The Outlook for Social Policy

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Original papers at:
http://sticerd.lse.ac.uk case/_new/research/Social_Policy_in_a_Cold_Climate.asp
Overview

• The Coalition’s record

• Challenges facing the next government

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

By Tania Burchardt, Amanda Fitzgerald, John Hills, Ruth Lupton, Abigail McKnight, Polina Obolenskaya, Kitty Stewart, Stephanie Thomson, Rebecca Tunstall and Polly Vizard
The Coalition 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”.
• 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”
• Overall intentions: “radical reforming government, a stronger society, a smaller state and power and responsibility in the hands of every citizen”

How has it measured up?
Less austerity than rhetoric suggested

- Overall public spending down only around 3 per cent
- Deficit reduced (from 5.9 per cent to 3.5 per cent of GDP)
- But higher debt (80 per cent of GDP compared with 69 per cent)

- Increased pensions spending
- No real terms cuts to schools, health
- And room for some tax increases
Although this doesn’t mean that spending has kept up with 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
Or that there have not been major cuts in ‘unprotected’ areas

- 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
Substantial effects on users

Adult Social Care

• 25 per cent fewer people receiving adult social care services.
Those in need not most protected
Hard to see evidence that social mobility has been unlocked

• Cuts to incomes of poorest families
• Cuts to early years services
• Pupil Premium means more resources to poorer pupils from 2014/15; but no evidence that academies are better or worse than the schools they replaced
• Very modest declines in some socio-economic attainment gaps, increases in others

• Large declines in numbers of part-time and mature undergraduates
• Large falls in adult learner numbers (after introduction of loans)
But some sweeping reforms

• 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
Plus:

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

Not just a government of cuts
Distinctive features

- Redefinition of the terms for state support (targeting, conditionality)
- More non-state provision
- Localism – although a patchy picture
- Spatial inequalities no longer a central concern
- Fewer targets, less monitoring, cuts to data
- Rapid reforms with under-estimated costs, poor implementation - a government in a hurry
Too Early to Tell the Effects

Some indicators going in the right direction e.g.
• 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

Others not e.g.
• Rising number of children needing protection. Worse school outcomes for looked-after children.
• No narrowing of socio-economic gaps in child development.
• 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.
Outlook for the next government

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 some unfinished reforms – Universal Credit, school accountability, how to pay for apprenticeships, FE and HE funding generally
Relative poverty fell initially but now increasing?

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

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<th>Poverty rate against fixed real line (60% 2010 median income uprated with RPI)</th>
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1 Change 12-13 to 20-21
Immediate outlook: more cuts

Projected Government Spending on Goods and Services Back to 1948 levels

Source: ONS, OBR
The fiscal outlook will vary greatly depending on who wins in May….
Challenges for the next Government - Employment

• Real wages.
  • Unprecedented falls in average real wages;
  • Despite some recent improvements in average pay most employees are still not experiencing a real annual pay rise.

• Self-employment.
  • Large expansion in self-employment has been welcome as it drove the recovery in the labour market incomes but:–
    • Incomes and productivity rates are low and there are implications for tax revenue.
  • Productivity growth – necessary but not necessarily sufficient.
Challenges for the next Government - ALMP

• Work Programme
  • Rapid replacement (new referrals end in April 2016);
  • Currently more limited evaluation evidence available to help guide development of evidence-based policy reform;
  • Employment sustainment and wage progression still haven’t been solved;

• ALMP and long term sick and disabled people
  • Major review required
Challenges for the next Government - pay