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Is the NHS in danger from future spending cuts?



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The future of public services

Professor Colin Talbot reviews the biggest spending cuts in decades

SINCE THE NEW coalition government of Conservatives and Liberal Democrats was formed, probably the most hotly debated issue had been that of public spending, the public sector deficit and the future of public services in the new ‘era of austerity’, as some have called it. What does the future hold for public services in Britain?

Political debate about how much we spend on public services often generates more heat than light, whilst the real facts about spending often contradict the rhetoric of politicians of all stripes.

Over the past decade both the Labour government and its opponents have claimed that it has been spending unprecedented amounts on public services and other public spending. This is actually far from accurate, although it does contain some truth.

Public spending on services is defined as all spending minus things like interest payments, so it includes both services and benefits. Public spending on services did rise under Labour, but only after an initial sharp drop at the end of the previous Conservative government that continued into the first two years of the new government (see Figure 1).

By 1999-2000, spending on services dropped to its lowest level – as a percentage of national wealth – in around 40 years. The subsequent strong rise in spending from

99-00 onwards was indeed steep, but from a very low base.

So why did it appear that spending rose to unprecedented levels?

First, the government kept telling us that it did. And the opposition parties, especially towards the end of the Labour government, were also all too willing to tell us that Labour was spending a lot, because they wanted to portray it as spending too much. The reality was that – prior to the banking and economic crisis – Labour spending totals were only at about the average levels of the previous four to five decades.

Second, overall spending really did grow very rapidly between about 2001 and 2006 – especially in areas such as health, education and policing. This helped create the impression of greater than usual spending.

Third, spending in these areas was higher than usual because the mix of public spending changed, rather than the overall total being high. Labour during this period spent less on defence and some other areas; it spent less on interest and debt repayment because it had reduced public debt early in the government; and it was paying less in some benefits because of lower unemployment and rising wages. This enabled it to spend more on services that are most noticed by the public – health, education and policing.

It is important to note that the sudden jump in spending as a percentage of GDP



DEFICIT AND DEBT

The public sector deficit (or surplus) is the difference between what the government brings in from taxes and other income during the year and what it spends. To bridge the gap, the government borrows money, usually over much longer periods than a year (the average period is 13 years in Britain, which is high by international standards). The total amount it has in borrowing at any one time is the national debt.

at the end of the Labour government – from about 39 per cent to 46 per cent – is not because of higher actual spending (which stayed more or less stable, allowing for inflation) but because of the sudden dip in the size of the economy caused by the recession.

WITH A NEW GOVERNMENT, WHAT IS THE FUTURE OF PUBLIC SPENDING?

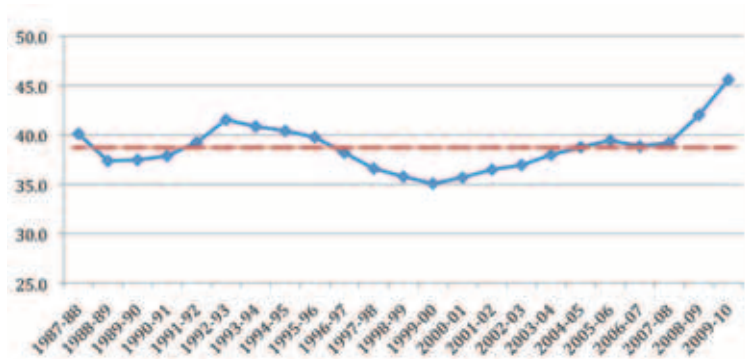
The new coalition government has committed itself to a rapid and decisive reduction in the public sector deficit to around zero by the end of this Parliament.

In June 2010, the new Office of Budget Responsibility (OBR) estimated that the policies as then announced would lead to a rapid fall in public spending as a proportion of national wealth (GDP) – see Figure 2.

By 2015-16, the OBR forecasts total public spending to dip just below 40 per cent of GDP, which is about three per cent lower than the average for the past four to five decades. The OBR forecast is based on ‘Total Managed Expenditure’ which includes spending on public services and debt interest and repayments, so it is slightly higher as a percentage of GDP than the numbers in Figure 1.

The coalition government has decided to protect spending on health and increase

Figure 1. Spending on services 1987-88 to 2009-10



Source: Derived from Public Expenditure Statistical Analyses 2010. Horizontal dashed line indicates average for the period.



The coalition government has vowed to protect spending on health and increase overseas aid

overseas aid (+37 per cent) in real terms, so most of the cuts in spending to allow for this rapid retrenchment will fall on other public services and on welfare benefits. It announced in the October 2010 Spending Review the exact amounts cut from other services, including 3.5 per cent from education, and around a quarter each from local government, the business department, justice and the Home Office. If achieved, these will be the most severe and sustained period of cutbacks ever seen in modern British history. The coalition government believes such cuts are essential to the economic health of the country but this is of course hotly debated.

The debate about the deficit in the early period of the new government has eclipsed other issues about public services, especially the proposals already put forward to make substantial changes to the organisation of health and education, to conduct a strategic review of defence, and to consider a fundamental change to welfare spending.

The changes proposed in health (published in a white paper in July 2010) are

probably the most radical. Having some form of 'internal market' in health is not a new idea. It was first tried by the then Conservative government in 1992, and later again by the Labour government. The new proposals for an NHS internal market go much further than either of these two previous attempts, handing over about 80 per cent of the NHS's £100 billion a year budget to new GP-based purchasing bodies that will buy services on behalf of patients. The research evidence shows that it is difficult to make these sorts of 'internal markets' work well and improve services, although it is possible. But it has not been tried before on this scale or in this way.

In education the main change proposed is the extension of the Labour government's academies programme to a much greater range of schools and eventually, the new government hopes, to all schools. Where the previous academies programme targeted poorly performing schools mainly in poorer areas, the new scheme is supposed eventually to apply to any school. But in the meantime probably only a minority of schools will get (or want) academy status in the first few years, opening the scheme up to accusations of creating different tiers of education.

Defence is subject to big changes set out in the Strategic Defence and Security Review and cuts of 7.5 per cent. Welfare is to be subjected to major change with many benefits rolled up into a single universal payment. Cuts already announced amount to £18 billion from existing benefits.

A final major change to public services from that of the previous Labour government is the use of targets, performance measures and 'league tables'. Although Labour did not invent targets – they were the brainchild of the 1980s Conservative government – they did extend and deepen their use, especially through the 'Public Service Agreements' that accompanied their other innovation, the Spending Reviews.

Although the new coalition government has kept and even expanded the scope of Spending Reviews it has ditched the Public Service Agreements and some other forms

PUBLIC SPENDING AS A PROPORTION OF GDP

There are several ways of measuring public spending. For example: the total amount spent in cash terms; the same figure, but adjusted for the effects of inflation; the amount spent relative to the size of the 'national cake' – ie, public spending as a percentage of GDP (that's Gross Domestic Product – the most widely used measure of national wealth).

Simply measuring total amounts spent is not very helpful, because it almost always goes up due to inflation and growth in the economy. Even adjusted for inflation, it tells us relatively little unless we compare it to something else.

Probably the most useful guide is public spending as a percentage of GDP, or national wealth.

This tells us that whilst the US spends about a third of its national wealth on public activity, Scandinavian countries can spend up to around two-thirds. Britain, over the past four or five decades, has usually been roughly in the middle – spending on average just under 43 per cent of GDP on public aims.

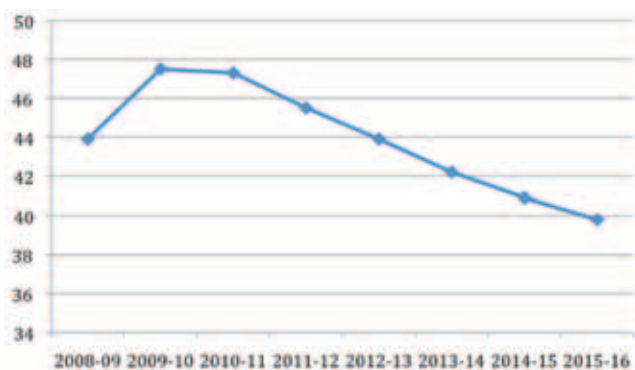
of performance measurement in health, education, local government and other areas. Although even in these areas the government does not seem to have entirely abandoned targets and measurement, and in central government 'milestones' for change have replaced targets. It remains unclear just how far performance measurement will be discarded, especially as it has become an entrenched part of the system not just in Britain but in many advanced countries over the past couple of decades.

Overall we can expect to see smaller public services, with fewer staff, less 'management by targets' and in some areas a greater degree of autonomy for professionals than under the previous government. It is too early to tell how much the pattern of provision – between benefits and services and between services – will change, along with the reductions in resources. The scale of the impact on the quantity and quality of services remains uncertain, but it is certain that in most areas so-called 'frontline' services will both reduce and change. British public services in 2015 will look and feel very different to how they looked and felt in 2010. ■

www.mbs.ac.uk/research/academicdirectory/profiles/colin.talbot.aspx

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Figure 2. Total public expenditure as a percentage of GDP



Source: OBR, June 2010

What future for Britain's road network?

Peter Jones explains how our road system might develop

IT WAS BARELY 50 years ago that the motoring revolution took off in this country. Between 1958 and 2008, the number of private cars registered in Britain increased nearly sevenfold, from around four million to 27 million. Over the same period, the total length of the road network only grew by about 30 per cent – from 308,000 kilometres to just 398,000 kilometres. Yet these figures conceal a major revolution in motoring: the development of the national motorway network.

Starting with just 13 km of the embryonic M6 motorway in 1959 (the Preston bypass), we now have over 3,500 km of motorway network. This has revolutionised longer distance road travel by roughly halving travel times between major urban centres. It has also led to major growth in orbital movements and out-of-town developments around major conurbations, such as the M25 (London) and the M42 (West Midlands).

The growth in vehicle numbers coupled with the development of a core high-speed road network has led to vast increases in annual road traffic. Car use has increased nearly eightfold in 50 years, from 55 billion vehicle kilometres in 1958 to over 400 billion vehicle kilometres in 2008. Similarly, light-van traffic has increased nearly sixfold. What will surprise many is that the distance travelled by larger goods vehicles has only roughly doubled over this period, mainly due to the increase in size and weight of the HGVs, enabling more goods to be carried in fewer vehicles.

Probably the parts of the country to be most affected by the growth in road traffic have been our traditional urban areas – often blighted not only by the increasing dominance of road traffic but by attempts to accommodate motor vehicles. The re-engineering of our cities has often resulted in poor physical environments, with one-way traffic systems, long stretches of pedestrian guardrailling and unsafe and inconvenient pedestrian underpasses or bridges, contributing to reduced street activity in residential areas and the decline of the traditional high street.

But this brings us to the core of a transport paradox: many people have a love affair with their car, while many more depend on it to underpin their current living patterns. Most people believe that congestion is a major national problem but do not support new road building, in urban or rural areas. Despite governments periodically announcing plans for major new road building, this has not happened due to a combination of financial, environmental and political reasons. So, what is the future for Britain's road network?



The number of private cars on Britain's roads has increased nearly sevenfold since 1958

As far as our major motorways and trunk roads are concerned, the main emphasis in the short- to medium-term is likely to be on extending the 'managed motorway' concept, through a combination of variable speed limit controls and selective hard shoulder running – as has been successfully trialled on the M42 motorway in the West Midlands.

Contrary to intuition, reducing speed limits (thereby harmonising speeds and discouraging lane hopping) increases traffic flow and avoids stop-start conditions when roads are close to capacity. This is cheaper and more environmentally and politically acceptable than motorway widening, although it can lead to increases in road traffic. There may also be scope for selective new road building to relieve major bottlenecks, although recent concerns about the financial viability of the M6 Toll motorway may make it difficult to secure private sector funds for such schemes.

Within urban areas the situation is different. There is a growing movement to improve the quality of our urban streets, as places that sustain economic, social and cultural life, and to reallocate roadspace away from private cars. In larger cities road traffic has stopped growing, and there is a move away from travel by cars to public transport, walking and cycling. Here, most investment is likely to be in improving the quality of public spaces and encouraging travel by more sustainable modes, such as the cycle hire scheme recently introduced in London.

In the longer term, many professionals believe that the solution to coping with traffic congestion – and to ensure a steady stream of funds for transport-related investment – is to

introduce road pricing, or 'congestion charging', thereby ensuring that people pay for road transport in the same way that they pay for electricity or, increasingly, water.

Congestion charging was successfully introduced in Central London in 2003 but similar schemes have so far met with major opposition at referenda in Edinburgh and Manchester, and the West London Extension is due to be removed by the end of 2010. But the national shortage of funds and the localisation agenda of the coalition government may encourage local governments to reconsider some form of local charging scheme, but only if the terms of the deal change radically – away from penalising drivers for causing congestion and pollution, to a proposition of paying for a high-quality, reliable transport system.

The question of how much we expect road traffic to grow underlies any discussion about the future of the road network. And here we face an unexpected problem: after decades of steadily increasing car traffic, growth has levelled off in recent years – before any sign of recession – not only in Britain but in countries such as Australia, Japan and the US. It's not clear why this has happened and whether the growth in car traffic, which has continued steadily and surely in the 50 years since the motoring revolution took off in this country, has now come to an end. ■

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Professor Peter Jones

Director, UK Transport Research Centre



School predictions are so imprecise that few schools can be distinguished from one another

School league tables highly misleading

Past performance is no guarantee of future results when choosing a school based on league tables

EACH YEAR THE government and the media publish league tables of schools' academic performances and encourage parents to use them as a decision-making tool when choosing a prospective secondary school for their children. However, research shows that these tables are highly misleading when it comes to school choice.

The fundamental problem is that school league tables report the past performance of secondary schools, based on children who have just taken their GCSE exams. But what parents want to know is how schools will perform in the future when their own children finally take the exams. Unfortunately, just as with stocks and shares, a school's past performance is not a reliable indicator of its future performance.

For example, consider parents who chose a secondary school for their child in autumn 2010. The child will enter school a

year later in autumn 2011 and will take their GCSE exams in 2016 so the information parents really need when choosing a school is how schools are predicted to perform in 2016. However, the most recent information available to parents is the school league table for how schools performed in 2009. Thus, there is a seven-year gap between the available information and what parents want to know – the most recent league table is always effectively seven years out of date.

The research by Dr George Leckie and Professor Harvey Goldstein of the ESRC Centre for Market and Public Organisation examines the implications this has for choosing a school. They focused on the current 'contextual value-added' league tables as these are promoted by the government as being the most meaningful way to compare schools. These tables compare schools in terms of the amount they improve children's

The most recent league table is always effectively seven years out of date

performances between the start and end of secondary schooling. This contrasts with the original government tables which focus only on children's final GCSE results and ignore the fact that children start secondary schooling in some schools with much lower levels of achievement than in others.

Clearly, the more schools' contextual value-added performances change over a seven-year period, the less reliable school league tables will be as a guide to schools' future performances. Looking at the last seven years of school league table data, the researchers reveal that schools that performed well in 2002 were by no means guaranteed to perform well in 2009. Indeed, many schools which were performing in the top quarter of schools in 2002 were below average seven years later. This suggests that the current school league table will not provide parents with a reliable guide to schools' future performances.

The research goes on to illustrate just how unreliable the current school league tables are by predicting schools' current performance using data from seven years previously. These predictions are so imprecise that almost no school can be distinguished reliably from another. Moreover, basing these predictions on how schools performed eight or more years earlier makes very little improvement to the quality of the predictions. This means that when choosing a school the league tables are essentially meaningless and by not communicating this fundamental problem to parents, they are highly misleading.

It is important to stress that this fundamental problem also applies – although to a lesser degree – to the original tables, which rank schools on the percentage of children who achieve five or more GCSE grades between A* and C. These original tables are additionally misleading as schools that score well are typically those that simply recruit the highest-achieving children rather than the ones that raise the performance of their pupils by the greatest amounts. Unfortunately, it is often this simpler – but even more misleading – league table that tends to be reported in the media and used by parents. ■

See page 27 for research that shows how abolishing school league tables reduced school performance in Wales.

www3.intESRCience.wiley.com/journal/122420203/abstract
www.bristol.ac.uk/cmipo

Getting to the heart of the matter

What happens when the death rates of cardiac surgeons are made public?

IN RECENT YEARS the extent of openness, transparency and accountability have become key issues for democracies across the world. In Britain, building on work by the previous administration, the coalition government has stressed the need 'to radically shake-up what transparency means in government'. This includes publishing the death rates of patients operated on by individual cardiac surgeons.

Reporting of hospital and surgeon death rates has been adopted in several countries in recent years, including the US. In Britain, they have been published on the Internet since 2008. The thinking behind this is that disclosure of such information will lead to improvements in the quality of care, make doctors more accountable, and help patients choose their doctors. However, some frontline doctors have resisted disclosure of mortality rates

Will published death rates mean that senior surgeons operate on more high-risk patients themselves?

A quarter of surgeons do not release their death rates

because it could encourage colleagues to avoid treating clinically difficult patients. Some also claim that death rates obscure other measures of their performance, that the quality of information is poor and that disclosure threatens their freedom to practice.

In a research project for the ESRC Public Services Programme, co-funded by the General Medical Council (the regulatory body for doctors), Dr Mark Exworthy and Professor Jonathan Gabe from Royal Holloway-University of London, and Ian Rees Jones from Bangor University, explored the impact of disclosure of death rates on cardiac surgeons. In 2009, they undertook an in-depth study at the micro level of a surgical unit, the meso level of the hospital in which the unit was based and the local Primary Care Trust, and the macro level of the regulatory environment. The research explored the connections between clinical professionals, managers and regulators.



At the micro level, the researchers found differences of opinion among the surgeons about the consequences of disclosing their individual death rates. While trainee surgeons accepted the reporting of death rates, there was some resistance from senior surgeons who saw it as a threat to their autonomy. All surgeons recognised that disclosure was changing trainees' experiences and reducing opportunities to operate on high-risk patients. And as published death rates for named surgeons also include juniors working under their supervision, such surgeons were more likely to operate on high-risk patients themselves so as to avoid a negative impact of the published death rate.

At the meso level, hospital managers did not use the information about death rates to manage surgeons. They approached these issues cautiously, working with local clinical leaders. However, they could see the benefit of publishing low mortality rates to attract patients. Primary Care Trusts were not using this information when they commissioned acute medical services.

At the macro level, policymakers and professional bodies were enthusiastic about publishing death rates; the Care Quality Commission (regulator) and Society for Cardio-thoracic Surgeons (surgeons' professional body) have co-sponsored a



Research suggests that patients do not use reported deaths to inform their decisions

heart surgery website to report surgeons' death rates. Given the lack of enthusiasm from some senior surgeons, divisions may become apparent in the future between the surgical leaders and rank-and-file surgeons.

It is significant that research from the US and Britain suggests that patients do not use reported death rates to inform their decisions. Death rates for British cardiac surgery are currently below two per cent of operations, suggesting that most patients survive surgery. Hence, work is now directed towards other measures such as quality of life, which are reported by patients. Equally, as reporting remains voluntary, a quarter of surgeons do not release their death rates for publication. Little is known about this group who do not disclose.

Reporting the performance of public services is likely to accelerate and broaden in scope. But while reporting brings important benefits, it is not a magic bullet for the problems of health services. ■

www.publicservices.ac.uk/index.php/research/managing-medical-performance-a-pilot-study-to-investigate-the-impact-of-surgical-performance-upon-clinicians-and-managers

Abolishing league tables reduces school effectiveness

Evidence suggests that making schools accountable increases performance



Research shows that abolishing league tables reduced the effectiveness of schools in Wales

SECONDARY SCHOOL LEAGUE tables have been an annual fixture of the English school system since 1992, providing comparative information on school performance to both parents and local government. Until 2001 similar information was also available for Welsh secondary schools. Following devolution, however, the Welsh Assembly government abolished the publication of league tables.

Such a policy change represents a 'natural experiment' that removed a key element from the accountability system of two otherwise-similar education systems. Research led from the ESRC Centre for Market and Public Organisation exploits this change to investigate the impact of league tables on school effectiveness to test the hypothesis that school effectiveness in Wales after league table abolition is lower than that of schools in England.

The study compares educational outcomes in England and Wales before and after the change. Outcomes are measured in two ways: school average pupil progress between 14 and 16; and the percentage of a school's pupils achieving five or more GCSEs graded A*-C. Two samples are used: all non-selective English and Welsh schools for which there is data from 1999 to 2008; and a smaller sample which matches

the Welsh schools with English schools that have similar characteristics.

The researchers find systematic, significant and robust evidence that abolishing league tables markedly reduced school effectiveness in Wales. The impact is sizeable: a fall of 1.92 GCSE grades per pupil per year, with the five A*-C measure falling by 3.4 percentage points per school.

The fact that this result is found for the unpublished as well as the published measure suggests the outcome is not simply about gaming the published indicator.

The effect is concentrated in the schools in the lower 75 per cent of the distribution of ability and poverty, while schools in the top quartile of the league tables appear unaffected by

the reform. Welsh schools in the highest poverty quartile, for example, show a fall of three GCSE grades per pupil per year, and a drop in the five A*-C measure of 6.5 per cent, relative to similar English schools. The study suggests that the policy reform in Wales reduced average school performance and raised educational inequality.

The results show that such school accountability policies hold promise for raising school performance, particularly for pupils in disadvantaged neighbourhoods. ■

www.bris.ac.uk/cmop

Policy reform in Wales reduced average school performance and raised inequality

Back to school

Enhanced teaching equals enhanced learning

WE ALREADY UNDERSTAND a lot about the UK education system, but it seems we are too easily distracted away from the obvious solutions to improve learning in our schools.

According to recent McKinsey and OECD reports, the single most significant means of improving the performance of national educational systems is through excellent teaching. Teachers really do matter and the quality of pedagogy – of what teachers actually do – is paramount.

To put it another way, we could say that changes in the structures of schooling are less important. In my view, it is a contemporary tragedy that controversy on academies, free schools and the like distracts attention and resources from the basic core process through which learning takes place.

The ESRC-funded Teaching and Learning Research Programme (TLRP) has studied how to improve learning outcomes for over ten years. The work has been wide-ranging and covered learners of all ages in many contexts, including homes and workplaces as well as schools, universities and other formal educational institutions. In reviewing its findings I'd pick out two big themes.

The first is that informal social processes complement education in official institutions. So the educational consequences of home life make a very big difference, as does the support for learning which occurs in many workplace and leisure activities. The reason for this is that in such situations the relevance of learning is clear and endorsed by others so that learning is seen as meaningful and worth striving for.

The second major theme from TLRP brings us back to the quality of teaching and support for learning. Irrespective of circumstances, the quality of the interaction between a learner and a more knowledgeable other makes the key difference. The teacher, whether professional, parent or peer, needs both knowledge to impart and the sensitivity to respond to the learner's needs by providing encouragement and explicit feedback.

At a football match in the park two teams of 12 year-olds battled it out. At 2-0 the coach of the losing side demanded more effort: "Keep your head up! Get at 'em!" he shouted. And then at 4-0: "You're not getting anywhere – don't just boot it upfield!" In contrast, throughout the match, the eventual winners seemed more self-assured and received quieter support from the touchline. It turned out that their training programme was built from individual and group activities designed to encourage specific ball skills and teamwork. The learning was part of a programme which had



Good teaching includes perceptive, constructive coaching

been going on for some time and a key feature was that it included perceptive, constructive coaching.

And so it is with the education system more generally. It can't respond to short-term injunctions because teaching and learning develop over the long term. And the particular organisational type of school, college, university or home is less important than the quality of what goes on there.

Of course different types of provision lead to patterns in the outcomes, reflecting the influence of social class, but also that effective institutions invariably understand the necessity for high-quality teaching. The fact that the quality of such processes is very significant also helps to explain the many

exceptions to prevalent cycles of advantage and disadvantage, and the potential for startling success against the odds.

My proposition is that the most cost-effective way of improving national learning outcomes is to invest in developing teachers' professional expertise – whether in nursery, primary, secondary, further, higher or lifelong education.

This teaching workforce already exists and is, for the most part, highly committed, but sustainable improvement will only come when teachers in all educational sectors are consistently challenged and supported to improve their own practice.

For many years, I've promoted the idea of 'reflective teaching' as a way of achieving this. TLRP developed an analysis of 'ten principles for effective teaching and learning' and another on powerful ways of thinking about curriculum, pedagogy and assessment. These initiatives encourage teachers to take responsibility for their professional learning, and to develop the judgement and conceptual tools

which are necessary for improving the quality of teaching in action. The same ideas could be taken up, of course, by parents, employers and even governments.

It's time to stop playing politics with education. The development of self-confidence as a learner builds on the relationships, continuity and expertise offered by others.

Governments are certainly responsible for setting broad goals. For instance, those of the Education Reform Act of 1988 still apply to the school curriculum: to promote pupils' spiritual, moral, social and cultural development and prepare all pupils for the opportunities, responsibilities and experiences of life.

After that, governments should simply concentrate on maximising the conditions for educational success. Above all, in educational institutions, this means supporting the development of teacher expertise. Beyond that, the potential for enhancing learning from improvements in parenting, community and workplace provision is simply phenomenal – but that is a much more significant cultural challenge. Why don't we really focus on the relatively straightforward issue? To enhance learning, you must enhance teaching! Get it? ■

www.tlrp.org



PROFESSOR

ANDREW POLLARD

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The worst performing schools typically became the first academies

Academy schools: the policy U-turn

Academy schools were set up to benefit the disadvantaged. But is that still true?

ACADEMY SCHOOLS – and their gradual introduction into the English educational system – have generated a controversial area of schools policy ever since the first clutch of academies opened in September 2002. The election of the coalition government means the discussion and controversy surrounding academies has reached unprecedented levels.

The discussion can be grouped into two broad areas: academic performance and the changing aim of academies that has resulted since the coalition government outlined its academy school policy.

To date, the most comprehensive study into the performance of academy schools has been undertaken by Stephen Machin and Joan

Wilson of the ESRC Centre for Economic Performance (CEP). Unlike other studies that merely compare academy school performance to national levels, theirs evaluated the performance of academies relative to comparable schools and found little evidence of general positive effects of academy status on academic achievement. Now, new research by Stephen Machin and James Veroit of the CEP examines the rationales and motivations for giving schools academy status in the first place.

The academies programme was launched by the Labour government with the very clear aim of improving educational outcomes in deprived areas. Poorly performing schools

were awarded academy status by taking over or replacing schools which were either in special measures or were viewed as under-achieving. The first tranche of academies were typically the worst performing schools within a local education authority.

The coalition government has already made clear its intent to significantly expand the academies programme. To do so, it initially asked every headteacher in England if they would be interested in becoming an academy school and, as of 31 August 2010, 170 mainstream schools made an application to convert to academy status. Progress has been rapid, and 31 of these schools had their application accepted and started operating as academy schools in September 2010.

Figures 1 and 2 compare secondary schools that were approved to open as academies under the Labour government to those which have been approved by the new government. They are very different schools and evidently the coalition academies policy is very different to the Labour policy.

Figure 1 looks at academic performance (measured by the proportion of children achieving five or more A*-C GCSE passes), and Figure 2 looks at an indicator for deprivation (eligibility for free school meals). The figures show that the academies which have opened in September 2010 (having been approved by the coalition government), and the schools which have applied to the coalition government to become academies, are significantly more advantaged than the average secondary school, and even more so than those schools which were approved to open under Labour. The coalition academies contain far lower proportions of pupils who are eligible for free school meals, and are considerably better performing schools in terms of GCSE performance.

This evidence shows that there has been a significant U-turn in the nature of academy schools policy. Under Labour it was aimed at combating disadvantage; under the new government it reinforces advantage. At a time of budget restraint, you could question whether the large expenditure involved in converting these advantaged schools to academies is justified. ■

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Figure 1. Percentage of year 11 pupils gaining 5+ A*-C (GCSE) or equivalent

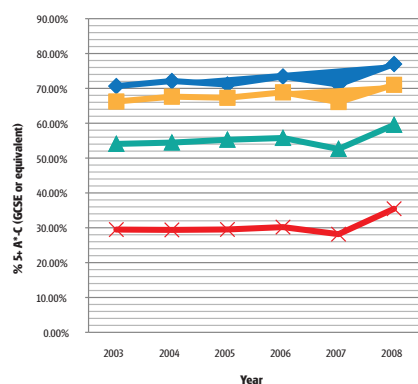
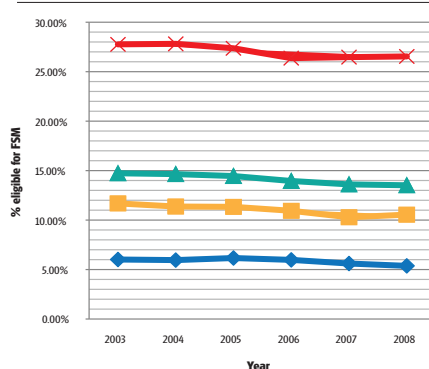


Figure 2. Percentage of secondary school pupils who are eligible for free school meals



Key to graphs

- ◆ Coalition - 2010/2011 open academies [25]
- Coalition - academy status applicants [99]
- ▲ All other maintained secondary
- ✕ Labour academies [267]

Increasing the level of physical activity has great potential for improving the health of our communities



Designs for life

Changing our environments can improve the health of the nation

DID YOU KNOW that where you live and work can affect your health? The ESRC is supporting research into the association between our environment and our health by funding five public health research centres of excellence around Britain. Experts in these centres are looking for features of environments that positively influence health-related behaviours such as physical activity, diet and smoking.

The trend in Britain towards more sedentary living originates from changes to the environments in which we live and simply increasing the levels of physical activity has great potential for improving the health of our communities. One project which aims to achieve this – the Connswater Community Greenway – is being studied by the Centre of Excellence for Public Health in Northern Ireland (www.qub.ac.uk/coe).

The centre has just begun a five-year study looking into the effects of this major regeneration project which connects 379 acres of open space with 19km of new cycle paths and walkways. As well as the environmental changes, the Greenway will also include new promotional activities such as a physical activity loyalty card which enables users of the Greenway to earn points as they exercise. The points can then be spent at local shops or facilities such as leisure centres. Working

with the local community, researchers are evaluating the impact of the new Greenway on physical activity and the health of people living nearby.

In Wales, a project being run by the Centre for the Development and Evaluation of Complex Interventions for Public Health Improvement (www.decipher.uk.net) looks at how shops, schools, parks and other interesting places close to home can encourage us to walk. Walking is an important and often underrated part of physical activity.

Swansea University is storing health information data from general practice surgeries from the National Health Service in Wales. All names, addresses and other information which would normally identify a person have been removed and replaced by a code. Researchers use Ordnance Survey digital maps which contain a point marking the location of each address. A Geographic Information System (GIS) – a combined map system and database – is then used to calculate the distance to the nearest park from each address and then addresses removed and replaced with an anonymous house code. When the codes for individuals are linked to the house codes, researchers can immediately see if living close to a park is good for your health without

ever knowing who you are or where you live. These investigations could lead to important changes in the design of our towns and cities to ensure they are designed to be as healthy as possible.

The Centre for Diet and Activity Research (CEDAR) (www.iph.cam.ac.uk/cedar) is investigating the environmental determinants of population behaviour patterns by studying large numbers of people and observing the levels of physical activity associated with different travel patterns and different locations, also using GIS.

A recent example of their research is the SPEEDY study of over 2,000 primary school children. The study shows that environments which offer multiple route options, but with less connected (and quieter) streets, are particularly supportive for walking. Another study of over 1,250 adults from the EPIC-

Norfolk cohort has shown that distance from home to work was the strongest predictor of active commuting and previous habits were identified as important in explaining or constraining commuting choices.

Observational studies of this kind highlight the need

for intervention studies to assess whether changing the built environment leads to changes in health-related behaviour. CEDAR is therefore leading ‘natural experiment’ studies including an evaluation of the health impacts of new transport infrastructure (the Cambridgeshire Guided Busway), and a programme of case studies of the travel, physical activity and carbon impacts of new routes for walking and cycling within the

Walking is an important and often underrated physical activity

Children growing up with parents or siblings who smoke are 90 per cent more likely to become smokers themselves

iConnect research consortium (www.icconnect.ac.uk). Both studies involve extensive interdisciplinary collaboration within CEDAR and with external partners.

Researchers in the UK Centre for Tobacco Control Studies (www.nottingham.ac.uk/ukctcs/index.aspx) led the production of a report published recently by the Royal College of Physicians which showed that children are particularly vulnerable to passive smoke exposure.

Approximately two million children currently live in a household where they are exposed to cigarette smoke, with many more exposed outside the home. Each year, this generates over 300,000 GP consultations and 9,500 hospital admissions, costing the NHS approximately £23.3 million. The report highlights that the most influential factors on a child's exposure to passive smoke were if parents or carers smoke and if smoking is allowed in the home.

What's more, children growing up with parents or siblings who smoke are 90 per cent more likely to become smokers themselves. The UK Centre for Tobacco Control Studies' report recommends reducing the prevalence of smoking in adults, and particularly parents and other carers, to reduce the burden of passive smoking on children. It also recommends specific measures to prevent uptake of smoking, by preventing exposure of children to smoking in public areas and stopping representation of smoking in the media. Reducing the number and accessibility of tobacco retailers and the extension of smoke-free legislation to include public places frequented by children and young people are also advocated.

Changing the environment in which we live in has potential for improving the health of our nation, but it requires commitment from many sectors. Research in the public health research centres of excellence will contribute to shaping a healthier future for all, by identifying potential improvements to the design of our buildings, transport networks, and urban and rural environments. ■

www.esrcsocietytoday.ac.uk/esrcinfocentre/research/centres/ukcr.aspx

Healthcare competition saves lives

New research shows that more hospital choice leads to lower death rates

COMPETITION AMONG HOSPITALS in the English NHS saves patients' lives and decreases their overall length of stay in hospital, says a new study. Researchers at the ESRC Centre for Market and Public Organisation, in collaboration with Carnegie Mellon University in the US and Imperial College London, looked at the impact of NHS reforms in 2006 which placed competition and choice at centre stage of NHS delivery.

These reforms gave patients a choice of first five, and then any, hospital in England for their treatment. In addition, the reforms mandated a set of prices for treatment that all NHS providers have to charge.

Researchers found that hospitals located in areas where patients had more choice since the reforms have had lower death rates and shorter lengths of stay than hospitals located in less competitive areas.

These findings suggest that the policy of choice and competition is working. As the NHS comes under increasing pressure to cut costs, hospital competition may be a powerful tool to save money. The study's

NHS reforms in 2006 gave patients the right to choose their hospital

authors concluded that the current 'choose and book' and fixed price regime in the NHS appears to create clear incentives for hospitals to become more efficient and increases quality without a commensurate increase in costs.

Competition is bringing about positive results. This in turn has implications for the current administration's healthcare policy: to reap the benefits, policies to promote competition need to remain part of the government's armoury.

The new Health Secretary, Andrew Lansley, has signalled that this is his intent, but the promotion of successful competition in healthcare has serious implications.

First, if competition is to work he must retain price regulation in the NHS. A free-for-all in prices would mean a return to the 'internal market' of the 1990s. Earlier research has shown that competition between hospitals where prices were not fixed by the government led to poorer quality in competitive areas, as hospitals competed vigorously on waiting times and ignored aspects of quality that are more difficult to measure.

Second, it also means that the tendency of the Department of Health to merge failing hospitals needs to be looked at. There may be gains from removing poor managers when a hospital fails, but a merger will remove capacity and this will limit the extent of competition.

There is a trade-off that has to be made between encouraging mergers to remove excess capacity and allowing competition. As the benefits of mergers in the NHS have not been shown to date, the evidence supports allowing excess capacity to encourage competition. ■

www.bristol.ac.uk/cmpo





Alamy

Does the London Delivery Board have the solution to end rough sleeping in London?

Off the streets

Paul Anderson, Homeless Link's Head of London, on the work to end rough sleeping by 2012

DURING THE MAYOR OF LONDON election campaign in May 2008, Boris Johnson declared that if he beat Ken Livingstone he would use his leadership to ensure that London became the first capital city to end rough sleeping. This commitment was reaffirmed later in his London Housing Strategy.

The following year the Mayor formed The London Delivery Board To End Rough Sleeping chaired by his Director of Housing, Richard Blakeway. The formation of the Board was an attempt to bring a number of key bodies together to act as a catalyst to end rough sleeping on the streets of London.

The key bodies represented are Communities and Local Government (CLG), the Department of Work and Pensions, the National Offender Management Service, NHS London, the United Kingdom Borders Agency, the London Development Agency, the Metropolitan Police, nine local authorities and representatives of the voluntary sector, including Homeless Link.

After consideration, as a first step the Board agreed a bold definition of what ending rough sleeping meant in practice: 'By the end of 2012 no one will live on the streets of London,' they said, 'and no individual arriving on the streets will sleep out for a second night.'

This definition is significant in that it recognises that rough sleepers are not a

homogenous group. For example, of new rough sleepers in 2009, 47 per cent (ten) only slept rough once, whereas, by contrast, a very small number were seen 50 or more times. Moreover, an increasing number of rough sleepers are non-British nationals – a group for whom the traditional routes out of rough sleeping are not available.

To reflect the diversity and differing requirements of rough sleepers, the Board agreed an Action Plan with a variety of different responses, setting up sub-groups with expert membership in areas such as health to deliver the actions decided by the Board.

One example of the success of the Board's partnership approach is its work with the very longest-term rough sleepers. The Board identified 205 rough sleepers who had been on the streets for five or more years and had been seen 50 or more times by street outreach teams. All previous attempts to help these individuals out of rough sleeping seemed to have failed. However, a new case management approach by local authorities, street outreach teams, CLG and GLA led to three-quarters of this group being helped off the streets within a year.

Other successes included:

- A new street doctor service to work with vulnerable long-term rough sleepers still living on the streets;
- The launch of a Pan-London Reconnection Protocol to help people

arriving in central London return to their home area;

- A targeted approach to prevent vulnerable rough sleepers returning to the streets from hostel or other accommodation;

- Partnership work with Transport for London to provide an outreach service to tackle rough sleeping on buses;

- Events and booklets promoting volunteering opportunities for people wanting to help end rough sleeping.

Following its success in helping rough sleepers off the streets of London, the Board is turning its focus to prevention – how to stop people sleeping rough in the first place – and what rapid intervention services to put in place for those who do.

However, major challenges still remain. Last year there were 3,673 people seen bedded down in London and all 33 boroughs had rough sleepers in their area. Although the Board can provide leadership, only Pan-London solutions involving all boroughs and local communities can mean that the vision to end rough sleeping becomes a reality in 2012. ■

www.homeless.org.uk

Homeless Link coordinates the Homeless Link Research Forum – an ESRC research initiative in partnership with the Joseph Rowntree Foundation, Communities and Local Government, Tenants Services Authority, the National Institute of Mental Health in England (NIMHE) and Homeless Link.



Every £1 loaned by the government includes a 27 pence contribution from the taxpayer

Funding higher education

What would the various student fees and loans systems cost the taxpayer?

THE CURRENT system of higher education finance in England recently underwent a formal independent review by Lord Browne with his report issued in October 2010.

The review recommended a number of alterations to the current system:

- Removing the cap on tuition fees. The cap currently stands at £3,290 per year but under the proposed system, institutions would be free to charge as much as they wish. The government would continue to provide subsidised loans to students equal to the value of the fee. However, institutions wishing to charge their students more than £6,000 would only keep a diminishing portion of the excess fee; the rest would be returned to the government in the form of a levy. This will both discourage universities

from charging very high fees, but also compensate the government from lost revenue due to non-repayment of the loan.

If the government allowed fees to increase without altering any other parameters of the loan system, it would cost them money, since an increasing number of graduates would reach the 25-year write-off period without having paid off the full value of their loan. So, in order to offset these costs, the government would have to change other parameters of the loan system. Indeed the Browne review has recommended several additional changes to the current system.

- Charging a real interest rate on loans. Under the current system, loans for fees and maintenance are interest free in real terms. Under the proposed system, an interest rate

The impact of the Browne proposals would be to reduce the cost to the taxpayer

equal to the government's cost of borrowing (2.2 per cent) would be payable. If a graduate's potential repayment is insufficient to service the full interest on the debt, then the real interest charged will be capped or even waived to prevent the outstanding debt from growing in real terms.

The savings generated from charging this interest rate on loans would be highest among graduates in the middle of the graduate lifetime income distribution. This is because these graduates do not benefit from the debt write-off subsidy, but hold onto their loans for a longer period, so benefit most from the interest subsidy.

- Lengthening the debt write-off period from 25 years to 30 years. By itself, this would hit lower earning graduates hardest, since they take longer to repay their loans.

- Increasing the threshold above which graduates must start to repay their loans from £15,000 to £21,000. This is a more progressive move, which would clearly protect lower earning graduates.

- Finally, the Browne proposals also recommend a decrease in the teaching grants paid to universities.

Institute for Fiscal Studies (IFS) researchers analysed the cost of the current system, and the proposed reforms. Their preliminary findings, calculated using simulations of the lifetime earnings profiles of graduates, show that, under the current system, for every £1 loaned by the government to students to cover maintenance and fees the taxpayer contributes 27 pence, or around £6,000 per graduate.

The impact of the Browne proposals as a whole would be to reduce the cost to the taxpayer. Universities, meanwhile, would have to charge at least £7,000 a year to maintain current funding levels. Graduates would be worse off, on average, with their debts rising to around £30,000 per year (from around £21,000 under the current system) and their repayments rising from around £15,000 to £22,000, assuming all universities were to charge £7,000 per year.

However, the resulting spread of repayments would be more progressive than under the current system; those in the bottom 30 per cent of lifetime earnings would actually pay back less than under the current system, while only the highest-earning 30 per cent of graduates would pay back the full amount of their loans. ■

www.ifs.org.uk/publications/5307

Caring for our elderly

Evolution better than revolution in the social care system

NOT ANOTHER REVIEW! We've already had the 1999 Royal Commission, the 2006 King's Fund review, the 2009 Department of Health Green Paper and White Paper of 2010. We can now expect a report from the Adult Care Funding Commission which will investigate the funding options for social care at all ages.

Can it really be this difficult? Well, yes it is difficult, but the understandable reluctance of elected governments to get to grips with costly long-term issues does not make things easier. What is clear is that with the number of over-65s needing social care expected to rise from 2.6 to 4.1 million over the next 20 years, we need to turn our minds now to the sort of disability care system that will be needed to cope. It's important to keep an open mind, without loading the policy debate against particular ideas. For example, the emotive branding of one funding option as a 'death tax' during the last election was not a helpful contribution.

Before demanding radical reform, it's a good idea to examine how the present system works. Our system involves two types of support: A disabled person can apply for home services or residential care from their local authority; and there are also centralised cash benefits (Attendance Allowance or Disability Living Allowance) to help meet the extra costs that disability brings. These parallel systems have separate application and assessment procedures.

The key issue is targeting – in other words do people in need of support generally receive it and does support normally only go to those who are in need?

The debate on targeting often relies on weak evidence. Recent research based on detailed information from the Family Resources Survey covering thousands of older people suggests that disability-linked cash benefits are quite well targeted. There's no convincing evidence of them being claimed by large numbers of people without significant disabilities, although it has been estimated that there could be as many as two million people potentially eligible under current rules who don't receive them.

Despite the fact that you don't have to be poor to be eligible, in practice benefits tend to go to people who would be poor without them because people on low incomes are more likely to be severely disabled and thus more likely to apply for benefits. Research suggests that if the existing system of disability benefits were replaced by one restricted to people who are both disabled and poor, the savings would be moderate (around £1.7-3.5 billion a year, compared to a current budget deficit of £105



The number of over-65s needing care is due to rise by nearly two million in the next 20 years

billion) but still leave large numbers of disabled older people facing life on low incomes.

We know less about the targeting of publicly-funded local care services. There are big differences across Britain in the way that need is assessed, and how home and residential care services are delivered and charged for. 'Local services to meet local needs' might be an attractive idea to some, but it is less transparent and consequently harder to ensure that adequate standards are met everywhere.

The alternative to a dual system is a unified system with a single needs assessment, opening the door to whatever support the disabled person is judged eligible for – in other words, a National Care Service. Survey evidence suggests surprisingly little overlap between the two current systems: only two-thirds of over-65s receiving local authority home care services also report receiving disability benefit, and of people receiving disability benefit, only one in seven also received care services. So each system tends to miss a lot of people with care needs.

Assessment of disability requires judgement and two claim assessors with the same information may arrive at different decisions. Also, some people may pursue a claim for one but not the other form of support. So access to support is a bit like a lottery – there is only a probability of a needy person receiving it. If this is so, then a 'one-stop shop' is riskier for the disabled person than a dual system, just as it's riskier to stake all your money on one horse, rather than two. A unified system may increase the number of people who get no support at all.

And then there's the question of who pays for all this. At present, local authority care is means-tested in most of Britain but (almost) free in Scotland. Means-testing for residential care is contentious and, in England, offers support only to people with less than £23,250 in assets, including the value of their house. It then 'confiscates' the whole of that person's income, except for £22.30 a week for personal expenses.

The asset test has led to complaints that people lose their homes as a result of moving into care. But let's be hard-headed about this: Most stays in care homes are rather short (around two years on average) and end with the death of the person receiving care. They generally occur because disability becomes too severe for it to be safe to continue living at home – so it's the need for continuous care, not the means test, that robs people of their homes. Selling the house is a sensible step – it generates a capital fund and releases property for the next generation.

If a pensioner on the basic state pension with a house worth £150,000 moves into a care home costing £500 per week, then this self-funded care home stay will typically deplete the value of the asset to around £114,000 at death. Only 15 per cent of the cost of the care home is met by the care-receiver from income, the other 85 per cent by his or her adult children who will receive a bequest £36,000 less than they would under a system of free social care.

A key role of the means-test is to act as insurance against running out of money if the stay in residential care turns out to be unusually long. What it doesn't do is test the means of the people who eventually pay for care – the children of the cared-for person. The adult children of home-owners tend to have higher-than-average incomes, so it's people who are already relatively well-off who gain most.

So perhaps we don't need a revolutionary change in the system of public support for disabled older people. The combination of universal disability benefit and separately-assessed residential care funded from assets where they exist doesn't seem so bad as a structure. Perhaps we should concentrate on making the system work better and more simply, rather than overthrowing it. ■

www.iser.essex.ac.uk



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