the changing distributions of: educational qualifications (using the National Pupil Database to look at Key Stage 4 and 5 outcomes); adult qualifications, employment, hourly wages and weekly earnings (all using Labour Force Survey data); net household incomes<sup>4</sup> (using the Family Resources Survey/HBAI dataset); and wealth (using data from at least the second wave of the Wealth and Assets survey, which will be available in the winter of 2011-12).<sup>5</sup> This sequential approach helps understanding of the *drivers* of changes in incomes.

Second, we will relate these distributions and changes in them to the positions of the population disaggregated by age, gender, ethnicity, country of birth where available, disability status, and occupational social class. We will also look at changes in particular outcomes by housing tenure.<sup>6</sup> As our earlier work showed, variations in outcomes *within* groups defined in these ways are often almost as great as within the population as a whole, and much greater than those *between* groups. We will investigate whether the same is true of *changes* over the periods we examine. We shall also look at the position of people defined by the intersection of different characteristics (for example, the impact of being older and disabled, or of ethnicity and gender). This issue will also be explored by including interaction variables in multivariate regression analysis, making best use of available data (for example, by pooling data where appropriate over three or more years in order to achieve adequate sample size for disaggregation by ethnicity and other characteristics).

**Theme 3: Social mobility and life chances** (led by John Hills with Jo Blanden from Surrey University, Ruth Lupton and Kitty Stewart)

Increasing 'social mobility' – as a marker for achieving 'equality of opportunity' – was one of the objectives of the last government (e.g. Cabinet Office 2009), and it has also emerged as a core aim of the Coalition government (HM Government 2011). Indeed, the Deputy Prime Minister has stated that, 'Social mobility is what characterises a fair society, rather than a particular level of income equality. Inequalities *become* injustices when they are fixed; passed on, generation to generation'

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<sup>4</sup> While, ideally, it would also be very informative to examine the distribution of individual incomes people receive in their own right, particularly in understanding some of the gender impacts of the changes, the work this would involve is beyond the scope of the current proposal.

<sup>5</sup> This will cover the period July 2008-June 2010, and so will allow assessment in particular of the extent to which the picture presented by the first wave of WAS was a product of the high level of house prices at the time. Current work within CASE for the Nuffield Foundation using data from the British Household Panel Study shows that virtually all of the change in wealth distribution between 1995 and 2005 as drawn from BHPS was a product of the house price boom. We would explore whether the expanded sample size of Understanding Society compared to BHPS would allow us to supplement the sources mentioned for other outcomes as well.

<sup>6</sup> Housing tenure is not an inherent characteristic of individuals, but policy – and current policy change – have impacts that vary greatly between those in different tenures, and it will be important to understand these.

(Clegg 2010, emphasis added). Work under this theme will examine: How has social mobility been changing in the more recent past than has been examined before?; and what is happening to leading indicators of how it may change in the future? We will conduct new quantitative analysis as well as drawing on other external research and our own findings elsewhere in the programme.

There is intense public and political interest in Britain in whether social mobility has been increasing or decreasing, and different measures suggest varying pictures (NEP 2010, section 11.1). Much cited previous work by Blanden et al (2004) on intergenerational income mobility was based on data from the BCS70 and NCDS birth cohort studies for children at age 33/30. Since incomes vary with the life course, a first important question under this theme is whether the findings change if measurement is at a different age (the issue of 'lifecycle bias'). We will use the data for ages 42/38 from new NCDS and BCS70 sweeps. The British Household Panel Survey (BHPS) has also been used to examine intergenerational mobility, and more waves are now available (including as part of Understanding Society). Using the detailed information about incomes over the life course, we can derive better estimates of individuals' 'permanent' income, and hence better estimates of mobility.

This analysis relates, however, to *past* intergenerational links – indeed the 1970 birth cohort was already aged 27 when the previous government came to office in 1997. A second question under this theme, therefore, is to ask how links between family background and childhood outcomes are evolving for today's children, as early indicators of what will build up to mobility or immobility for the next generation? The Millennium Cohort Study (MCS) allows us to update the picture about the process of social mobility. Differences in life chances are related to differences in ability (measured various ways). These differences are, in turn, related to parental resources and abilities. We will analyse the evolving relationship between the child's family background and their performance on ability tests. Feinstein (2003) suggested that, over time, able poor children lose ground relative to less able children from rich backgrounds. However, his data refer to the 1970s; we can update them to contemporary Britain. MCS data are available about test scores and teachers' reports on performance for children at ages 3, 5, and 7, (with age 11 data becoming available 2012/13). The detailed information on family background covers parental income, education, occupation and family composition. We will also take account of recent critiques of the Feinstein approach in terms of the extent to which they can be explained by the 'regression to the mean' that would be expected when early abilities are measured very imprecisely. Jerrim and Vignoles (2011) for instance, develop a regression-based approach that makes full use of the data available, rather than restricting the samples in a way that is vulnerable to these problems.

We are also interested in the contribution that current government policies are making to equality of opportunity and the possibility of social mobility. One key area of focus will be policy towards the early years, the importance of which is emphasised in the conclusions of the Field Review of Child Poverty and in the measurement approach of the 2011 Social Mobility White Paper. In Theme 1 we will have examined changes in the pattern of spending and service provision for the under 5s, focusing on coverage and access for children from disadvantaged areas and from lower socio-economic groups. Here, we will build on this work by analysing data from the Early Years Foundation Stage Profile. In the absence of a 2010 cohort study this is the closest we can get to assessing the early impact of Coalition policy on the life chances of the most recently born generation. For young people at later stages in the education system, we will focus on evidence of changes in the relationship between family background and outcomes and its direction of change, using our own analysis of school-level data under Theme 1, the National Pupil Database under

Theme 2, official sources and external research. In particular, we will examine whether some of the early indications of a *decreasing* link between family background and outcomes at 16 within the last decade (Lupton, Heath and Salter 2009) have been sustained. We will review and report on evidence of the effect of changes in the school system on access and social segregation.

**Theme 4: Spatial variations and the position of London** (Led by Ruth Lupton, with Alex Fenton, and Rebecca Tunstall of York University)

This theme will link to and build on all the others, particularly themes 1 and 2. Its core questions are: To what extent are policies formulated to create or allow spatial variations in outcomes, and how is this changing under the localism agenda?; how is the spatial distribution of public spending changing? To what extent are policies specifically designed to enable greater local variation having that effect, and with what distributional impact?; and overall, what changes are occurring in the spatial patterning and concentration of economic and social outcomes? Are gaps between areas getting wider or narrower and which kinds of neighbourhoods are declining or improving?

Building on Theme 1, we will add a spatial dimension to our analysis of policy and spending. This will involve:

- Mapping the architecture of decision-making and regulatory power (between countries, subnational, local authority and sub- local authority, and the arrangements within tiers) pre-2010 and under the Coalition. This will involve those service areas included in Theme 1 but also local government services such as housing, transport, parks and libraries. We will compare and contrast the extent of local variation, and the scope for variation in outcomes due to population composition effects and local economic dynamics.
- Analysis of local authority budget allocations, overall and between service areas, in 2007, 2010 and subsequent years by measures of deprivation (Indices of Multiple Deprivation) and area type (ONS Area Classification).
- Closer analysis of changes in provision, funding and outcomes in specific selected policy areas where 'localism' may have greatest effect. e.g. analysis of local authority level variation in provision of affordable housing, and spatial patterning of new school provision.

Such a systematic spatial analysis of policy and spending has not been done before. It will be vital in tracing changes under the localism agenda. By starting with a brief historical review and analysis of changes in the New Labour period we will provide a balanced view, recognising that policy is already localised in many respects. We will also build on our analysis of the effects of devolution under the last government (Burchardt and Holder 2009).

Building on Theme 2, we will extend our analysis of economic outcomes to include disaggregation by country and region, including within-London sub-regions, and by level of neighbourhood deprivation.<sup>7</sup> Regional analysis is possible within most of the key datasets<sup>8</sup>, although sample size

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<sup>7</sup> This part of the analysis is dependent on negotiating with ONS access to some form of identifier of the kind of neighbourhood sample members live in, but without breaching respondent confidentiality. For the NEP analysis, this was done by supplying a categorisation of postcodes into tenths of area by the Index of Multiple Deprivation, and then ONS providing a single number from one to ten for each record corresponding to this categorisation. We would hope to be able to repeat this kind of approach.

in some cases may demand the aggregation of data into super-regions to look at interactions between geography and other characteristics. There will be value, in any case, in examining a North/South/London division within England given long-standing interest in the 'North-South divide' (Dorling et al. 2008) and London's relationship to the rest of the UK (Massey 2007), and we will produce this analysis as standard.

We will also examine and monitor a wider range of neighbourhood-level outcomes. A key difference in the approaches of the previous and current governments is that New Labour explicitly set out to reduce gaps in neighbourhood outcomes, while the Coalition has withdrawn from central responsibility for (and monitoring of) this issue, and indeed supports some degree of local variation as a feature of local decision-making. We will monitor small-scale and local authority-level data (2001-2007, 2007-2010 and 2010-2014) on outcomes such as benefit claims, unemployment, educational attainment, house prices and homelessness and conduct time-series and cluster analysis to identify types of neighbourhood with distinct trajectories (for example static unemployment and rising incapacity benefit claims). We will also conduct new analysis of survey data (for example from the MCS, Understanding Society, and the English Housing Survey) to assess neighbourhood satisfaction. Our work will add significantly to existing approaches by using a variety of scales and neighbourhood typologies (including those based on Census data, such as the Output Area Classification), on wider measures of housing and labour market position (see Lupton, Fenton, Tunstall and Harris 2011), and on prior trajectories. Building on our previous work—which plotted neighbourhood unemployment trajectories back to 1984 (Tunstall and Fenton 2009) and followed a sample of the poorest neighbourhoods in 1991 to 2001 (Lupton 2003)—we will address the question of whether 'improvers' and 'decliners' at earlier time periods have continued to improve or decline under successive policy regimes.

Finally under this theme we will use a wider range of data sources and time periods both to more accurately describe what has been happening and to reach a more sophisticated understanding than has previously been available of what drives neighbourhood change. This will include:

- Comparison of 2001 and 2011 Census data on indicators such as unemployment rates, education levels, and no-earner households. These indicators closely resemble those from administrative data (listed above) and will allow us to discern whether spatial trends appear to differ 2001-11 (mainly under Labour) and 2011-2013/14.
- Analysis of neighbourhood trends for smaller time periods between 2001 and 2011 to determine what changed when. For example, we can look at ONS small area population estimates between 2001-2007, 2007-2010 and 2010-11 to understand neighbourhood trends in overall population and working age population. We can analyse changes in IMD scores for 2004, 2007 and 2010 (and later if this data series is maintained with a consistent methodology) to determine trends in neighbourhood outcomes in a variety of domains. We can examine changes in labour market conditions at sub-regional level. Such analysis should illuminate the contribution of economic and demographic change.

For descriptive purposes, we will use the same place typologies as adopted above. The analyses will also generate some new dynamic variables (for example population change at earlier time

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<sup>8</sup> Including the HBAI dataset, Labour Force Survey and Family Resources Survey, and under special license from the Life Opportunities Survey.

periods, economic change in the wider sub-region), which we will incorporate along with data on neighbourhood characteristics and composition to identify which factors best predict changes in key neighbourhood outcomes. The multiplicity of neighbourhood variation, some of it unobservable in large data sets, makes it impossible to firmly establish cause and effect in neighbourhood-level analysis, and to identify clear-cut policy effects. However this kind of analysis (see Lupton, Fenton, Tunstall and Harris 2011) can indicate whether changes in outcomes between neighbourhoods are being primarily driven, for example, by the spatial patterning of recession and recovery, or whether there are new patterns emerging which are not explained by economic or demographic factors and may be linked to policy.

## **Timetable**

The programme will have three (overlapping) phases:

**Phase 1 (Autumn 2011- end 2012/early 2013)** (involving work on Themes 1, 2 and 4):

- Description of policy and spending 2007-2010 under New Labour
- Updating of outcome indicators in specific policy areas 2007- 2010
- Description and analysis of policy change 2010-2012
- Updating of overall distributions and disaggregation 2008-2010

(leading to final assessment of the impact of the New Labour government on poverty and inequality and a baseline position for the Coalition government).

**Phase 2 (Autumn 2012 - end 2013)** (involving work on all themes):

- Methodological development, data validation and piloting of new analyses in Theme 3 and on causation
- In-depth work on analysis of spending patterns (including local variations)
- Intergenerational analysis of social mobility
- Long-run historical analyses (including using new Census)

(leading to outputs on specific topics as well as contributing to the analysis continued in the final phase).

**Phase 3 (Autumn 2013– mid 2015)** (involving work on all themes):

- Updating and consolidating analysis of policy and spending 2010-2014
- Analysis of outcome indicators in specific policy areas 2010-2013/4
- Updating of overall distributions, and disaggregation 2010-2012
- Completion of new analyses in Theme 3 and on causation

(leading to assessment of the current state of poverty and inequality and the impact of Coalition government, and dissemination of final results of programme).

## Outputs

From this research, we will produce two major **final outputs**, in early 2015:

- An edited book, providing an overarching assessment of policy and its impacts since 2007. This will be similar to CASE's highly regarded books on the distributional impact of the New Labour government's policies (Hills and Stewart 2005; Hills, Sefton and Stewart 2009). It will include chapters on specific policy areas (Theme 1) as well as sections summarising findings on the overall distribution of outcomes (Theme 2), spatial patterns (Theme 3) and social mobility/life chances (Theme 4).
- A report on policy, poverty and inequality in London. (Details of this are included in an accompanying proposal to Trust for London for other work in parallel to this programme).

These publications are intended to be comprehensive and authoritative reference sources, scholarly and detailed but readable by an informed general audience. They will be useful in the short term but also have a long shelf life. We will accompany them with a set of other **accessible resources**, including through the programme's website (such as blog posts and podcasts) a summary of overall findings and digests for specific policy areas.

We will also produce **interim outputs**. In early 2013 we will launch (e.g. at a one-day conference):

- o A report assessing the last three years of Labour government (Theme 1 in particular).
- o A set of briefing papers in the areas identified under Theme 1, outlining policy changes under the new government, and any available research modelling anticipated impacts.
- o A report on spatial and London findings (Theme 4).

And in 2013/early 2014:

- o A series of working/discussion papers to cover the results of initial methodological work in all themes and emerging findings for the early period of the Coalition administration.

The underlying work will also lead to journal articles to be submitted to peer-reviewed publications, such as the *Journal of Social Policy*, *Fiscal Studies*, *Review of Income and Wealth*, *Journal of Education Policy*, *Environment and Planning C* and the *International Journal of Urban and Regional Research*.

The CASE website will enable easy access to publications, summaries, and underlying data tables and charts, as well as blog posts on emerging trends and policy/delivery issues during the course of the programme.

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