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Social Policy in Cold Climate

Research Report 4

January 2015

The Coalition's Social Policy Record: Policy, Spending and Outcomes 2010-2015

Ruth Lupton, with Tania Burchardt, Amanda Fitzgerald, John Hills, Abigail McKnight, Polina Obolenskaya, Kitty Stewart, Stephanie Thomson, Rebecca Tunstall and Polly Vizard

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The Coalition's Social Policy Record: Policy, Spending and Outcomes 2010-2015

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About this Report

This report brings together the findings of a series of papers looking at different aspects of the Coalition's social policy: early years, schools, further and higher education and skills, employment, housing, regeneration and neighbourhood renewal, adult social care, health and cash transfers, poverty and inequality. A summary of this report is available at http://sticerd.lse.ac.uk/dps/case/spcc/SRR04.pdf.

These nine papers are part of a wider programme of research, Social Policy in a Cold Climate (SPCC), being undertaken by a team of researchers from LSE and the universities of Manchester and York. SPCC, overall, is designed to examine the effects of the major economic and political changes in the UK since 2007, particularly their impact on the distribution of wealth, poverty, income inequality and spatial difference.

The full list of papers is as follows:

The Coalition's Record on Cash Transfers, Poverty and Inequality 2010-2015
John Hills
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP11.pdf
Full paper available at:http://sticerd.lse.ac.uk/dps/case/spcc/WP11.pdf

The Coalition's Record on Under Fives: Policy, Spending and Outcomes 2010-2015
Kitty Stewart
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP12.pdf
Full paper available at: http://sticerd.lse.ac.uk/dps/case/spcc/WP12.pdf

The Coalition's Record on Schools: Policy, Spending and Outcomes 2010-2015
Ruth Lupton and Stephanie Thomson (published 10th February 2015)
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP13.pdf
Full paper available at: http://sticerd.lse.ac.uk/dps/case/spcc/WP13.pdf

The Coalition's Record on Further Education, Skills and Access to Higher Education: Policy, Spending and Outcomes 2010-2015
Ruth Lupton, Stephanie Thomson and Lorna Unwin
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP14.pdf
Full paper available at: http://sticerd.lse.ac.uk/dps/case/spcc/WP14.pdf

The Coalition's Record on Employment: Policy, Spending and Outcomes 2010-2015
Abigail McKnight
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP15.pdf
Full paper available at: http://sticerd.lse.ac.uk/dps/case/spcc/WP15.pdf

The Coalition's Record on Health: Policy, Spending and Outcomes 2010-2015
Polly Vizard and Polina Obolenskaya
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP16.pdf
Full paper available at: http://sticerd.lse.ac.uk/dps/case/spcc/WP16.pdf

The Coalition's Record on Adult Social Care: Policy, Spending and Outcomes 2010-2015
Tania Burchardt, Polina Obolenskaya and Polly Vizard
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP17.pdf
Full paper available at http://sticerd.lse.ac.uk/dps/case/spcc/WP17.pdf

The Coalition's Record on Housing: Policy, Spending and Outcomes 2010-2015
Rebecca Tunstall
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP18.pdf
Full paper available at http://sticerd.lse.ac.uk/dps/case/spcc/WP18.pdf

The Coalition's Record on Area Regeneration and Neighbourhood Renewal: Policy, Spending and Outcomes 2010-2015
Ruth Lupton and Amanda Fitzgerald
Summary available at http://sticerd.lse.ac.uk/dps/case/spcc/SWP19.pdf
Full paper available at: http://sticerd.lse.ac.uk/dps/case/spcc/WP19.pdf

These and further details of the programme can be found at:
http://sticerd.lse.ac.uk/case/_new/research/Social_Policy_in_a_Cold_Climate.asp

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1. Introduction

This is a report about five extraordinary years in UK social policy. The period between May 2010 and early 2015 has seen not only a coalition government, itself unfamiliar in the UK's recent history, but one governing in the aftermath of a global financial crisis and the worst recession since the 1930s, and entering office after thirteen years of Labour rule determined to make fundamental changes to the organization and nature of the welfare state.

In what follows we take an overview of these changes, attempting to provide a consolidated account of what has been done and with what result - an account which will provide a reference guide to inform public debate in the run up to the next election and the intense debates that will follow it, regardless of the result.

We ask:

- What was the situation that the Coalition inherited?
- What did the Coalition aim to do?
- What did it spend to achieve these objectives, and where did it make savings?
- What was produced with the money spent, and what was cut as decisions were made to rein in public spending to reduce the deficit?
- What has been the effect of these changes on social and economic outcomes, and in particular, what has been the effect on poverty, on inequality and on the distribution of outcomes between social groups?

Some important considerations must be stated.

First, this is a report on social policies[1], evaluating them in the context of the possibilities and constraints open to the government at the time. We do not engage in an assessment of the Coalition's macro-economic policy, the extent to which it has restored or hindered growth or put the country on a sound economic footing or not. Nor do we engage in detailed discussion of the government's management of the public finances – its general taxation and borrowing policies for example.

Second, this is not a report on the politics of coalition. The approach we have taken in this, as in our previous work on the former Labour government, is to identify the government's objectives through its public statements: manifestos, policy documents and speeches, not to explore the within-party politics and nuances of policy-making underlying those. Given the unusual situation of coalition government, however, we do consider it relevant to look both at the manifestos of the two Coalition parties and at their combined policies: the Coalition agreement and subsequent policies. To this extent, we are able to shed light on whose policies were enacted and where new ones emerged from the processes of forming and sustaining the coalition.

[1] For reasons simply of the project's scale, we do not cover all social policies (children's social care is omitted, for example) nor other policies such as transport, migration or criminal justice, which also affect the way we live and in which many people will be interested. We cover the areas which absorb most public spending.

Third, we do not attempt a full four-country comparison of the social policies of the governments of England, Scotland, Wales and Northern Ireland, and their effects on outcomes. That would have been a different project. Questions of what should and should not be devolved are very prominent on the UK political agenda now, but were not the Coalition's concern for most of the period. It is also beyond the scope of the project to examine every policy area in detail for each country. We cover the UK where policy is not devolved (for example, personal taxes and cash benefits) and we compare trends in public spending overall in the four countries. Where policy was already devolved, we principally cover the policies of the Coalition in England, since this is a report of the Coalition's record, but point out key areas where English policy has diverged from that of the rest of the UK.

Fourth, we regard this in some ways as an interim report. In some cases, policies have been fully implemented and we can already see the results. This is the case for university tuition fees for example. However in many cases, policies have only recently been put in place, or are still being rolled out, and their effects cannot yet be seen in the data that is available at the moment, which typically dates no later than 2013, or even 2012/13 (including figures for poverty and inequality). A good example of this is the changes to GCSE school performance tables and to the vocational qualifications available, the effects of which will be seen for the first time in the summer 2014 exam results, not published in detail as we go to press[2]. We also know from government spending plans announced in December 2014 and from opposition statements that further cuts can be anticipated. To deal with this problem, we do two things. In the case of taxes and benefits, we can project forward the changes that are gradually being rolled out, to see what effect they will have on people's incomes in future years. In other areas, we draw on qualitative evidence and commentaries from practitioners and experts on the ways in which the changes are unfolding and some of the emerging or possible effects. This is necessarily more speculative: people will adapt and systems will evolve in unpredictable ways. We aim to give as up-to-date and balanced a picture as possible of what is happening and what the likely effects will be.

Fifth, we take a particular interest in poverty, inequality and distribution. Achieving a more equal distribution both of opportunities and outcomes than market forces would deliver is an implicit goal of social policy. Our main focus is on socio-economic groups. We also provide some evidence on gainers and losers from the Coalition's policies in terms of life-stage, since in a time of austerity and demographic change, decisions about whether to invest in the upbringing of the young, the care of the elderly, or the well-being of working age adults (who are both today's parents and tomorrow's pensioners) are prominent and difficult ones. We say little in this report about gender, disability, ethnicity or geography. Further papers in this series will look at the changing distribution of economic outcomes in the UK since 2007 focusing on these issues among others.

Sixth, this document is itself a summary. It draws from much more detailed papers on the specific policy areas, including illustrative examples but by no means providing complete coverage. Our account of the Coalition's inheritance draws on our previous detailed work on the Labour period 1997-2010 (Lupton et al. 2013) and we do not reprise all of the detail here. Readers interested in further facts, figures and analysis are strongly recommended to refer to the more detailed papers themselves.

[2] Our review of the Coalition's record on schools will be released later than the others in the series (in mid-February 2015) to incorporate these latest results.

2. The Coalition's Inheritance

We start by setting out the situation that the Coalition inherited in May 2010: both the state of the public finances and the key policy challenges and issues.

The Financial Situation

It is not in doubt that the Coalition inherited a major fiscal challenge.

Two different measures are usually used to describe this challenge. One is scale of 'public sector net debt' – a term which describes, in general terms, the amount that the government owes. At the end of the 2009/10 financial year, public sector net debt stood at £956.4bn – (62 per cent of GDP), an increase of 113 per cent on the £448.7bn inherited by Labour in May 1997 (40 per cent of GDP) (in 2009/10 prices[3]). Figure 1 shows that this was an exceptional situation by recent standards.

The other measure is the size of the current budget deficit[4] – in general terms how much the government is over-spending relative to a break-even position in the current year. This will be affected by its income (principally from taxes), its day-to-day spending (on public services, payments to individuals in the form of pensions and benefits, and other aspects of government), and by debt repayments. High levels of debt repayments need to be balanced by reductions in other spending or by increases in taxes, while taxation lower than spending will lead to accumulating debt (and higher debt repayments). The current budget deficit was £103.9bn, or 6.9 per cent of GDP in 2009/10, compared with £25.1bn or 2.3 per cent of GDP when Labour took office in May 1997.

There was considerable debate around the time of the 2010 election about the cause of the high debt and deficit at that time. One argument was that Labour's high level of public spending before the financial crisis in 2007/08 was to blame. Another was that it did not increase taxes sufficiently to pay for its spending (Chote et al. 2010). However, as Figure 1 shows, spending and taxes combined only had a modest effect on the public finances up to 2007/08. In fact on the eve of the financial crash in 2007 the UK's current budget deficit and public sector net debt were both lower than when Labour came to power. The large increase in debt occurred in 2008/09, as a result of the global financial crisis. Rising debt repayments, combined with spending pressures arising from the recession, then contributed to an increase in the current budget deficit in 2008/09 and 2009/10 as shown in Figure 1.[5] The cause of the financial crisis, government's role in it, and Labour's fiscal strategy after 2007/8 are also matters for debate, although not the subject of this paper.

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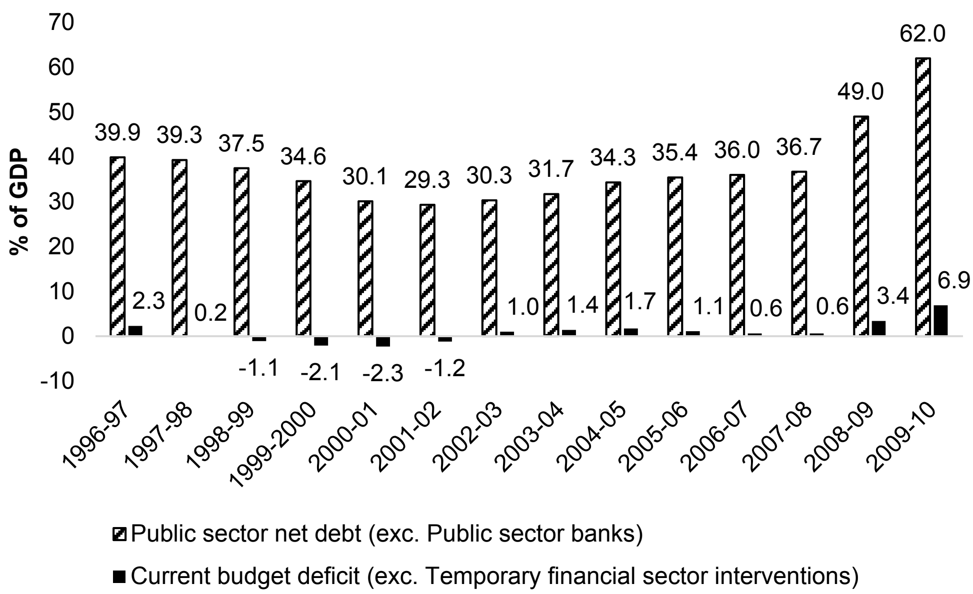
[3] Authors' calculations using IFS (2014) nominal figures and HM Treasury (2013) GDP deflators. Public sector net debt in this report is defined as net debt excluding public sector banks. A different definition of 'excluding' measures was used by ONS/IFS/OBR prior to 2014 (various months) and in Lupton et al (2013). This excluded temporary effects of financial interventions. Therefore current figures on public sector net debt cannot be directly compared to figures using the previous definition. Additionally, these figures are based on the European System of Accounting 2010 (ESA10) while previously reported figures were based on ESA95. The trend is the same using both sets of figures.

[4] Governments also use the term 'structural deficit' to describe underlying imbalances between income and expenditure, adjusting for the effects of the economic cycle (for example the additional cost of unemployment during a recession).

[5] All the figures shown here exclude temporary financial interventions (fiscal stimulus measures) and the debts of public sector banks. This is conventional, although some would argue that it underplays the effect that banking failure has had on subsequent public spending.

Whoever or whatever was 'to blame', the situation in 2010 required decisions to be made about how, and over what timescale, growth could be stimulated, the debt reduced, and a balance of payments restored. Should the new government follow a Keynesian strategy of maintaining public spending to boost growth, and aim to pay down the debt in the longer term, or should it pursue a cost-reduction strategy to achieve more rapid debt reduction and stimulate greater private sector activity? There were also distributional decisions to be made. Who should bear the burden of spending cuts or increased taxes? Which public services and which groups of people should be protected, if cutbacks were necessary?

Figure 1: Public sector net debt and current budget deficit as a proportion of GDP, 1996-97 to 2009-10



Source: Outturn figures from IFS (2014), debt and borrowing (including forecasts) excel spreadsheet, except for current budget deficit figures for 1996-97 are from IFS (2014a) via personal communication with Soumaya Keynes.

Policy Issues and Challenges

Assessment of policy challenges is necessarily more complex and contestable than assessment of the financial situation, since it demands assumptions about what constitutes progress and success.

In 2013 (Lupton et al. 2013), we assessed change in key policy areas under the Labour administrations from 1997-2010, using three types of indicators:

- standard measures of relative and absolute poverty and of economic inequality.
- Measures of change in individual social and economic outcomes such as health, education, worklessness and care. We used two sets of indicators: one adopted by the Labour government itself in 1999 - the Opportunity for All (OFA) Indicators; and the other constructed by the New Policy Institute for the independent Joseph Rowntree Foundation – the Monitoring Poverty and Social Exclusion Indicators (MOPSE). We also used other outcome indicators outside these sets and at socio-economic gaps (for example, indicators of health inequalities).
- Measures of system performance, such as inspection data and satisfaction measures.

Examination of these indicators led us to conclude that on the whole economic and social outcomes had improved and differences between social groups narrowed, for example in terms of achievements in schools, low birth weights and levels of child poverty.

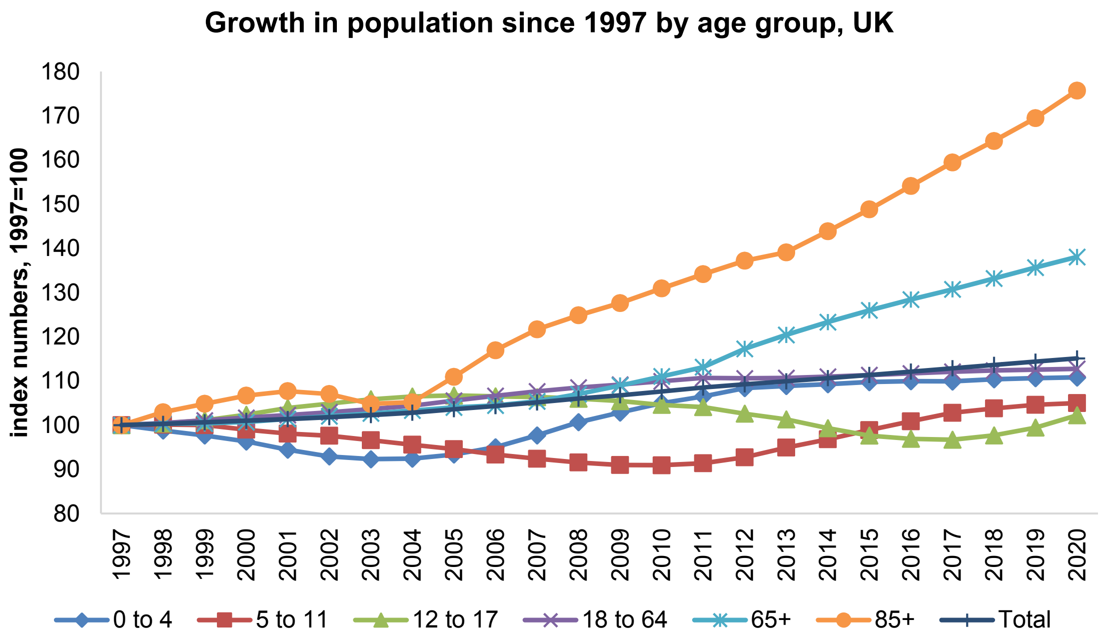
Not all these changes could be attributed to policy. However our analysis showed that Labour had pursued an ambitious social justice agenda, which had to some extent shifted the political ground towards greater concern with social inequalities, and poverty in particular, particularly in childhood. Its policies had been dominated not by spending on cash benefits but by reinvestment in and 'modernisation' of public services: an approach helped by a decade of economic growth. In health, education, the early years and neighbourhood renewal, there were extra staff, more and newer and better equipped buildings, wider access, and new policy programmes and services. Socio-economic gaps in access to services decreased, and evaluation reports tended to show that the outcomes that had been targeted had improved. On the issues that are the principal concern of this paper (poverty, inequality and distribution) the Coalition inherited a better situation than its predecessor.

Nevertheless, significant challenges remained. Perhaps the main one came from the economy. The immediate problem lay in the consequences of the banking crisis but underneath that, disturbing long-term trends were evident, as they were in many other post-industrial economies (Cingano 2014; Nolan et al. 2014; Piketty 2014). The UK had seen a striking widening in pre-tax incomes after the mid-1970s which the Labour government had not reversed.

Tax credits were increasingly topping up wages that were not enough to live on. While some had gained from the boom in housing asset prices, the same boom had taken home ownership out of the reach of many prospective new entrants, and rents were also rising in a burgeoning private rented sector.

Demographic change continued, and will continue, to present some formidable challenges for the financing of social policy. The Coalition faced the immediate issue of rising numbers of young children, and the more formidable longer term issue of population ageing (Figure 2) and how to meet increasing demand for health services and social care and the cost of pensions. Burchardt, Obolenskaya, and Vizard (2015) note that in the fifteen years 1997-2012 there had been a 28 per cent growth in the population aged 80 or over, and a 13 per cent increase in the number of 'long-term disabled' adults since 2000.

Figure 2: Demographic Change in the UK 1997-2020



Source: Authors' calculations using mid-year population estimates for 1997 to 2000: ONS (2011); 2001 to 2012: ONS (2013a); 2013: ONS (2014); mid-2014 onwards are population projections from ONS (2013b)

Moreover, although Labour had made significant progress, there were still areas in which, by common consent, further attention was needed. These included, but were not limited to: the quality and affordability of childcare; standards of treatment and care in the NHS and residential care provision (EHRC 2011); the high rate of NEET (young people not in work or education/training); low rates of employment among a growing population of disabled adults; a poor skills and training system by international standards; and a chronic under-supply of new housing. Despite some progress, very large social class gaps remained in population health, early childhood development, school achievement and university participation, and neighbourhood conditions.

Any government taking office in May 2010 would have faced major social policy challenges and a cold climate in which to address them. Our task here is to assess how the Coalition handled the situation.

3. The Coalition's Policy Goals

The Coalition's initial response to the difficult situation it inherited was set out in the Coalition Agreement: Our Programme for Government (Cabinet Office 2010), which was agreed in the days following the election in May 2010.

The agreement made it quite clear that "most urgent task facing this coalition is to tackle our record debts" (p7). In making the difficult decisions about how to do this, it pledged a progressive approach to ensure that "fairness is at the heart of those decisions so that those most in need are most protected".

However, the Coalition was also clear that its agenda went well beyond deficit[6] reduction, which was "not what we came into politics to achieve" (p7). Both parties had a broader vision of "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". This would 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 so that they, at last, get to go to the best schools, not the worst."

Alongside the reform of welfare institutions to bring in a wider range of providers, the Coalition argued for a devolution of power, enabled by technology, to 'encourage, support and enable people to make better choices for themselves" (p8). It proposed a combination of Conservative thinking on markets, choice and competition, with Liberal Democrat belief in advancing democracy at a much more local level.

Overall, the Coalition summed up its values as "freedom, fairness and responsibility", and its intentions as to deliver "radical reforming government, a stronger society, a smaller state and power and responsibility in the hands of every citizen (p8).

As Taylor-Gooby (2012) points out, this was not just an austerity government but a government set on a systemic restructuring that would shift significant responsibility from state to private providers, citizens and the community, thus leading to permanently lower spending, lower debt and market-led growth. This was not a coalition of weak compromises. Despite the difficult economic climate, it sought unusually large changes in a range of social policy institutions. Some were embedded in the Coalition agreement. Others were not and emerged later.

The underlying papers in this series look at goals in relation to specific areas of social policy, as they were set out in the Coalition Agreement. We summarise them briefly in Table 1.

The analyses in these underlying papers illuminate the difficulty (not just for researchers but for the electorate) in working out the aims and goals of a hastily formed coalition government. With the benefit of hindsight, the programme for government itself, drawn up quickly after the election, has proved a rather incomplete guide to policy intentions. It is striking that where the parties' pre-election pledges were in direct opposition (for example over school curriculum, job creation, and some areas of housing policy), nothing was included. It was thus, exactly what it said on the tin, a coalition agreement, with nothing said about what would happen in areas of disagreement.

[6] 'deficit' and 'debt' are often used interchangeably in current political debate, perhaps a recognition of the influence of the very high levels of debt on current expenditures and balances. Our understanding is that the Coalition government intended to reduce the current budget deficit and then to reduce the debt as a proportion of national income.

Moreover some statements were extremely broad, such as “to investigate ways of simplifying the benefits system”, leaving much more specific aims and policies to become clear in the year following the election, and in some cases for much more radical and transformative policy programmes to emerge than could have been forecast either from the programme for government or the individual party manifestos. The coalition gave the parties license not just to combine their pre-stated goals, but to forge some new ambitions through the combination of their ideas.

Close analysis of the relationship between the programme for government and the party manifestos, contained in the papers which underpin this summary, demonstrate that it was dominated by pledges from the Conservative manifesto. There were, however, some high profile Liberal Democrat inclusions, notably raising the income tax personal allowance and the pensions triple lock. The Pupil Premium, a key pre-election pledge of the Lib Dems, was included, although this also featured in the Conservative manifesto, while Nick Clegg’s high profile pledge to abolish tuition fees was famously not, as the new government announced it would await the recommendations of the Browne Review of higher education finance.

Table 1: Coalition's Broad Aims

Policy Area	Aims
Poverty and Inequality	Tackle the causes of poverty and make social justice a reality. Maintain goal of ending child poverty by 2020
Personal taxes, benefits and pensions	A substantial increase in the tax-free personal allowance for income tax. Investigate how to simplify the benefit system in order to improve incentives to work. Provide a firm foundation, providing security for retirement.
Health	Real annual increases in spending, retain an NHS that is free at the point of use and based on need not ability to pay, end 'top down reorganisations of the NHS that have got in the way of patient care', reduce political micro management and enable GP commissioning.
Adult Social Care	Establish basis for funding long-term care in the future. Improve integration of health and social care services, and increase the uptake of personal budgets
The Under Fives	Increase social mobility through improving life chances in the "foundation years"
Schools	Tackle educational inequality to increase social mobility. Ensure high standards of discipline, robust standards and the highest quality teaching. Open up the school system to new providers.
Further Education and Skills, and Higher Education	Support more apprenticeships. Improve the quality of vocational education. Reform FE funding system to follow the choices of students. Reform HE funding following Browne Review.
Employment	Replace the welfare to work programme for unemployed people along with a new funding mechanism for private providers; greater conditionality for out of work benefit receipt including for a large share of long term sick and disabled claimants.
Housing	Increase available homes and help people to buy them, improve the rented sector, and provide housing support for older and vulnerable people.
Regeneration and Neighbourhood Renewal	No aims expressed

Sources: The primary source is the Coalition Agreement: Our Programme for Government. Later policy documents have been used where the policy agenda emerged subsequently. See underlying papers for fuller discussion.

4. Policies and Spending

The social policy programme that followed the Coalition Agreement has been described as:

> *"the most far-reaching and precipitate attempt to achieve fundamental restructuring in an established welfare state in a larger Western economy in recent years"*
> (Taylor-Gooby 2012 p61).

Here we give an overview of the Coalition's policies, organised around three themes, bearing in mind the government's aims. The details are fully documented in the papers which underpin this report and summarised briefly in Box 1.

The first theme is **spending**. Given the importance given to cutting the deficit and reducing public sector net debt, decisions over how much to cut (and how much to raise through taxes) and which areas to protect whilst others were cut represent strategic policy decisions in themselves, so we set out this broad picture at the outset. The overall approach was to achieve the majority of the budget adjustments through cuts to spending, with health and education protected while other areas were cut.

The second is the **restructuring of the state** – the 'sweeping reforms' heralded in the Coalition agreement and aimed at devolving power to consumers and citizens and extending choice and competition in tax-funded services (although not primarily by extending privately financed provision), and reducing dependency on cash transfers.

The third is the **design and content of public sector services.** As well as reforming the structures of decision-making and delivery, the Coalition also made significant changes in some areas to the nature of state-funded activity – the school curriculum and apprenticeships, for example. In others, for example social care and housing, its changes have been less far reaching in relation to the challenges it inherited.

In an era of less severe budget cutting, such reforms to structure and content would dominate a report like this, not just the 'cuts', which inevitably attract a lot of attention in current times. Although we tackle public spending first in this report, we attempt to keep a balance by describing the key policy changes too, and by reporting on them in full detail in the underlying papers.

Box 1: Key Coalition Social Policies: A Brief Summary

Personal taxes, benefits and pensions

- Increase in the income tax personal allowance to £10,000 and reduce top rate of tax.
- Pension uprating "triple locked" to ensure growth at least in line with earnings.
- Working age benefits increased by Consumer Prices Index not the higher Retail Prices Index, and only by 1 per cent for three years. Also overall "welfare cap".
- Cuts, changes to eligibility and greater conditionality for many benefits and tax credits.
- Continuing but adding to Labour's pension reform programme including automatic enrolment, increases in the state pension age, and plans to move to a flat rate single tier pension from 2016.
- Merging six working age benefits into new 'Universal Credit'.

Health

- New overarching framework for health services in England.
- New arrangements for the commissioning, management and provision of health services, including an independent NHS Board to oversee the administration of health services in England, the abolition of strategic health authorities and Primary Care Trusts, and the creation of GP-led clinical commissioning groups (CCGs).
- New "any qualified provider" rule within commissioning, intended to promote competitive tendering between public, private and third sector providers.
- New economic regulation responsibilities given to Monitor; and an emphasis on outcomes through the new NHS Outcomes and Public Health Outcomes Frameworks.

Adult Social Care

- Dilnot Commission on funding of long-term care (implemented in Care Act 2014).
- Redefining national minimum eligibility criteria for adult social care, and introducing new local authority statutory duties.
- Integration of health and social care including through Health and Well-Being Boards and pooled funding (Better Care Funding).
- New statutory support for carers.
- Changes in the regulation and inspection of residential and community care services.

The Under Fives

- Roll out of Labour's pilot of 15 hours free early education to the most disadvantaged 20 per cent (and then 40 per cent) of two year-olds
- Introduction of greater flexibility of maternity/paternity leave in the first year.
- Establishment of the Early Intervention Foundation, with a remit to promote evidence about what works, and to raise funds for interventions from beyond government.
- Targeting Sure Start Children's Centres on children and families at risk of poor outcomes.
- Removal of additional cash benefits during pregnancy and the first year of life.

Schools

- Expansion of Academies programme and introduction of Free Schools, University Technical Colleges and Studio Schools
- Introduction of 'Pupil Premium' – extra funding for pupils eligible for free school meals.
- Major reforms to curriculum and assessment at all levels to make them 'more challenging'. Reduction in vocational qualifications that count towards GCSE performance tables.
- Reforms to teacher training – to be led by schools with smaller role for universities.
- Reform of teachers' pay and conditions including performance pay.

Further Education (FE) and Skills, and Higher Education (HE)

- Reforms to 16-19 year old vocational programmes, with increased focus on English and maths. Also reform of 'A' levels, including moving to 'all exam' assessment.
- Implementation of Labour's Raising Participation Age policy. Replacement of Education Maintenance Allowance with 16-19 Bursary Fund.
- Abolition of government grant for most HE courses, and fee cap increased to £9000 (full time) and £6750 (part time). Increase in grants for low income students.
- Expansion of adult apprenticeships, shifting from Train to Gain, and reform of the quality of apprenticeships, following 2012 Richard Review. Removal of funding from over 7000 adult education qualifications with low take up or deemed poor quality. Adult learning grants replaced with Advanced Learning Loans.
- Reform of FE funding system onto a per student basis.

Employment

- Get Britain Working measures to support jobseekers with interventions including work and enterprise clubs and sector-based work experience
- Introduction of Work Programme for long-term unemployed people and those considered to need most assistance. Major involvement of private and third sector.
- From April 2014 all JSA claimants leaving the Work Programme without finding work have had to participate in Help to Work scheme, which can include taking part in community work placements or attending daily signings.
- All Incapacity Benefit claimants moved onto ESA or JSA. All except ESA support group have to participate in welfare to work programmes.
- The Youth Contract, primarily targeted at unemployed and inactive 18-24 year olds.
- Access to Work, Work Choice, and other programmes for disabled job seekers.

Housing

- Policies to increase housing supply: bringing empty homes into use, incentives for building through a "Growing Places" fund, a "Get Britain Building" fund, and a new Community Infrastructure Levy.
- Reform of planning system: abolition of the Regional Strategic Plans and introduction of new community driven Local Plans
- Help people into home ownership through Help to Buy scheme, changes to stamp duty, support for shared ownership, larger discounts for right to buy sales.
- Reforms to social housing and housing benefit including use of short term social housing tenancies, reform of the Housing Revenue Account, tighter restrictions on Housing Benefit eligible rents in the private rented sector, and restrictions on Housing Benefit for "extra" bedrooms in non-pensioner social housing.

Regeneration and Neighbourhood Renewal

- Abolition of Regional Development Agencies, and previous neighbourhood programmes and targets. Replaced by small schemes to encourage community organisations and local social action.
- New 'Community Rights' (to bid, to challenge, to build and to reclaim land), and new neighbourhood planning measures, Our Place Community Budgets
- Establishment of Local Enterprise Partnerships and "City Deals" offering extra powers in return for commitments to innovation and efficiency. Regional Growth Fund to support business growth.
- Following the 2012 'Heseltine Review', Local Growth Teams to coordinate the activities of central government and build central/local partnerships, and Local Growth Deals negotiated with LEPs, devolving funding in a 'single pot' for housing and infrastructure.

Reductions in Public Spending: Choices and Consequences

The Key Decision: More than Three Quarters of Budget Savings to Come from Public Spending Cuts

The broad parameters of the Coalition's social policy programme were set just seven weeks after the general election, through the Emergency Budget of June 2010 (HM Treasury 2010a), which set out a programme to have debt falling and a balanced structural current budget by 2014-15, and to support an 'enterprise-led recovery' with lower long term public spending. The details were fleshed out in the 2010 Spending Review (HM Treasury 2010b).[7]

Announcing his Budget, the Chancellor said that 77 per cent of the total savings would be made through reductions in public spending and 23 per cent through tax increases. A great deal of the distributional effects of policy flow from this fundamental strategic choice.

The headline tax changes were the increase in the main rate of VAT from 17.5 to 20 per cent, and the increase in the capital gains tax rate for higher rate taxpayers. However there were also tax reductions: notably an increase in the Income Tax personal allowance from £6,475 to £10,000, and gradual cuts to corporation tax. Labour's new top Income Tax rate of 50 per cent for people earning over £150,000 was kept in place until 2013, when it was cut to 45 per cent. At the local level, Council Tax was frozen or only increased by small amounts by most councils (under strong financial penalties from central government if it was raised above 2 per cent). Thus it fell in real terms.

But the bulk of the deficit cut was to come from reduced public spending.

To get a sense of the possibilities facing the Chancellor, we show the broad breakdown of public spending in 2009/10 in Table 2. This table shows 'Total Managed Expenditure' (TME) which includes all of the day to day expenditure of government departments (both capital and current) as well as local government expenditure financed by Council Tax and the interest on government debts.

Total managed expenditure was about £673 billion (in 2009/10 prices), of which 95.2 per cent was spending by government departments and the remainder debt interest payments, transfers to EU institutions, locally financed expenditure and accounting adjustments. At the time of the 2010 spending review, debt interest payments were forecast to rise from around £43 billion in 2010/11 to £63 billion in 2014/15, due to rising public sector net debt, adding to the pressure on other areas of spending.

As the table shows, almost a quarter of the spending by departments went on pensions and social security benefits. Within this heading, state pensions made up more than nearly two fifths, with other pensioner benefits adding to this. Tax credits are not identified separately here but, with Child Benefit make up most of the spending shown under 'Chancellor's departments'.

After social security, another 28 per cent of departmental spending went on the NHS and education, and 7 per cent on defence, leaving just about one third of all public spending for all other departments and functions. Spending reductions could be achieved by modest cuts in the big spending areas, or by much more dramatic ones to smaller programmes.

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[7] Clearly not everything the Coalition intended to do, or did, was set out in this document. The detail of the ways in which policies and spending decisions evolved is covered in summary later in this paper and in detail in the underlying papers. Our point here is to indicate that early decisions about spending set the boundaries, and many of the core directions, for later decisions.

With all of this in mind, the Chancellor also made another key pledge in his Emergency Budget speech: that however the cuts would be made, the measures would be ‘fair’; “that all sections of society contribute, but that the richest pay more than the poorest, not just in terms of cash, but as a proportion of income as well” (p12).

Noting that too often, “when countries undertake major consolidations of this kind, it is the poorest – those who had least to do with the cause of the economic misfortunes – who are hit hardest”, he said than by contrast “the Coalition Government will be different. We are a progressive alliance governing in the national interest” (p12). “When we say that we are all in this together, we mean it” (p2).

Table 2: Breakdown of Public Spending £ billion 2009/10, by Department

	2009-10 (outturn)	% of Total Departmental Expenditure	% of Total Managed Expenditure
Work and Pensions	156	24.3	23.1
NHS (Health)	115	17.9	17.0
Education	67	10.5	10.0
Devolved expenditure for Scotland, Wales and Northern Ireland	65	10.1	9.6
Chancellor's Departments	56	8.7	8.3
Defence	45	7.0	6.6
CLG Local Government	27	4.3	4.1
Business, Innovation and Skills	26	4.0	3.9
Home Office, Justice and Law Officers	22	3.4	3.2
Other Departmental spending	64	9.9	9.5
Total Departmental Expenditure	641	100.0	95.2
Central government gross debt interest	30		4.5
Locally financed expenditure	31		4.6
Other expenditure (including accounting adjustments)	-29		-4.4
Total other expenditure	32		4.8
TOTAL MANAGED EXPENDITURE (TME)	673		100

Source: Authors' calculations using nominal figures from HM Treasury 2014 (Table 1.12) and GDP deflators from HM Treasury 2013
Notes:
1. Chancellor's Departments include: HM Revenue and Customs and HM Treasury.
2. Other departmental expenditure includes: Personal Social Services (Health) for 2009-10 and 2010-11; Transport; CLG communities; Foreign and Commonwealth Office; International Development; Energy and Climate Change; Environment, Food and Rural Affairs; Culture, Media and Sport.
3. Other expenditure (within total other expenditure) includes: Public sector depreciation, Net expenditure transfers to the EU, Public corporations' own-financed capital expenditure, Accounting adjustments, Adjustment for Devolved Administration borrowing; from 2014-15 it also includes: Spending commitments not yet in budgets, Reserve, Special Reserve, OBR allowance for shortfall, Adjustment for Budget Exchange.
4. Total departmental expenditure is given by Resource DEL excluding depreciation plus capital DEL plus resource and capital departmental AME.
5. Total managed expenditure excludes the temporary effects of banks being classified to the public sector.

Protection for the NHS, Schools and Pensions, Cuts to Social Security and Local Services

Two key decisions in the 2010 Spending Review shaped the programme of cuts that followed.

One was to keep to the pledge that NHS spending would rise in real terms across the course of the parliament. Schools spending was also protected. This effectively ring-fenced about one quarter of departmental expenditure, meaning that the burden of the cuts would fall in other areas. Our analysis shows the effect of these early pledges.

We start with the protected services. Across the UK as a whole, spending on health grew from £116.9bn in 2009/10 to £120.0bn in 2013/14, (in 2009/10 prices)[8], a real terms increase of 2.7 per cent.[9] Cuts of 0.1 per cent and 1.1 per cent in the first two years were followed by real increases of 1.5 per cent and 2.4 per cent in the subsequent two years. Total expenditure on schools in England fell from £46.1bn in 2009/10 to £45.7bn in 2012/13 – a fall of less than one per cent.[10] Within that, the Coalition's new Pupil Premium - a per capita amount following disadvantaged pupils - had the effect of increasing the extent to which funds were distributed towards schools with the highest levels of deprivation. Up until 2012/13, the least deprived secondary schools experienced real terms losses in funding of around 2.5 per cent, while the most deprived received real terms increases of around 4.3 per cent. Primary schools with the least deprived pupils saw their grants increase by 1.2 per cent over the same period, but the most deprived schools enjoyed a larger 8.6 per cent increase. These patterns should look more marked when more recent data is available, because the Pupil Premium increased in value year-on-year.

'Non-protected' services were inevitably much harder hit. The biggest loser was the Department for Communities and Local Government. According to the local government association (LGA 2013), total local government funding in England fell by 33 per cent from 2009/10 to 2014/15. This, of course, includes funding for a very large range of services. Those services that councils are obliged by law to provide have necessarily been protected more than those over which they have discretion.

Our analysis shows cuts to adult social care of 7 per cent between 2009/10 and 2013/14, and further cuts were planned for 2014/15. This needs to be seen in the context of a large increase in the population aged 65 and over, considerably increasing demand for these services. By contrast, the number of people aged 65 and over increased by 10.1 per cent over the same period, including an 8.6 per cent increase in the population aged 85 or over. Until 2009/10, social care spending had been keeping pace with older-age population growth. Under the Coalition it has fallen well behind (Burchardt, Obolenskaya, and Vizard 2015).

Spending on early education, Sure Start and the childcare element of Working Tax Credit fell by 21 per cent between 2009-10 and 2012-13, with falls of 11 per cent for early education, 29 per cent for targeted support for childcare and 32 per cent for Sure Start. Child Tax Credit and Child Benefit payments were frozen in cash terms. The income threshold at which families cease to be eligible for the family element of Child Tax Credit was lowered substantially, so that CTC became a more tightly targeted benefit. Universal Child Benefit was removed from families that included a higher-rate taxpayer. At the same time, the number of children under five rose by around 6 per cent, with the

[8] We report all figures in 2009/10 prices
[9] Using GDP deflators from HMT 2014
[10] School spending is not separately identified by HMT as the NHS is, so figures are taken from the DfE Annual Report, hence only available for 2012/13 at the time of going to press.

result that real spending per child fell by around a quarter, from £2,508 in 2009-10 to £1,867 in 2012-13.

Spending on housing and community amenities[11] fell from 16.3bn in 2009/10 to 10.6bn in 2013/14 (a 35 per cent fall). The Coalition's new Affordable Housing Programme provided just one sixth of the previous public subsidy for new social housing and low-cost home ownership. All major funding streams for neighbourhood renewal were cut entirely.

Although schools and funding for 16-19 year-old learners were relatively protected, at least until 2013/14, the budget for adult skills fell by 26 per cent between 2009/10 and 2013/14. Higher education was also cut (by 44 per cent), although this was achieved by removing central government grant for teaching, financing this instead through student fees, to be repaid by loans. As most universities set their fees at or close to the maximum of £9000 per year, the short term effect was to raise income for universities. But many students will not repay their loans in full. Estimates suggest that in the long run, the cost to the public purse will this will only be 5 per cent less than the previous system (Crawford, Crawford, and Jin 2014), far less than the short term saving in the course of this parliament. A similar issue of deferred expenditure (although over a much shorter time period) arises with employment services, because of the adoption of a payment by results system.

These data on cuts to particular services and spending areas include both current spending and capital. In 2009/10 current spending made up 85 per cent of allocated departmental budgets (known as DEL)[12], and capital 15 per cent. Even in protected spending areas, capital budgets were substantially cut. For the UK as a whole, education capital DEL fell by 52 per cent between 2009/10 and 2013/14. For schools in England, it was down 44 per cent. Health capital DEL was down 24 per cent in the same period, and overall capital DEL 32 per cent.

The second key decision was to give particular focus to what the government – often confusingly – refers to as 'welfare'.

The term 'welfare' is sometimes used to refer to the whole social security system, including pensions and tax credits. We tend to describe these as 'cash transfers' between the government and individuals, or 'cash benefits', to distinguish them from the other benefits which the state distributes in the form of services.

At other times 'welfare' seems to refer to the part (around one-fifth) of that total that is made up of cash benefits for working age people, or even more narrowly to case benefits for people who are not in work, including disabled people and lone parents as well as unemployed people.

The Chancellor described reductions in 'welfare' spending as "a key component of successful fiscal consolidations elsewhere in the world" (HM Treasury 2010a p6). The size of, and conditions applying

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[11] This includes the construction and repair of social housing (about 2/3 of the total under this heading), community development (about one-quarter) and other headings including the provision of street lighting and water supply.

[12] 'Allocated departmental budgets' is not the same as 'total departmental spending' as show in Table 2. Allocated departmental budgets refers to the money allocated to and spent by departments by the Treasury, their 'departmental expenditure limit' or DEL. On top of this, departments also have 'annual managed expenditure' (AME) which cannot be allocated in advance because it varies with demand, such as benefits and pensions. AME also includes certain large and unpredictable expenditures.

to social security payments are of course also central to Coalition's vision of a smaller state, individual responsibility and fairness, not just a cost-saving measure.

However pensions were protected. Under the Liberal Democrats' 'triple lock', state pensions would be uprated by the higher of earnings, prices or 2.5 per cent. To partially fund this, the date at which the State Pension Age would rise to 66 was brought forward to 2020. But the decision also meant that savings would have to be made elsewhere in the system of cash transfers if the government wanted to reduce that bill overall.

The Coalition described its overall approach as follows (HM Treasury 2010a).

- Increasing incentives to work and reducing the incentives to stay out of work.
- Focusing benefits on those most in need.
- Cutting benefits which "the country can no longer afford" (p6)

The first and second of these led to a series of reforms to eligibility, conditionality and to the interrelationship of benefits and tax credits which we describe in more detail in Hills 2015a. These included changes to disability benefits, income support, and housing benefits, as well as the introduction (only beginning to be rolled out by 2014) of Universal Credit. The three approaches together also led to a series of cuts: reductions in the value of some benefits and the deletion of others. A key decision was to put the system on a 'sustainable and affordable footing' by switching the basis for uprating benefits , tax credits and public service pensions (but not the state pension or pension credit) to the annual increases in consumer prices rather than the previous and usually more generous increases in retail prices.

Tax credits were made less generous in various ways including the abolition of the 'baby element' of Child Tax Credit (CTC); tighter targeting of CTC through a substantial reduction in the income threshold at which families cease to be eligible; a faster rate of tax credit withdrawal as earnings rise; an increase in the weekly working hours requirement for couples with children; and a reduction in the maximum share of childcare costs covered from 80 to 70 per cent. An overall 'benefits cap' of £26,000 was also introduced for working age people (excluding those on certain disability benefits or the Working Tax Credit) on the basis that total benefits should not exceed the government's estimate of median earned income for working families after tax and national insurance.

The net effect of these changes, combined with the pressures of economic and demographic change, was that real terms spending on cash transfers (including pensions) rose under the Coalition – from £182 billion in Labour's last complete year, 2009-10, to £188 billion in 2014-15, although falling as a percentage of GDP from 12.7 to 12.1 per cent.

The Office for Budget Responsibility (OBR 2014), which uses slightly different definitions and finds that spending fell by nearly one per cent of GDP, shows how the different components of spending combined to produce this effect (Table 3). The largest contributors to the overall fall as a percentage of GDP were the reductions in tax credits and Income Support, with significantly fewer people being eligible. There were also falls both in the number on unemployment benefits and in the relative value of these benefits, while an increase in the number of people receiving housing benefit offset a fall in the value of awards. An ageing population and a rise in the value of state pensions per recipient (relative to GDP per adult), contributed to an increase in spending on pensions.

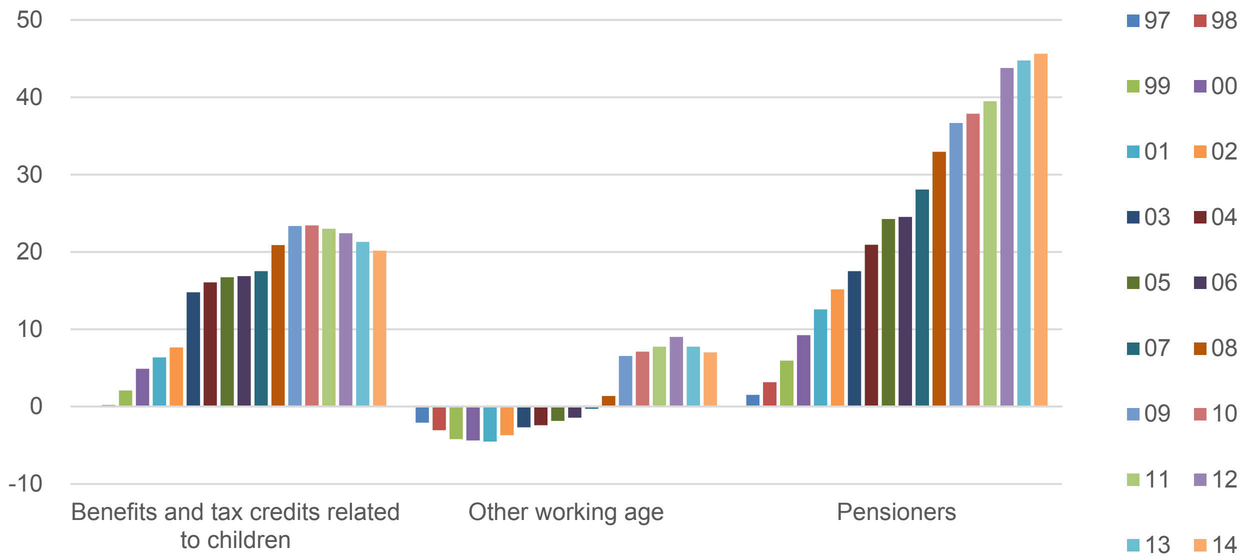
Table 3: Caseloads, average awards and costs as % of GDP, main benefits, 2009/10 and 2014-15

	Recipients as % adult population		Average award as % of GDP per adult		Cost as % of GDP	
	09-10	14-15	09-10	14-15	09-10	14-15
State pensions (GB)	25.1	25.2	18.5	19.9	4.7	5.0
Pension Credit (GB)	5.5	4.4	10.4	8.9	0.6	0.4
Incapacity Benefit (GB)	5.4	4.8	17.2	16.3	0.9	0.8
DLA/PIP (GB)	6.3	6.3	12.8	13.5	0.8	0.9
Tax Credits (UK)	12.6	8.8	15.8	19.5	2.0	1.7
Child Benefit (UK)	27.5	25.6	3.0	2.7	0.8	0.7
Income Support (GB)	3.9	1.5	15.0	10.8	0.6	0.2
Unemployment Benefit (GB)	3.1	2.2	10.5	9.7	0.3	0.2
Housing Benefit (GB)	17.8	18.8	7.8	7.6	1.4	1.4

Source: Hills (2015a) based on OBR (2014). Some functions have moved between headings as a result of administrative reform, so the figures are not full comparable between years. Incapacity benefits include ESA.

One effect of this was a redistribution of spending on social security and tax credits between population groups. As Figure 3 shows, spending on pensioner benefits rose continuously under both Labour and Coalition governments. Transfers related to children increased until 2010/11, but then fell signifcantly. Spending on other working-age benefits and tax credits was lower in 2007/08 than in 1996/97, but then grew as the recession took hold, peaking in 2012/13.

Figure 3: Real spending on pensioners continued to rise, but it fell for children after 2010/11



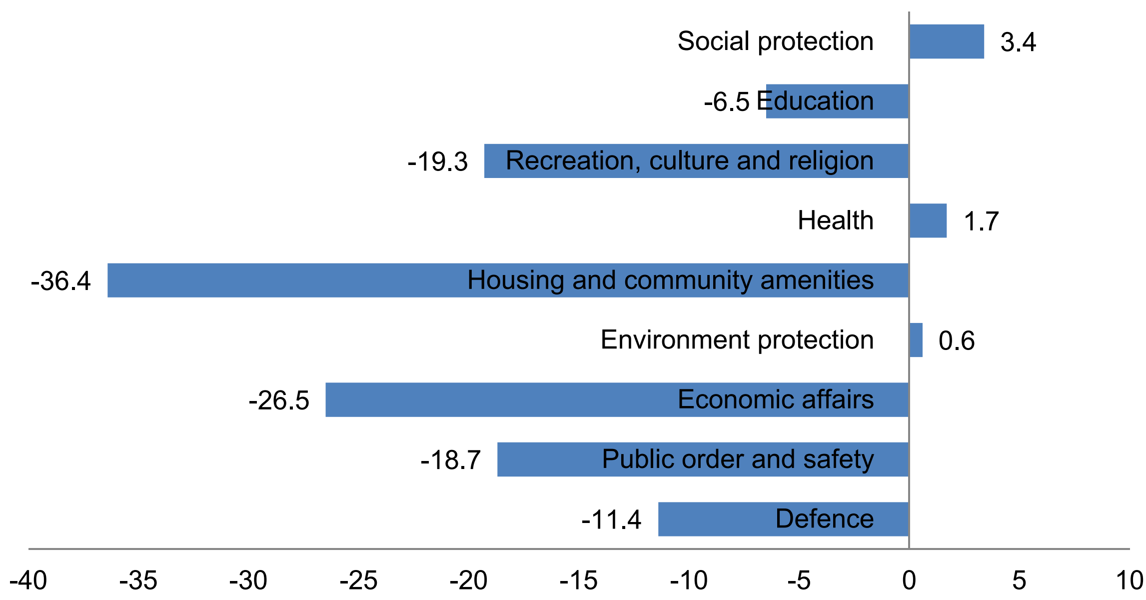
Source: DWP data (£ billion, 2009-10 prices). Figures show change from 1996/97 in financial years

Overall Effects on Public Spending

Overall, the effect of all the Coalition's measures in the current parliament has been to cut public spending (defined as total managed expenditure) by 2.6 per cent in real terms, from £674bn in 2009/10 to £656bn in 2014/15. This cut is associated with a 6 per cent projected fall in total spending per capita from £10,826 per person in 2009/10 to £10,179 in 2014/15.[13]

The fall is smaller than many people might imagine given the public discourse of 'austerity' and 'cuts'. It illustrates the difficulty of making substantial savings overall while protecting the two biggest service spending areas (health and education), and the difficulty of cutting spending on social protection in difficult economic times and when protecting pensions spending. Figure 4 shows the percentage cut in spending between 2009/10 and 2013/14 by 'function'.[14] The large cuts in locally managed services at the expense of social protection and health (and to a lesser extent education) are evident.

Figure 4: Change in Spending by Function 2009/10 to 2013/14 (Per cent)



Source: Authors' calculation using nominal figures from HM Treasury 2014 (Table 4.2) and GDP deflators from HM Treasury 2013. Note that the use of the older (2013) GDP deflators produces a slightly lower increase in health spending than 2.7 per cent figure cited earlier in the paper which uses the most recent 2014 deflator.

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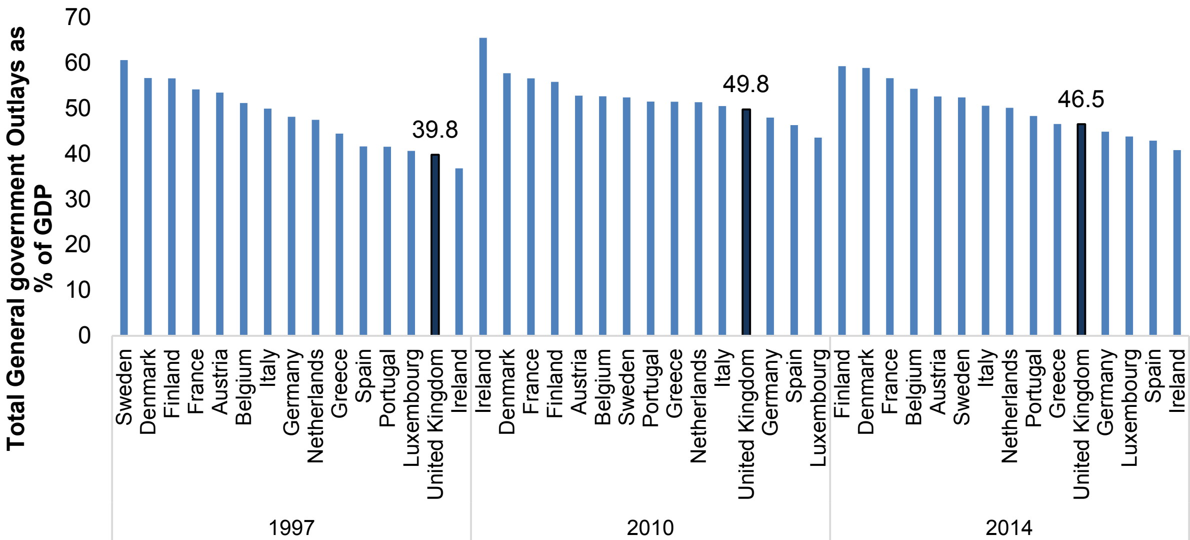
[13] Authors' calculations using IFS spending spreadsheet associated with publication Keynes, S. and Tetlow, G. (2014), A survey of public spending in the UK. IFS. Available: http://www.ifs.org.uk/publications/1791 [accessed 5 November 2014] and HM Treasury 2013 GDP deflators.

[14] Functional categories group spending by purpose regardless of which department is responsible. The categories are somewhat broader than the ones we have considered in our analysis of specific service areas (for example education includes schools and further and higher education) and thus the figures may not exactly match.

The fall in terms of percentage of national income is more striking, as the economy returned to growth. Public spending fell from a peak of 47.1 per cent of GDP in 2009/10 to 42.7 per cent in 2014/15. Up to 2013/14 (latest data) health and education fell as a proportion of GDP (health from 8.2 per cent to 7.9 per cent, education from 6.2 per cent to 5.5 per cent). Social security spending remained at 12.7 per cent.

These spending levels are still above the pre-crisis level of 40.6 per cent, but are unexceptional by international standards. The UK has historically had low public spending compared with other European countries. As Figure 5 shows, the effect of Labour's public spending was to bring it more in line with EU norms, while lifting it only two places in the spending league table. The Coalition's regime has had little effect on the rankings. The UK remains a relatively low public spender.

Figure 5: Total Government Spending as a Percentage of GDP in the EU 15 Countries

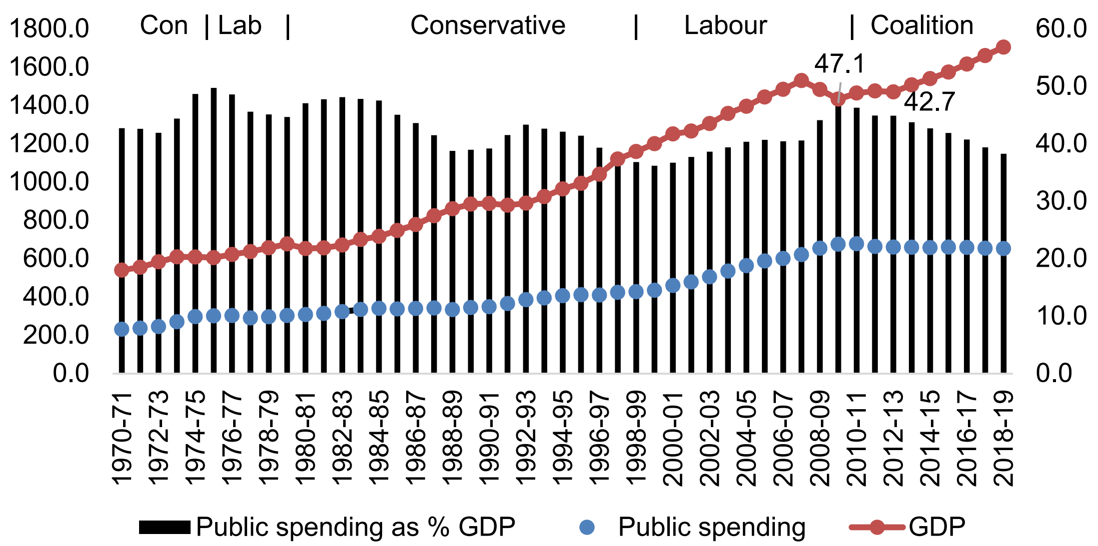


Source: OECD Economic Outlook 95 (2014), Annex table 25 Total Government Outlays.

Notes: Definition: The figures for total outlays consist of current outlays plus capital outlays. Current outlays are the sum of current consumption, transfer payments, subsidies and property income paid (including interest payments). Data refer to the general government sector, which is a consolidation of accounts for the central, state and local government plus social security.

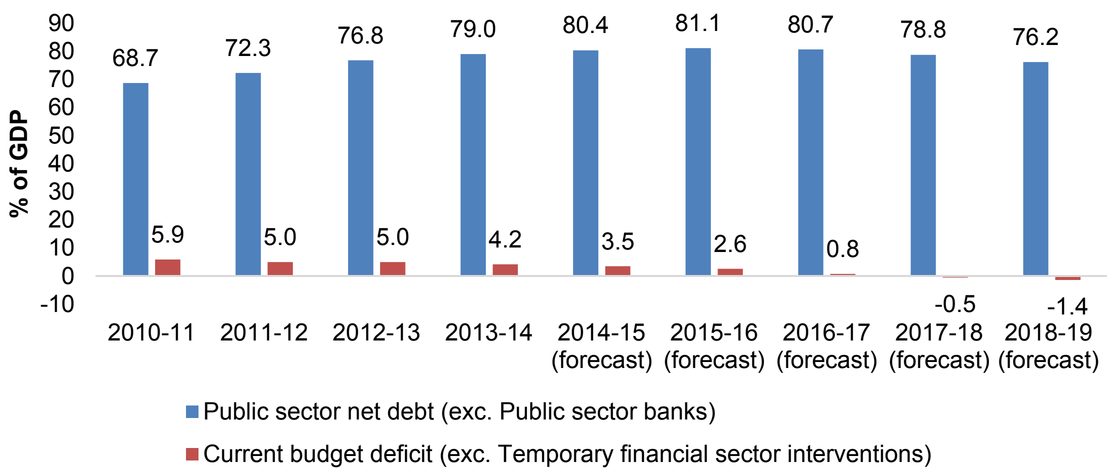
Figure 6 shows that current levels of public spending as a percentage of GDP (the black bars) are also unexceptional by modern historical standards. A critical factor is that while the savings to date have had the effect of reducing the current budget deficit, public sector net debt has increased every year during this parliament, standing at 80 per cent of GDP in 2014/15 (Figure 7). This has meant that debt repayments have continued to put pressure on other areas of public spending, although low interest rates have moderated this.

Figure 6: Trends in National Income (GDP) and Public Spending, 1970/71 to 2018/19 (2009/10 prices)



Source: Authors' calculations using Keynes and Tetlow (2014), Survey of public spending in the UK (IFS) Accompanying spreadsheet nominal figures for public spending and GDP figures and GDP deflators from HM Treasury 2013. Figures for 2013/14 onwards are forecasts
Note: Public spending defined as Total Managed Expenditure.

Figure 7: Public sector net debt and current budget deficit as a proportion of GDP, 2010-11 to 2018-19



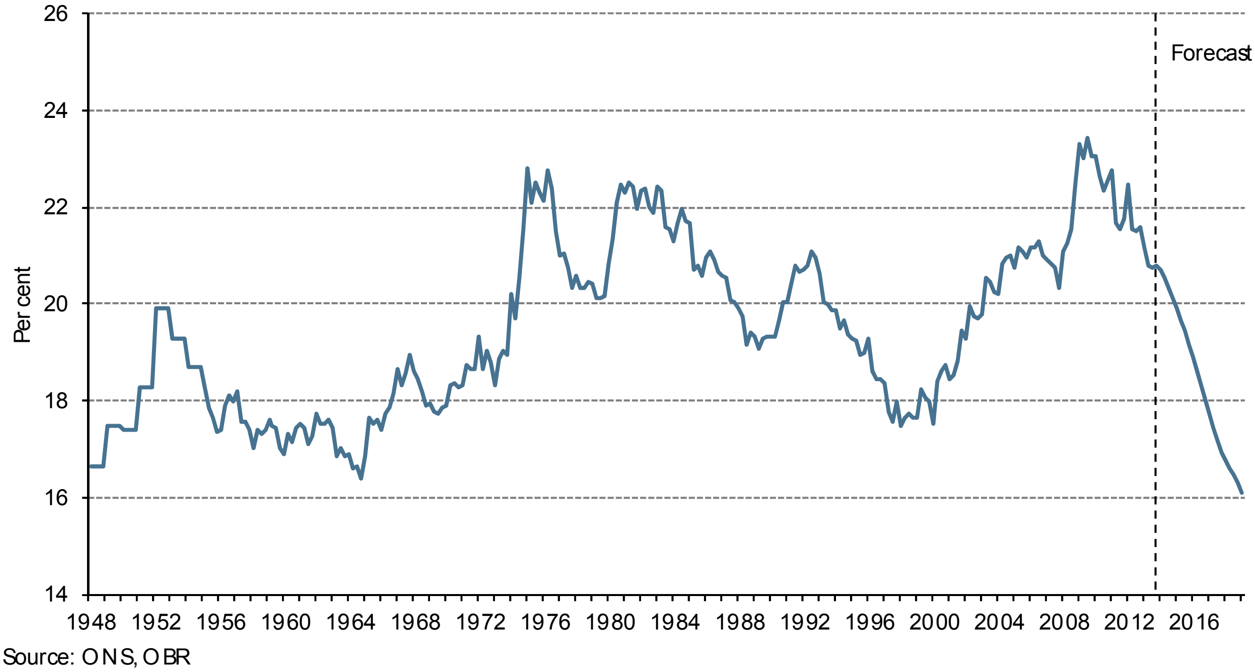
Source: Outturn figures from IFS (2014), debt and borrowing spreadsheet, except current budget deficit figures for 1996-97 are from IFS (2014a) via personal communication with Soumaya Keynes. Forecast figures for Public sector net debt from OBR (2014) and Current Budget Deficit from IFS (2014a) via personal communication with Soumaya Keynes.

1. All indicators are shown excluding the effects of temporary financial interventions.
2. All outturn data is on the basis of the 2010 European System of Accounts (ESA10), consistent with the October 21st 2014 Public Sector Finances Statistical Bulletin.
3. All forecast data is consistent with the December 2014 OBR forecast, and is on the basis of the ESA10.

However, projected levels of public spending from 2013/14 to 2018/19 begin to look more unusual, returning spending to, and below, the historically low levels of the late 1990s. The Institute for Fiscal Studies estimates that the Coalition's current spending plans to reduce the debt in the next parliament will return public spending as a percentage of GDP to 38.2 per cent by 2018/19, a return to the situation in 2002/3. These figures include all public spending, including debt repayments. Once debt repayments are taken out, the Office for Budget Responsibility suggests that this will mean a cut in government consumption of goods and services (i.e. excluding benefit payments) down to 14 per cent of GDP by 2018/19, its smallest share of national income at least since 1948 (Figure 8). This would come in the context of the rising pressures of ageing suggested by Figure 2.

By both measures, it is evident that the strategy the Coalition has put in place, should they be carried through, will have longer term consequences much more marked than those observed already.

Figure 8: Government consumption of goods and services as a share (per cent) of nominal GDP



Source: OBR 2014, Economic and Fiscal Outlook. March 2014: 6

Distributive Effects

The extent to which the Coalition managed to keep its pledge to protect those in most need as the cuts took effect is disputed.

The effect of changes to cash transfers can be estimated, since it is known which members of the population are eligible for the payments. Our own analysis shows that, taking the changes to personal direct taxes and cash benefits together (but not allowing for VAT and other indirect taxes), the effects of the Coalition's reforms were, in the main, the opposite of what they claimed - on average the poorer groups paid more than the richer ones as a percentage of their income.

Figure 9 shows that to 2014/15 the poorest twentieth of the population lost nearly 3 per cent of their incomes on average, and the next five-twentieths lost nearly 2 per cent. By contrast, income groups in the top half were net gainers from the changes, with the notable exception of the topmost twentieth. The overall effect was largely regressive because the impact of benefit reductions was greater for those in the bottom half of the income distribution than any gains from the higher income tax allowance. However, at the top of the distribution, the net effect was a loss as a result of other changes, such as a lower threshold for higher rate tax and withdrawal of Child Benefit. Yet even here, the topmost one per cent remained narrow gainers thanks to the cut in the highest tax rate from 50 to 45 per cent.

Figure 9: Percentage changes in household disposable income due to direct tax and tax transfer policies (May 2010 to 2014/15)

Source: (De Agostini, Hills, and Sutherland 2014)

Figures show percentage change in household disposable income by income group due to policy changes, compared with May 2010 system uprated by CPI.

This analysis omits indirect taxes and some other taxes. Modelling by the Treasury and the Institute for Fiscal Studies, which takes account of indirect and other tax rises, also shows that policy changes were regressive between the bottom of the income distribution and the seventh or eighth tenths. However, if the timescale is moved earlier to include changes implemented by Labour just before the election and affecting the highest incomes (the 50p top tax rate) the percentage loss for the top tenth becomes greater than for other groups particularly for those right at the top.

The changes to social security spending on benefits and pensions (not including tax changes) altered the distribution between age groups. Spending related to children, which had risen rapidly under Labour, fell under the Coalition, from nearly £40 billion in 2009-10 to £36 billion by 2014-15 (at 2009-10 prices). Spending on pensioners, which had also risen under Labour, continued to rise under the Coalition, from £94 billion in 2009-10 to £103 billion in 2014-15. In contrast to public perceptions, working age benefits unrelated to children fell under both governments, despite the recession which might have been expected to increase it (Hills 2015b).

Whatever their distributive effect, another notable point from Figure 9 is that the changes to direct taxes and benefits have had no real effect overall on the public finances. Almost all of the savings achieved by cutting benefits were offset by gains for richer groups. Given the Chancellor's emphasis on the centrality of cutting 'welfare' to reducing the deficit, this will be a surprising finding to many people, but reflects in particular the very large cost of raising the income tax personal allowance.

Assessing the distributional effect of changes to spending on services (as opposed to taxes and benefits) requires a large number of assumptions to be made about who uses services. It is therefore more contestable. Independent analysis in 2010 based on the announcements made in the Spending Review suggested that public spending cuts would also be regressive, affecting people on lower incomes more (Horton and Reed 2010). This pattern might be expected, since people with fewer private resources rely on public services more. Also some important factors associated with poverty (for example poor health) are also associated with need for services.

However, in late 2014, the Treasury produced its own new analysis of the distributive effects of public spending changes up and including the 2014 Autumn Statement (HM Treasury 2014). This shows the opposite pattern. The lowest income quintile are shown to have lost virtually nothing from the public spending cuts not excluding tax and benefits, while higher income groups have lost progressively more. Since the detailed underlying methodologies are not published, no firm conclusion can be drawn about why these two accounts differ. One explanation is that the Treasury's account is retrospective, taking into account actual changes in spending (for example the progressive increases in Pupil Premium). Cuts to schools budgets have been lower than anticipated by Horton and Reed, and their analysis also excludes health, since no change was assumed. An actual real terms increase in health spending may be one of the factors protecting the bottom quintile in the Treasury's analysis.

The Restructuring of the State

The Coalition also embarked on a major restructuring of welfare state institutions, with substantial reforms across most areas of social policy reflecting its vision of "a stronger society, a smaller state and power and responsibility in the hands of every citizen". These changes did not take the same shape across all areas of social policy, nor go at the same pace. Nevertheless three main themes emerge across the piece: the extension of provision by non-state bodies, localism, and the redefining of the terms on which individuals might expect state support. Table 4 gives a simplified picture of the overall pattern. An overview is given in the following section, with more detail in the underlying papers.

Table 4: Changes to the Structure of the Welfare State under the Coalition: A Summary

	Extension of Provision to Non-State Providers				Localisation	Changed Eligibility
	New providers	**Funding Reform**	**Better Information**	**Individual Budgets**		
Cash Transfers	n/a (see note 1)				*	*
Health	*	*	*		*	
Adult Social Care		*	*	*		*
The Under Fives		(*) Note 2			*	*
Schools	*	*	*		Note 3	
Higher Education	*	*	*	Note 4		Note 5
FE and Skills		*		*		*
Employment	*	*			*	Note 6
Housing		*			*	*
Regeneration and Renewal					*	

Notes:
1. These columns refer to changes in service provision, therefore not applicable to direct cash transfers..
2. Payment by results was piloted in Sure Start children's centres but then withdrawn.
3. Widespread academisation means than many schools are now not under local authority control and have more autonomy in other ways, for example over teacher training. However, we regard this as autonomy rather than localisation, since autonomous schools have no neighbourhood-level community accountability and are ultimately responsible to the Secretary of State.
4. HE students already had individual budgets in the sense of financing their studies through loans. The Coalition made the individual student contribution a larger part of overall university funding.
5. The shift in responsibility for the financing of HE to the student is a leading example, but was already partly underway under the previous government. This principle was extended to adults in further education, which we have included both under 'individual budgets' and eligibility/responsibility.
6. Refers to migration of disabled people from Incapacity Benefit to Employment and Support Allowance or Job Seekers Allowance with greater conditionality.

Extension of Provision by Non-State Bodies

Most evident, perhaps, were measures to enable and encourage new providers to deliver public services. The Coalition extended Labour's Academies programme (which under Labour had been targeted on struggling secondary schools in poor areas) to all secondaries deemed good or better by Ofsted, and to primary schools, and enabled 'free schools' to be set up by groups of parents, charities or other institutions. The pace of change was very rapid. In 2010, just over half (51 per cent) of state-funded secondary schools were community schools run by local authorities, with 3 per cent 'Voluntary Controlled' (VC) schools also run by local authorities but owned by religious organisations, and 39 per cent run by their governing bodies, whether 'Voluntary Aided' (VA) faith schools or Foundation schools. Just 6 per cent were Academies. By 2014, a little over a fifth (22 per cent) of secondaries were still community schools, and 2 per cent VC. Over half (57 per cent) were Academies. About one in ten primary schools had become Academies by 2014.

Higher education degree awarding regulations were changed to allow new providers into the system. In the NHS, an 'any qualified provider' rule was introduced to promote competitive tendering between public, private and third sector providers. Employment services were overhauled with the delivery of the new 'Work Programme' contracted to so-called 'prime contractors', each managing multiple sub-contracts with other providers and working on a 'payment-by-results' basis. Social housing providers were encouraged to raise a greater part of funding for new homes from the private sector and to charge rents closer to market levels

Other changes have been made to facilitate competition between providers. The government has simplified the funding system for schools to reduce variation and is working towards a national funding formula, partly to increase transparency for potential new providers. In further education and skills, a new funding system was introduced based on a standard rate per qualification on a per capita basis. Payment by results is being introduced to this system too, as it was for Sure Start, although in Sure Start's case the attempt was quietly abandoned after the pilot stage. In some cases, consumer choice has been strengthened by the introduction of individual (personalised) budgets. The availability of information has also been enhanced, so that service users can be better informed choosers – for example Higher Education Institutions (HEIs) must provide much more information about the quality of their provision, including employment outcomes for graduates.

More complex systems of provision have brought challenges for accountability, and systems are still evolving. An initial enthusiasm for deregulation – sometimes described as 'the bonfire of the quangos' has been subsequently tempered in the face of some high profile cases of poor performance and/or financial irregularities by new providers. In adult social care, the Care Act 2014 introduces new regulations on financial sustainability of private care home providers, after Southern Cross spectacularly went bust in 2011, while 2014 also saw the introduction of Regional Commissioners to oversee Academies, following a number of cases of financial irregularity and governance lapses.

We have described these changes as extension of provision by non-state providers rather than 'marketisation' or 'privatisation', since the overall context is still one in which services are mainly funded by general taxation and free at point of demand[15]. But as Burchardt (2013) points out,

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[15] In some cases, there have also been shifts in the balance between public funding and what individuals have to pay for from their own resources. This is discussed further below.

defining what is public and what is private in welfare provision is becoming increasingly complex, with analysis requiring a concept of ‘degrees of publicness’, based on the identity of the provider and the extent of regulation to which they are subject. We are also clear that in most cases these were not changes that began with the Coalition, but extensions of principles and approaches begun under the Labour government. The Coalition has gone much further and faster, but nevertheless there are clear continuities.

Localism

A second theme that the Coalition itself has been particularly enthusiastic about is ‘localism’, a broad term which incorporates several different elements and meanings.

One is the ceding of powers, and in some cases responsibilities without new powers or funds, from central government to local authorities and other local bodies. The Localism Act 2011 legislated for some of these changes. For example it abolished Regional Spatial Strategies and regional and local authority house building targets, and gave local authorities more options over the allocation of social housing. Following the Scottish independence referendum, debate about further devolution within England has intensified, and late in 2014, the first indications of what this might look like were given with the extension of powers over business growth and skills and help to join up health and social care budgets to the combined authority of Greater Manchester, along with the announcement that the city region would have the first elected ‘metro area’ mayor.

Some aspects of the formerly national benefits system have also been devolved to local authorities - the Social Fund and Council Tax Benefit (now Council Tax Support, with a 10 per cent reduction in resources). Some critics have described these changes as an increase in discretionary welfare (rather than localism) and would also include the replacement of the National Education Maintenance Allowance (EMA) with a 16-19 Bursary fund administered by schools and colleges, and the introduction of Discretionary Housing Payments which local authorities have used to support tenants affected by national changes to housing benefits. There are other areas, notably regeneration, where the Coalition has used the principle of localism to argue that it should not be intervening, or funding intervention or monitoring outcomes, but leaving these responsibilities to local bodies.

Localism has taken different forms in different areas of social policy as the tensions between institutional autonomy, local democratic decision-making, and a concern for standards have played out in different ways. One striking aspect is the multiplicity of new institutions and geographies. In economic development, new Local Enterprise Partnerships, led by businesses, have been established at the level of the functional economic area. Regional Development Agencies and Government Regional Offices were abolished. In the health service in England, responsibility for commissioning has gone to GP-led clinical commissioning groups (CCGs), abolishing the existing Primary Care Trusts (PCTs) and Strategic Health Authorities. New Health and Wellbeing Boards with responsibilities to promote public health, to plan to meet local needs and to tackle health inequalities have been established within top tier and unitary authorities. The new bodies are intended to increase democratic participation and local accountability in decision making. In employment services, regional contracts are made for Work Programme providers (as well as all of the sub contractors) to help tailor provision to local need.

On the other hand, in some areas, increasing centralism has been evident alongside localist rhetoric. The Social Care Act 2014, for example, gave the Secretary of State power to introduce regulations to define the minimum level of needs local authorities must meet for disabled and elderly people and, for the first time, for carers, in an attempt to reduce so-called 'post-code' lotteries and guarantee levels of care. The reforms to the school system have taken many schools out of local democratic accountability, as Academies and Free Schools contract with central government.

Another element of localism is the granting of new powers to local (neighbourhood/community) residents and groups and the removal of barriers to these groups acting locally. Under the Localism Act, new rights were conferred on community groups to bid for the purchase of community facilities, or to take over council services if they thought they could run them better. They were also given the right to propose neighbourhood plans and small-scale developments for approval by local referenda. More broadly, the Coalition has sought to encourage local voluntary action and social enterprise under the broad umbrella of the 'Big Society'. Various small-scale funds and initiatives have been put in place to stimulate this, including a £4.3m fund to support community activity and ownership by helping resident-led partnerships develop pooled neighbourhood budgets (called "Our Place!"), a Community Shares Unit to encourage fund raising for community enterprises through the sale of shares, and a recruitment and training programme for community organisers.

All of these changes, however, have come in the context of severe cuts to local authority budgets, and central government's effective cap on Councils' capacity to increase Council tax. As Travers (2013) has pointed out, the latter move effectively makes one hundred per cent of English taxes payable to central government. Although one aspect of the government's localism agenda has been reform to local government finance to give local authorities more incentives for economic development – for example, retention of their business rates, tax increment financing, and a new homes bonus, the extent of the current budget cuts have meant that local authorities have been increasingly pared back to statutory functions, leaving them less room for local variation (Fitzgerald et al. 2013; Hastings et al. 2013), In almost every case (public health perhaps the exception), local powers and responsibilities have been expanded at the same time as the capacity to enact them has contracted very sharply. The same applies to the voluntary sector. Civil Exchange (2013), conducting an audit of the 'Big Society', found that the impact of government policy on voluntary sector funding was 'largely negative', with dramatic falls expected in the next four years. The voluntary sector is expected to lose about £6.6bn per annum by 2017-18 compared with 2010-11 levels.

The extensive restructuring associated both with localist reforms and the opening up of non-state provision enabled some financial savings, with the abolition of existing bodies, but also incurred significant costs, which were in some cases unpredictable, as it was not known how many new providers would enter the system. For example, according to the National Audit Office (NAO 2012), DfE underestimated both the number of possible converter Academies and the costs, such that the Academies programme cost the DfE £1 billion more than planned. The cost of the first wave of free school premises was also double what the government expected (NAO 2013a).

NAO (2013b) also reported on the cost of the NHS reforms – describing these as " the most wide-ranging and complex since the NHS was created … more than 170 organisations have been closed and more than 240 new bodies created". It found that the cost of the reform programme was £1.1 billion to 31st March 2013 (15 per cent above the cost estimated by that date). Forty-four per cent of these costs related to the closure of strategic health authorities and primary care trusts, and 36 per cent to setting up NHS England and CCGs. NAO reported that according to the Department of Health, the total costs of the reforms would not exceed £1.7 billion. The costs of 10,000 redundancies accounted for 40 per cent of costs to the end of March 2013, around 2,200 of whom were subsequently re-employed. Based on the Departmental figures provided, NAO found that 'the estimated costs are outweighed by the estimated savings in administration costs arising from the reforms".

The government's willingness to countenance large and unpredictable spending at a time of austerity is a clear indication of its intentions to deliver radical reform of the state for the long term.

Redefinition of the Terms for State Support

Whether by design, or by default as a result of spending cuts, or a combination of both, a number of measures have had the effect of redefining the boundaries of responsibility between the individual and the state, reducing entitlement and increasing the extent to which individuals must meet their needs by private arrangement and/or private finance. This has been particularly apparent in social security, but also in relation to housing, social care, higher education, lifelong learning and children's services.

Tighter eligibility has taken a range of forms. One is a shift away from Labour's concept of progressive universalism towards greater targeting of state support on those with the highest needs. Examples include adult social care and Sure Start services for 0- 4 year olds, as well as the removal of Child Benefit for richer families and the reshaping of Child Tax Credit so it is for lower income families only. The terms on which people can occupy social housing, too, have been redefined. Government has actively sought to discourage the long term use of social housing. Instead of providing long-term leases or 'homes for life', local authorities and other social housing providers were empowered to offer standard tenancies lasting five years. In addition, a 'size criteria' for Housing Benefit payments has been introduced. Working age(but not pensioner) social tenants who have more bedrooms than deemed necessary have had their eligible rent for Housing Benefit cut by 14 per cent or 25 per cent – a move known as the 'bedroom tax' to its opponents, and as 'abolition of the spare room subsidy' to the government.

At the same time, some groups have found themselves new beneficiaries of state support. The Care Act 2014 established a new balance between the state and the individual in responsibility for paying for the high-cost end of long-term care (both through a lifetime cap on care costs, and the significantly more relaxed capital means test). This increased state involvement, with the main beneficiaries being those with modest wealth, who will in future be eligible for public funding where previously their assets, such as a house, would need to have been used first. The introduction of universal free school meals for infants is another example.

Another form of reduced eligibility is a shift in financial responsibility to the service user, for example replacing grants with loans in adult learning and increasing fees in higher education.

A third is increasing the conditions that cash benefit claimants must fulfil and the rigour with which they are enforced, associated with a downplaying of citizens' rights to state support and an increased emphasis on their responsibility to play their part in looking after themselves if they expect the state to help them. A particular example is out-of-work benefits where the conditions for entitlement through attending interviews, making job applications and undertaking training has been made stricter and the penalties greater. In the year up to March 2014, the number of JSA recipients ‘sanctioned’ for breaching conditions and having benefits suspended for one to three months (or longer) was more than 800,000, compared with between 200,000 and 300,000 per year in the decade up to 2008. A further 440,000 were referred for sanctioning, but did not have an ‘adverse decision’. Some of the moves to local and discretionary welfare, through loosening entitlement, have also opened up the possibility that local discretionary bodies will adopt their own conditions and rules.

The government has argued that such changes operate in the interests of a fair distribution of public resources, as well as allowing better use of resources by local assessment of need. However there are a number of consequences. One is that those with lower-intensity needs, or who are unable to fulfil the conditions imposed on them, or who experience a financial shock, have to seek other sources of support – for example from family or friends, which may produce its own strains, or from charities such as food banks – or go without. Another is that people who need and are entitled to assistance may be deterred from applying for it because of the complexity of multiple means tests and/or the stigma of targeted support.

The Design and Content of Public Services

Lastly we look at aspects of the Coalition’s reforms that were neither spending cuts per se (although often influenced by them) nor changes to delivery structures, but changes to the substance of the services provided, in efforts to improve quality or better meet need.

Perhaps the most substantial changes have been to cash transfers and to education.

In addition to cuts and to changes to eligibility and conditionality to incentivise work, the government has been working on a complete overhaul of the system of **working age benefits and tax credits**, bringing them into a single system, Universal Credit (UC). UC is intended to amalgamate support for people in work and out of work, and is designed to get rid of overlaps in means-tests and taxation that can result in effective marginal tax rates of 90 per cent or more. Entry into work will be further incentivised by the removal of a minimum hours requirement for in-work support, although accompanying this there will be new ‘conditionality’ on those working part-time to increase their hours until their weekly earnings reach a minimum. Payments will be monthly, not weekly or fortnightly, and will be calculated using on-line monthly payroll information rather than by initial assessment and later adjustment.

Many of the principles behind UC have widespread support. However there are major concerns. Doubts have been raised about how the new system will affect money management within couples, who have been used to separate payments going to different partners. Some recipients, most of whom budget over far shorter periods than a month, may run into problems before the next monthly payment is due. In addition Housing Benefit payments for rent, which was previously paid direct to landlords in many cases, will be paid to claimants – raising concerns about possible growth of rent arrears. The use of monthly pay data will also generate huge numbers of re-calculations, and consequent risks. One witness told the House of Commons Public Accounts Committee that there are expected to be 1.6 million changes in circumstances every month for the system to cope with when it is fully rolled out (Public Accounts Committee 2013).

In the circumstances it is probably welcome that UC has been rolled out far more slowly than the government originally intended, with only 18,000 receiving it in October 2014, compared to DWP's original 2011 plan that by then the caseload would be more than two million. Under the reforms promised following the independence referendum, the Scottish parliament will control the housing elements of UC in Scotland and will be able to vary features such as the frequency of payment and how it is paid.

As well as the triple lock on **state pensions,** the Coalition has greatly accelerated other parts of pension reforms, so that those retiring from 2016 will receive a flat rate 'single tier' pension. This will benefit many women and self-employed people but others will receive less than they would have done. Alongside these reforms, which built on the previous direction, a more dramatic shift was that from April 2015 people will no longer have to convert an accumulated pension saving into annuities (which pay a regular income for life). This may have fundamental effects on the whole concept and purpose of tax-subsidised saving for a 'pension

For **schools**, there has been extensive reform not just to the school system but to what is taught and how it is assessed. Key reforms include: a different baseline assessment during primary school reception year introduced to replace the Early Years Foundation Stage Profile (from 2016); a new test (a phonics screening check) at the end of Year 1 (from 2012), plus new, internally assessed tests for 7-year olds from 2016; a test in grammar, punctuation and spelling to be included in assessments of children at age 11 from 2013; a switch from 'modular' GCSEs that include coursework assessment, to 'linear' courses, assessed by final examination (from 2014); an overhaul of GCSE programmes (beginning in 2015) placing more emphasis on acquiring factual knowledge; and reform of 'A' levels (also from 2015), moving to all exam assessment and making the AS level a standalone qualification. A major change, in 2014, was that the number of vocational qualifications counting towards school performance tables was reduced, with changes made to the way they were counted. This was to ensure a focus on qualifications perceived as valuable by universities and employers. Children from low-income families had previously been more reliant on vocational qualifications to achieve expected levels of achievement. Further, schools were no longer allowed to include the results from exam 're-sits' in performance tables. These curriculum and assessment reforms contrast sharply with the approach being taken in Scotland. Other controversial reforms have included allowing Academies and Free Schools to employ unqualified teachers, and introducing a new system of teacher training, with schools in the lead, and universities having a smaller role. The Coalition also presided over the Raising of the Participation Age from 16 to 17 in 2013, although it has not actively supported the policy.

In **further education and skills**, too, major reforms have been initiated. Following a review of apprenticeships by the entrepreneur and business training specialist Doug Richard, a series of measures were put in place to improve apprenticeship quality. New apprenticeship standards, devised by panels of employers, were developed for different occupations. The Government decided that all apprenticeships should last at least a year and none could be successfully completed unless the trainee held a Level 2 qualification in maths and English. Pre-apprenticeship training schemes were also introduced in 2013 for 16 to 23 year-olds. While these reforms seem to address many of the long-standing criticisms about apprenticeships in the UK, they have still to be fully implemented and it is not yet clear how they will be funded - the government wants to raise half the costs from employers up front, but it is not clear that employers will be willing to pay. In line with the changes at school level, other adult qualifications have also been reformed in the interests of greater rigour.

Public funding has been removed from nearly 8,000 different qualifications which were deemed to be of low quality or have low take up.

In the other policy areas we have looked at, while changes were made, the Coalition's ambitions have seemed more modest.

In **adult social care**, the Health and Social Care Act 2012 and the Care Act 2014 both sought to promote the integration of health and social care. A *Better Care Fund* was set up, pooling existing NHS and social care resources, with the aim of reducing emergency hospital admissions and other acute health care spending by improving care in the community. This strategy of using NHS funds to level better collaboration is one that has been tried with limited success since the mid-1970s. In response to a series of widely report scandals, progress was also made in introducing new regulatory and safeguarding measures to better monitor and protect adults against abuse. However, in spite of steps to promote joint working and budget pooling between the NHS and local authority social services, the year-on-year reductions in local authority resources overall raised a formidable barrier to improving quality and relieving pressure on services.

For **the early years**, the Coalition's rhetoric about the importance of early childhood and the need for a greater emphasis on services was not really matched by action. Families with young children have borne one of the heaviest burdens resulting from austerity, losing out from the tax-benefit changes and from cuts in funding for early years services. Some sevrices were extended: the Coalition pursued its commitment to a larger Health Visitor workforce and expanded the Family Nurse Partnership, an intensive programme of home visits for first-time teenage parents during pregnancy and their child's first two years. The main expansionary policy was a roll-out of Labour's pilot programme of free, part-time places in early education for the most disadvantaged 20 per cent of two-year-olds (later extended to 40 per cent in September 2014). However, by January 2014, only 13 per cent of two-year-olds were using free nursery care places and fewer than half were in settings where a qualified teacher or Early Years Professional worked directly with them, despite research evidence that only high quality provision has positive effects.

At the same time, the government reduced the scope of service provision in a number of ways. The maximum subsidy for childcare in Working Tax Credit was reduced from 80 per cent to 70 per cent of costs. The Graduate Leader Fund, which helped childcare settings to train and retain degree-qualified staff, was abolished despite being positively evaluated. A requirement for children's centres in disadvantaged areas to provide daycare places for children and to employ a graduate was also lifted. Other controversial reforms concerned childcare quality. Early Years Teacher status was introduced to replace Early Years Professional Status as the specialised graduate route for early education. But the new EYTs were not given Qualified Teacher Status or required to undertake a Post Graduate Certificate of Education. A proposal to relax the required minimum ratios of staff to young children in childcare settings was shelved in the face of opposition. The Coalition also dismantled Labour's comprehensive policy framework Every Child Matters (ECM), narrowing its focus to educational achievement rather than ECM's wider range of childhood outcomes.

McKnight (2015) describes the Coalition's reforms to **welfare-to-work programmes** "more as an evolution than a revolution". There were new dimensions such as a greater use of private providers who are largely paid according to the results they achieve in moving out-of-work benefit claimants into sustained employment. Providers have considerable freedom to innovate and choose which interventions to employee on an individual basis but there are fears that the funding model prohibits small local innovative providers from contributing. Long-term sick and disabled people assessed to be able work in a limited capacity (although some not for a further 12 months) are now required to participate and actively prepare for, or search for work. Some of the changes have been controversial such as mandatory community work placements (seen as workfare) for some long term unemployed, with sanctions for those who don't comply.

Both in relation to **housing** and to area regeneration and **neighbourhood renewal**, major spending cuts were accompanied by withdrawal to a less direct central governance role, leaving more to local bodies and to the market. The changes in relation to neighbourhood renewal are very striking. By contrast with the previous government, which made reducing spatial inequalities a specific target, required local strategic partnerships to produce neighbourhood renewal strategies, and provided substantial regeneration funds, the Coalition argued that regeneration was a local issue. All existing centrally-funded programmes were cancelled, and the Department for Communities and Local Government stopped monitoring neighbourhood inequalities or local efforts to tackle them. The government focused its efforts on supporting local economic growth through Local Enterprise Partnerships and Enterprise Zones, City Deals, and supporting major economic development projects through Local Growth Deals.

The extent to which policy in these areas of less ambitious reform represents the full realisation of the government's ambitions, or a set of policies constrained by spending limits is a question we cannot answer with the evidence available.

5. Outputs and Outcomes

Any assessment of the overall effects of these spending cuts, structural reforms and changes to individual policy programmes must at this stage be a provisional one. Some of the reforms described here have only been implemented for a year or less, while some will not take effect until well into the lifetime of the next parliament. Even when policies are fully implemented, significant time must pass in some cases before the effects of changes are evident – for example changes in policies for the early years might not have their full effect until those babies and toddlers pass through school and further/higher education and into work. Moreover, most of the output and outcome data available at this stage goes only to 2013 at the latest. The picture is also more than usually obscure because the burden of the cuts has fallen at local level, where the effects of service changes are not always visible in national datasets, and there has been increasing localisation. There have been cuts to government statistics and research budgets such that less data on outputs and outcomes is being collected and shared.

With these caveats in mind, and recognising that we yet cannot provide as full an evaluation as we did of the Labour period in our previous report, we split our analysis into three parts. First we look at what has happened to the quantity and quality of service provision since the Coalition came into office (what we call 'outputs'). The key question here is whether and how services were negatively affected by the spending reductions, but the effects of reforms are also of interest. We then examine trends in poverty and inequality, before looking at a wider range of social and economic indicators (what we call outcomes). The overall question here is whether these outcomes were better or worse in 2014/15 than in 2009/10, and the direction of travel. In each case we also look at effects on different groups of people (grouped by their position in the life course), to give a more detailed picture of who the winners and losers from the Coalition's changes have been.

Outputs

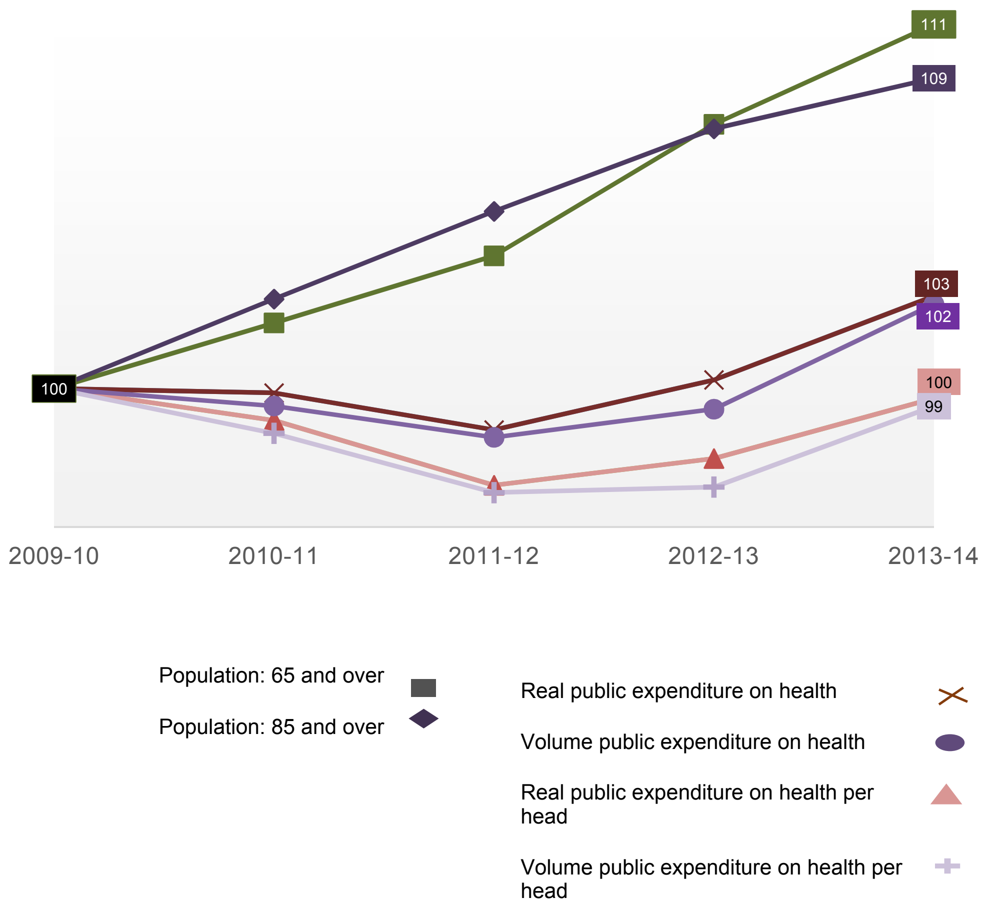
The broad picture of what the Coalition achieved is that trends in service provision have reflected the resources allocated. That is to say in areas where spending was protected, numbers, services have largely been maintained (although in some cases under increasing pressure of need). In unprotected areas, there have been substantial reductions in the service offer and the numbers of people accessing services.

Resources in the **school system** stayed broadly stable as school spending was protected from cuts. There was little change in the size of the school workforce between 2010 and 2013 (latest data). Full-time equivalent (FTE) teacher numbers increased by one per cent (after an initial fall in 2010-11), and FTE regular teaching assistants by 14 per cent, leading to a total workforce increase of 5 per cent. This was larger than the increase in pupil number (2 per cent), although the rise in teacher numbers was clearly slightly lower than the rise in pupil numbers. The result was little change in pupil-teacher ratios. Increasing primary pupil numbers took average class sizes in primary schools to their highest level (26.8) since the turn of the century, while those in secondary schools were at their lowest (20.3). Under the Coalition's reforms, the number of schools also began to grow slightly after a long period of decline.

There is no suggestion then, in the case of schools, of declining inputs that might drive a fall in quality. Whether the Coalition's reforms have made schools better or worse is unclear. There is no direct evidence that the current academies are better than the schools they replaced – most reports suggest a mixed picture. Ofsted results are also hard to interpret over time, since one of the Coalition's changes has to make the inspection regime tougher. Overall slightly fewer English, maths and science lessons were being taught by teachers with a relevant qualification, and concerns were emerging about teacher supply as the economy recovered and the new teacher training system was finding its feet. In all cases, it is probably too early to tell.

In **health,** spending also grew and there were increased inputs into the system. However, unlike in schools, growth in spending lagged well behind need (as indicated by increases in the population aged 65 and over 85) (Figure 10).

Figure 10: Growth of Public Expenditure on Health vs. Growth of Population (UK)



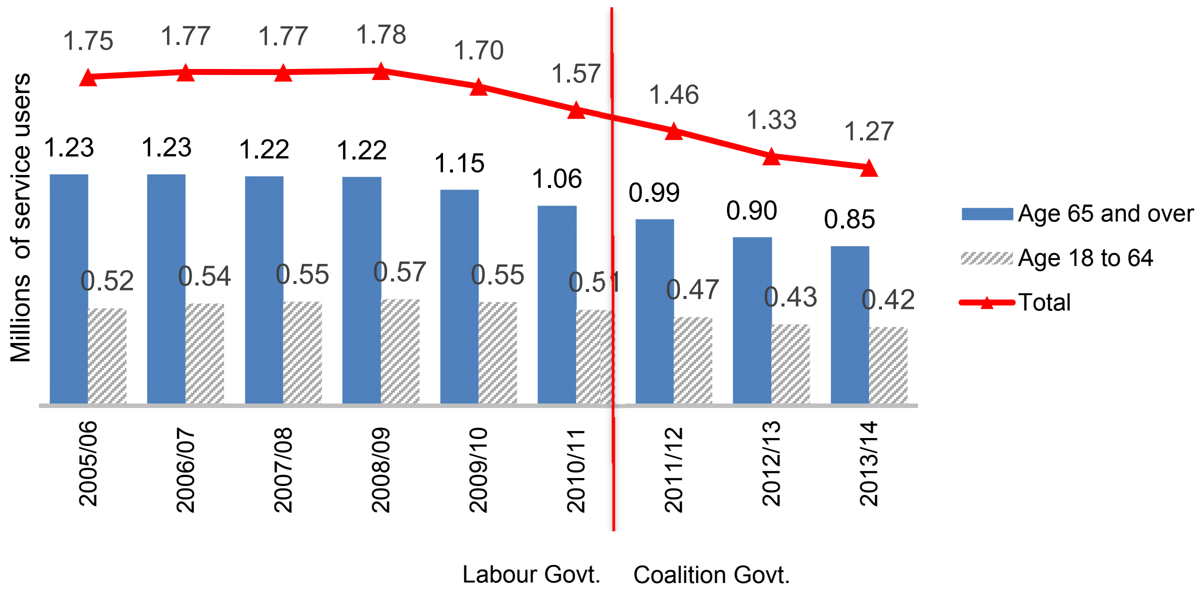
Sources: Real expenditure and GDP: authors' calculations using nominal figures from HM Treasury (2014) and GDP deflators from the same edition. Volume expenditure: NHS specific deflator (HCHS pay and price index) from DoH via personal communication. Per head calculations and growth in over 65s and 85s: author's calculations using ONS population estimates

This has led forecasters to predict a funding gap of £30bn by 2020/21 unless offset by productivity gains and funding increases. More immediately, a number of key healthcare indicators point to increasing pressures on access and quality. Although still just meeting the operational standard set in England for waiting times between GP referrals and treatment, the proportion of patients treated within 18 weeks fell between 2010 and 2014. Additionally there is evidence of pressure on Accident and Emergency departments. Major A&E departments, as a group, have consistently failed to meet operational standard of 95 per cent of patients waiting less than four hours since the last quarter of 2011-12 (with the exception of Q2 2012-13). More pressure on cancer waiting lists is also evident whereby provider–based figures show a drop during 2013-14 in the proportion of patients receiving definitive treatment within 62 days of an urgent GP referral, breaching the operational standard of 85 per cent. Overall public satisfaction with the NHS, measured by the annual British Social Attitudes Survey fell from a high of 70 per cent in 2010 to 60 per cent in 2013.

In **adult social care**, where spending was cut in the face of rising need, the picture is of declining inputs and increasing unmet need. From a peak of 1.78 million reached in 2008/9, the number of people receiving adult care services through English local authorities fell each year to 1.27 million in 2013/14 – a fall of 29 per cent in the total caseload. While the decline began under Labour, it accelerated dramatically under the Coalition (**Figure 11**) The decline was especially steep for residential care, and for community service users aged over 65 with disabilities (down 32 per cent) and mental health service users of working age (down 37 per cent).

The fact that numbers of users fell faster than spending reflects a shift to higher intensity services for high need users, rather than low-intensity home care support. Unsurprisingly, survey data suggests an increase in the number of people receiving unpaid care (up 0.3 million in 2012/13 compared with the previous two years), and increasing levels of unmet need. However, for those people receiving services, quality seems to have held up or possibly improved. According to the Adult Social Care Outcomes Framework (ASCOF), trends for 11 of 23 indicators have been positive since 2010/11, and only negative for one (the remaining 11 being unavailable or showing no clear trend). Gaps in social care can create additional pressures on the NHS, for example through higher rates of admission to A&E or through delayed discharges of patients who are well enough to go home but for whom a suitable package of care has not been put in place. A&E attendance has been increasing but analysis has not yet confirmed a direct link with social care (Blunt, I. 2013; Ismail, S., Thorlby, R., and Holder, H. 2014; Care Quality Commission 2013). Meanwhile, although the number of delayed transfers from hospital attributed to social care has fallen, the aggregate duration of delays for any reason has been rising (NHS England 2014).

Figure 11: Falling number of people receiving community-based, residential or nursing care services through local authorities, by age group, 2005/6 to 2013/14, England

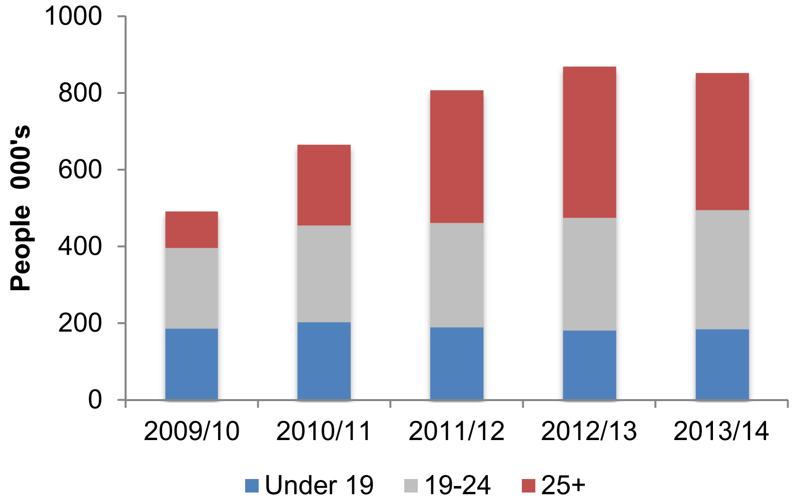


Source: National Adult Social Care Intelligence Service (NASCIS)

In the **early years**, the picture was more mixed. The number of Sure Start centres fell from 3,631 in April 2010 to 3,019 in June 2014, though the Government insisted that the net loss was only 72 centres, because of mergers. Services provided by the remaining centres were reduced in many local authority areas. In the national evaluation of children's centres, nearly three out of four centre managers said service delivery had been affected by cuts in 2011-12 and 80 per cent expected further reductions in 2012-13. However, there was also evidence of resilience, with children's centre staff working harder and relying more heavily on volunteers in order to keep services going, leading Stewart and Obolenskaya (2015) to conclude that "to date, service delivery has held up remarkably well in the face of these cuts". Provision of some other services increased. The number of Health Visitors in England increased from 8,092 in May 2010 to 9,550 by September 2013. The evidence-based Family Nurse Partnership programme was expanded from 6,000 places in 2011 to 11,000 in 2013. Data from the Childcare Providers Survey suggests the number of places available for young children increased by 8 per cent between 2010 and 2013, driven by increases in full daycare and nursery class provision, although daycare provision in children's centres has been much reduced. At the same time, there was evidence of an increasing proportion of staff having relevant graduate qualifications – thought to be evidence of investment under Labour rather than the result of any particular Coalition policies, none of which were designed to produce this effect.

With funding protected for **16-19 year old education** and with Labour's policy of Raising the Participation Age coming into effect in 2013, the proportion of young people in full-time education and training grew. The controversial removal of the Education Maintenance Allowance appeared to have modest effects on participation – with only around one per cent (8,100) fewer eligible 16 to 18-year olds participating. Evaluation also suggested, though, that the level of support available under the new scheme is inadequate for some learners. Yet in **adult learning**, where large budget cuts were made, numbers of learners fell by 17 per cent, with 511,400 fewer people beginning training in 2013/14 than 2009/10. The loss of 672,000 places after the 'Train to Gain' scheme was abolished was only partly offset by an increase of 160,700 in the number of apprenticeship starts. The fall in learner numbers was particularly steep in the last year following the introduction of loans. Apprenticeships continued to be dominated by adults over the age of 25 (Figure 12) and by personal service sector occupations, suggesting a continuing tendency for employers to use apprenticeships to accredit the skills of existing staff. However, all these data pre-date the government's reforms following the Richard review. The number of community learners fell by 96,000 (13 per cent) as funding was cut in real terms.

Figure 12: Apprenticeship Participation by Level and Age (2008/09 to 2012/13)

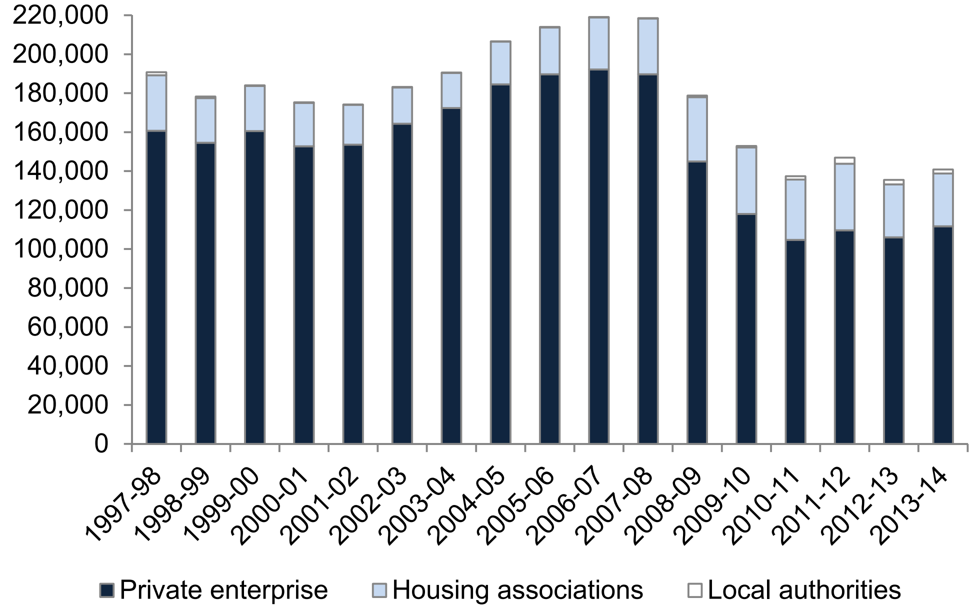


Source: Skills Funding Agency SFR24 (June 2014) and SFR26 (December 2014) Table 5

The Coalition's **Work Programme** has struggled to meet expectations in terms of helping significant proportions of long-term unemployed, or those deemed to be most disadvantaged, into work. In most cases it has not achieved better results than Labour's Flexible New Deal which was described in the Conservative 2010 election manifesto as "failing". The programme got off to a slow start. Fewer than 10 per cent who entered during the first seven months achieved sustained employment by the end of their first year. Although outcomes mostly improved over time, they still fell well short of the DWP's expected levels of performance. From 22 per cent of those referred to the programme in June 2011, the proportion rose to 29 per cent a year later. A 2014 report from the National Audit Office concluded that the Work Programme had not produced better results than the programmes it replaced. It nevertheless acknowledged that, by the time the programme ends (last referrals in March 2016), DWP expects that it will be achieving comparable results at lower cost (two per cent lower) with more of the financial risk borne by contracted providers. It will be some time before this can be verified.

The Coalition's **housing policies** appeared to make little impact on the chronic under-supply of housing, with no significant increase in the rate at which new homes were built. Under Labour an average of 190,000 new homes were completed per year, but under the Coalition between 2010 and 2013 the average was 139,000, although figures for housebuilding starts increased, suggesting a new trend. The supply of new homes remained well below the number needed to accommodate an estimated 180,000 to 240,000 new households being formed each year. There was, however, a reduction in the number of empty homes, from 737,000 in 2010/11 to 635,000 in 2012/13.

Figure 13: UK house building completions 2009/10-2013/14



Source: Department for Communities and Local Government

The government would also point to the fact that completions by housing associations and councils increased on its watch compared with Labour's (an average of 33,000 per year compared with 25,000). However, the Coalition's reforms meant that after 2011/12 the social housing built consisted of "affordable" homes where rents could be charged at up to 80 per cent of market levels, as well as shared ownership properties and, in some cases, new homes for sale at market price. In practice, concerns about the amount their tenants could afford led social landlords in 2011/12 to set rents for new homes somewhat below the new maximum.

Lastly, as might be expected given the level of funding, there was very little new **neighbourhood renewal** activity in disadvantaged areas, at the same time as voluntary sector organisations serving disadvantaged neighbourhoods have been affected by local and national spending cuts. One study of coalfield communities up to 2014 found voluntary and community organisations had lost between half and all their funding. Meanwhile, early indications were that the Coalition's economic regeneration programmes were performing below expectations – a record described as "particularly underwhelming" by the House of Commons Public Accounts Committee. An initial forecast that Enterprise Zones would produce 54,000 new jobs by 2015 was revised down to between 6,000 and 18,000. By December 2013, an estimated 4,600 new jobs had been created. Initial targets for the Growing Places Fund of 217,000 jobs, 5,300 businesses and 7,700 homes by 2015 were revised down to 142,300 jobs, 1,400 businesses and 6,100 homes. An estimated 419 jobs, three businesses and 155 homes had been created by December 2013. The Government subsequently insisted that processes for delivering local growth funding had been accelerated and longer term targets were upgraded. It remains to be seen what is delivered.

Reporting on individual services in isolation overlooks the fact that many of the Coalition's reforms will have affected the same people, and that people are simultaneously affected by changes to taxes and benefits and changes to services. In Box 2 we attempt to capture cumulative effects by considering the situation for fictional people of different ages in 2014 compared with their counterparts in 2010. We make no claim that this is a complete picture of everything that has happened – it is designed to include major policy and spending impacts and to consider whether these have tended to favour some groups over others. It could be the basis for quantitative modelling, although a key issue is that there will be local variation. Other comparisons might be usefully be made, for example by gender or ethnicity. The table suggests a number of interesting contrasts. Pensioners appear to have been protected in financial terms, as they were under Labour, but some will have been affected by reductions in services. Services for school age children have also been protected, but those for younger children have not. Family incomes of poor children (especially babies) have been negatively affected, while additional money has been put into their education.

Box 2: Summary of Accumulated Policy Changes Affecting People of Different Ages

	Situation in 2014 compared to 2010
A child aged under 5	• More access to early education from age 2 if from disadvantaged household. • Higher (now 50 per cent) chance of having a qualified specialised graduate in early education. • Child benefit cut and baby tax credit abolished. 26 per cent less funding for services per child (c.f. 2009-10) and less cash in the family to support child, especially if under a year old (or its sibling is). • Finding fewer staff and nursery places in Sure Start centres. Likely to need to travel further to access Sure Start services – stay and play, parenting support. Less likely to be able to access services if not assessed to be at risk of poor outcomes (as services more targeted). • More likely to be in private rented accommodation. • Less likely to live in a workless household.
A child aged 11	• If in a disadvantaged group, benefiting from better "pupil premium" support • Starting to experience a more traditional curriculum, and a new test in grammar, punctuation and spelling. • Some high vulnerability families benefiting from the "Troubled families" programme. • If family in receipt of benefits or tax credits likely to have experienced reduction in family income. • More likely to be in private rented accommodation. • Less likely to live in a workless household.

A young person aged 16-18	• More likely to have attended an Academy than a local authority controlled school. • If in a disadvantaged group, will have benefited from better "pupil premium" support at school. • Required to be in education or training if 17 (raised from 16). Less likely to be NEET • Following new study programmes with continuing maths and english; and if poor still studying but supported by a new Bursary Fund, less generous than the previous Education Maintenance Allowance • Facing £9k fees per year for university education, not £3k, but even if poor unlikely to be deterred from applying for HE
A working age adult	• Likely to have experienced falling real wages or self-employment earnings. Less likely to be unemployed and more likely to be self-employed. • If above middle income, net gains from higher tax-free allowance. If below middle, net losses from greater cuts in benefits and tax credits. • Young adults on average earning less in real terms than recent generations at the same age. • Less likely to be satisfied with NHS services. • Difficulty of access to mortgages, less likely to be able to buy a home (especially if young), more likely to be in private renting. If on housing benefit, more likely to be facing shortfall between benefit and actual housing costs. • If receiving benefits more likely be 'sanctioned' if conditions not met. • Less likely to be in continuing education or training, although if participating more likely to be in an apprenticeship than workplace learning. • If in a poor neighbourhood, no longer part of any "neighbourhood renewal" programmes and likely to have fewer voluntary sector services. • If disabled, less likely to quality for new Employment Support Allowance payments; and less likely to be receiving local authority community mental health or disability services. • Facing later age for receiving state pension. • Auto-enrolled in workplace pension.
An adult aged over 65	• More likely to be providing unpaid care to a disabled or older person. • Higher pensions due to "triple lock" uprating and protected from benefit reforms like bedroom tax and new council tax contributions. • Less likely to receive community care services unless in severe need, but improved quality of life if receiving services. • More likely to be relying on unpaid care. • If reaching state pension age from or after 2016, no long required to annuitise pension provision by age 75. Greater freedom to draw down from pension pot.

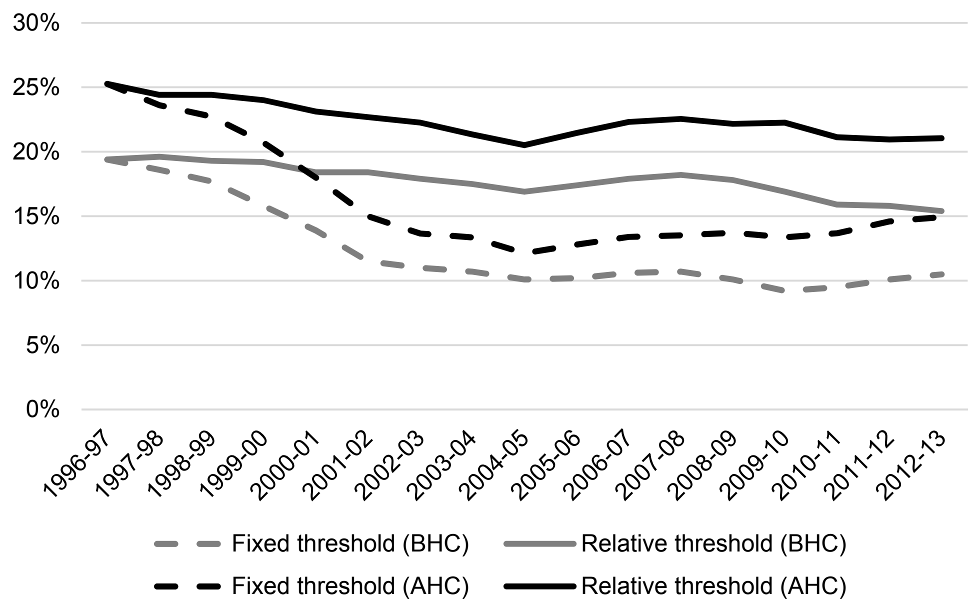
Outcomes

Trends in Poverty

We measure poverty using the government's statistics for *Households Below Average Income (HBAI)*. These are currently only available for the financial year 2012/13, thus preceding many of the benefit and tax credit cuts. They also only include one year of the regime when many working-age benefits were increased by less than inflation. Thus they provide an incomplete record of the effects of the Coalition's changes – a prime example of the time-lag problem inherent in these kinds of assessments.

Figure 14 shows that relative poverty (using the standard definition of people living in households with less than 60 per cent of median net income), fell between 2009/10 and 2010/11 and was generally flat in the following two years to 2012/13. This is because the inflation-linking of benefits in the Coalition's first two years occurred at a time when real earnings were falling in the wake of the economic crisis – in other words benefits were propped up relative to earnings. However, when assessed against a fixed threshold (60 per cent of the median income in 1996/7), poverty increased. Taking account of housing costs, the statistics reveal a similar story, but suggest that poverty against a fixed line grew even faster.

Figure 14: Population with income below fixed line (60 per cent of 1996/97 median income) and below relative line (60 per cent of contemporary median income), before (BHC) and after housing costs (AHC).



Source: DWP/IFS Households Below Average Income analysis. (from IFS Poverty and Inequality spreadsheet, 2014); figures for UK.

One result of the Coalition's decisions on social security spending is that the poverty rates of different groups have followed different trajectories. Against a fixed line, the poverty rates of all groups rose since 2010/11, but child poverty rose the most, while against a relative line, poverty rates for pensioners and for working age non-parents (slightly) fell, while child poverty rates flat-lined (see Hills 2015a for details). Stewart and Obolenskaya (2015) also show that among families with children, it is those with a child under five who have been worst affected of all. The abolition of the Health in Pregnancy Grant and the Baby Tax Credit have on their own taken £730 out of a family budget between the sixth month of pregnancy and a baby's first birthday, while restrictions to Sure Start maternity grant meant a further £500 loss for low income families having a second of subsequent child. As a result, relative poverty rates among babies and children with a baby sibling rose since 2010/11.

Modelling analysis by the Institute for Fiscal Studies (Browne, Hood, and Joyce 2014; Emmerson, Heald, and Hood 2014) suggests that poverty rates against both fixed and relative lines will rise for all the groups. The projections suggest that most of the increase will already have occurred by 2014/15. This is particularly significant in relation to the 2010 Child Poverty Act, which says that government should reduce relative child poverty to below 10 per cent. With a level of 17.4 per cent in 2012-13, and the suggestion that there would be a further 3.5 percentage point rise by 2020-21, the end result would be child poverty at more than twice the target laid down in the Act. In the face of such trends, the official body monitoring progress under the Act reached the "reluctant conclusion" in 2014 that while child poverty in 2012-13 was at historically low levels, "there is no way that the government can meet the statutory target to eradicate child poverty by 2020" (Social Mobility and Child Poverty Commission 2014).

Moreover, none of these data take into account household expenditure. In this period prices have risen faster for those with low incomes than for others - between the second quarters of 2010 and 2014, the all-items CPI rose by 11 per cent, but food by 18 per cent and fuel by 34 per cent, for instance. These pressures, combined with benefit changes and sanctions, appear to be resulting in significant hardship at the bottom of the income distribution. Official statistics on households reporting material hardship to large-scale surveys are only available to 2012/13. These showed a rise in the number of children affected by material hardship from 22.3 per cent in 2010-11 to 24.1 per cent in 2012-13 (Belfield et al. 2014). Statistical data relating to the effect of the more recent benefit reforms and changes in administration are not yet available. However, there is growing qualitative evidence of the hardships faced by particular groups most affected (O'Hara 2014; Power et al. 2014). This can also been seen in the rapidly increasing use of voluntary food banks, with more than 900,000 people receiving three-day food parcels from the Trussell Trust charity in 2013-14, up from 350,000 in 2012-13 and 60,000 in 2010-11. In the evidence reviewed for the all-party parliamentary report on hunger in the UK, Forsey (2014) finds that nearly half (48 per cent) of those referred to the food banks had been referred because of problems or delays with benefit claims.

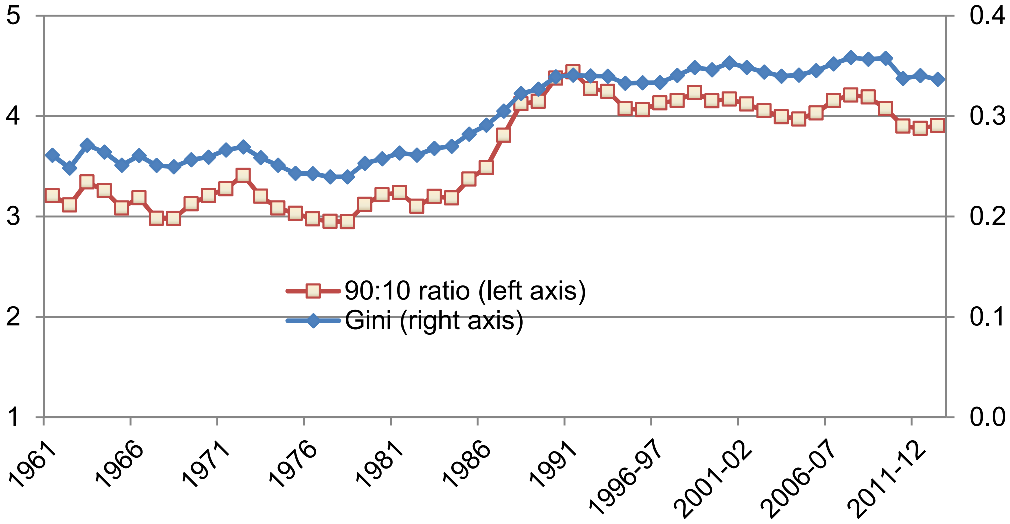
Trends in Inequality

Short term trends in inequality show a different picture. Figure 15 shows inequality trends back to 1961, again based on analysis by the Institute for Fiscal Studies, and showing both the 'Gini coefficient' which includes all incomes, and the 90:10 ratio, which excludes the incomes at the very top and bottom of the distribution..

On both measures, inequality fell sharply between 2009-10 and 2010-11, and was then relatively flat over the following two years. There will be different interpretations of whether the change over the election year should be attributed to the Labour or Coalition period. One the one hand, the Coalition was in power for most of 2010/11, thus the fall in inequality happened mostly 'on its watch'. On the other hand, the fall reflects the price protection of many benefits up to 2012, under rules of taxes and benefits almost entirely set by Labour and taking effect from April 2010, before the election.

With benefits protected while those further up the income distribution saw falling wages, inequality fell. Between 2010-11 and 2012-13, it remained lower than when Labour came to power in 1997.

Figure 15: Income inequality between 1961 and 2012-13 (Gini coefficient and 90:10 ratio)



Source: Institute for Fiscal Studies. (figure shown before housing costs).

For later years, the full range of reforms in the period up to 2014-15 would be expected to increase inequality, and later plans for benefit indexation and tax changes up to 2019-20 to do so further, but inequality will also be affected by other factors, such as how the level and distribution of wages evolves.

Wider Outcomes

The papers underlying this overview consider a very large number of outcomes associated with specific policy interventions. In most cases, these data suffer from a time lag problem: either the data themselves have a lag (some are still only available to 2012/13) or the policies described have not yet been fully implemented or had time to affect the outcomes reviewed. In addition, outcomes at whole population level take time to change, and are impacted by other factors (economic, social and technological changes) as well as by policies. All the papers conclude that it is really too early to see the full impact of the Coalition's policies. Nevertheless, we report some of the key data here.

Health, an area of major reform and protected spending, is a prime example of time-lag difficulties. Outcome data are typically measured over a three year period, the most recent available being 2010-12. These show an increased incidence of poor mental health and suicide (particularly among men) since the economic crisis, but little change in any outcomes in the period 2010-2012. Health inequalities remained deeply entrenched. For 2010-12 there remained a continuing gap of nine years in average life expectancy between men living in the poorest and most prosperous areas and more than six years for women. The gap for "healthy" life expectancy was wider still at 18 years for men and 19 years for women. A "slope index of inequality" calculated from these figures shows only borderline improvements between the two years. Looking at child health, which will also be affected by early years policies, data on low birthweight (a key indicator of developmental disadvantage) show no change for babies born to parents with routine and manual occupations between 2009 and 2012, after steady improvement between 2005 and 2009. But the infant mortality rate fell in routine/manual classes between 2011 and 2012, driving a narrowing of the gap. The share of overweight 4 to 5 year olds fell in the least deprived areas but remained steady in the most deprived, so the gap between areas grew.

While health spending was protected (although falling below rising need), **social care spending** was not. This appeared to cause a divergence in outcomes. A new Adult Social Care Outcomes Framework (ASCOF) showed positive trends since 2010/11 for 11 of the 23 indicators or sub-indicators and a negative trend for only one. The remaining 11 are unavailable or show no clear direction. However, these data provide no indication of outcomes for those no longer eligible for services. Data from the Family Resources Survey show a continuing increase in the proportion of people with unmet care needs.

The regular testing of children and their annual progression through different stages of the **education** system provides regular data on cognitive outcomes, and for very young children, a wider range of developmental outcomes. Early Years Foundation Stage (EYFS) profiles between 2006 and 2011, point to a small but steady narrowing of the gap in the share of children with a ‘good’ level of development between children eligible for free school meals and others. Progress then stalled between 2011 and 2012. The gap in EYFS scores between children from the 30 per cent most deprived areas and others likewise narrowed between 2006 and 2011, but flattened the following year. The Government’s revisions to the EYFS in 2012 mean further comparisons using 2013 data cannot be made.

For older children, GCSE attainment until 2013 continued the upward trend seen under Labour. 82.9 per cent of students achieved five GCSEs at grades A*–C, compared with 76.1 in 2010. Among these were the 60.6 per cent that included English and maths among their A*–C grades (compared with 55.1 per cent in 2010). Attainment also increased in Key Stage 2 tests at the end of primary school and for the Government’s new ‘English Baccalaureate’ measure (A* to C grades in GCSE English, maths, two sciences, a language and history or geography). Up until 2013, gaps in attainment between children eligible for Free School Meals (FSM) and those not eligible also continued to reduce, although with no break in trend from the Labour period – in other words no immediate visible effect of the Pupil Premium policy.

From 2014, however, there was a significant change. The overall GCSE results, published in December 2014, were the first to reflect changes to the counting rules, which reduced the number of qualifications that would count, adjusted point scores for GCSE equivalent qualifications (vocational courses) so that none counts as larger than one GCSE, and restricted the number of such qualifications that count in performance measures to two per pupil. Further, only a student’s first attempt at an examination would count. Comparing the raw results for 2014 with those for 2013 (under the old system), the proportion of students achieveing 5 GCSEs at grades A*-C has fallen by nearly 18 percentage points. However, DfE has also published results on a comparable basis. These show a drop of around 5 percentage points for the 5 A*-C measure and a drop of 1 percentage point for 5 A*-C including English and maths: suggesting a real fall in attainment especially at lower levels. Breakdowns by FSM and other characteristics will be published the day after this report and reflected in our report on the Coalition’s record on schools, which will be published in early February to allow the inclusion of these data. Since students from low income homes have been disproportionately reliant on vocational equivalents as part of their GCSE mix, and are over-represented among lower attainers, indications are that the FSM/non-FSM gap may widen.

Post-school outcomes showed improving trends. The Raising of the Participation Age and the continuing increase in school attainment until 2013 meant that the proportion of this 16-18 year-old age group who were not in education, employment or training fell from 10 to 7.6 per cent between 2009 and 2013. For 16 to 19-year olds, overall qualification levels continued to rise. In 2012/13, 86 per cent of 19 year olds achieved Level 2, compared with 81 per cent in 2010, while 59 per cent reached Level 3, compared with 54 per cent in 2010. However, improvements at Level 2 were attributable to 16-year olds. Fewer young people achieved Level 2 between the ages of 17 and 19, if they had not already reached it. An evaluation of the effects of removing the Education Maintenance Allowance found that it seemed to have had only a modest effect – with around one per cent fewer eligible 16 to 18-year olds (8,100) participating.

Also, perhaps to some people's surprise, the controversial increase in university tuition fees did not halt the rise in **higher education** participation for young people, nor the trend towards narrowing socio-economic gaps, as shown in Table 5. These gaps remained wide, however. Changes to student finance did appear to have a marked effect on participation in higher education by mature and part-time students. Excluding trainee nurses, the number of mature undergraduate entrants to universities fell by 40 per cent between 2007-8 and 2012-13. Part-time numbers fell by 33.8 per cent between 2011-12 and 2012-13 and a further 10.8 per cent the following year. The number of adult learners starting Level 3 qualifications also dropped sharply following the introduction of Advanced Learning Loans.

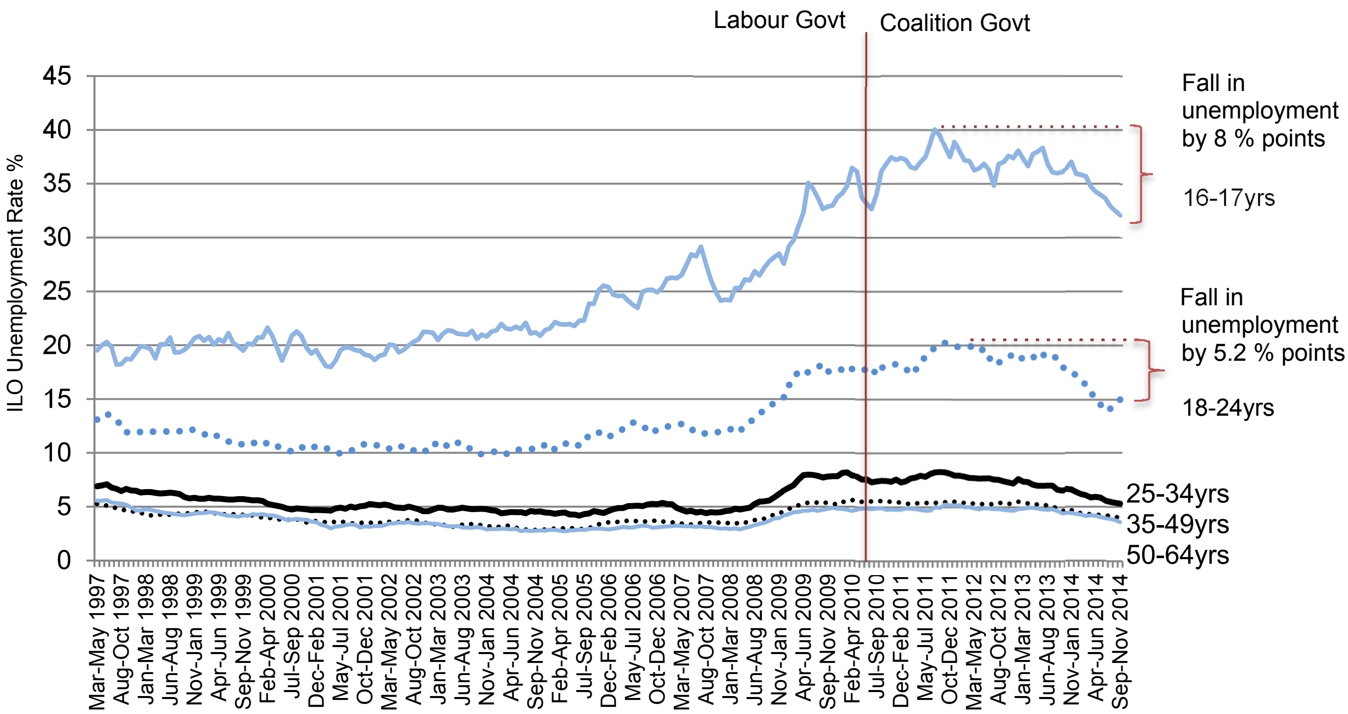
Table 5: Application Rates (%) for English 18 Year Olds (by March deadline) by FSM status

	2010	2011	2012	2013	2014
Non-FSM	35.2	36.4	34.7	35.9	37.1
FSM	14.8	16.2	16.0	16.6	17.9
Percentage point gap	20.4	20.3	18.7	19.3	19.2
FSM: non FSM ratio	2.38	2.25	2.17	2.16	2.07

Source: UCAS. Reproduced from ICOF 2014.

The Coalition presided over positive trends in **employment**, which recovered from a low point in 2010 to a new peak of 73 per cent of the working age population in summer 2014, higher than before the economic crisis. Unemployment also fell steeply from the summer of 2013, but not returning to pre-crisis levels (Figure 16).

Figure 16: Unemployment rates by age (1997-2014)



Source: ONS (2015)

However, despite these good news stories, other data suggest ongoing labour market challenges. Productivity has been weak and real wages have fallen, so too have earnings among the self-employed who, supported by the Coalition government, now constitute a much larger share of employment. By 2014, the number of self-employed people (4.6m) and their contribution to total employment (15 per cent) were at their highest for 40 years or more. A notably larger share of total employment was also accounted for by part-time working than before the economic crisis (32.2 per cent compared with 25.3 per cent in autumn 2007). Furthermore, a fall in real average earnings was another striking feature of the recession and its aftermath. So much so that by mid-2014, average wages were lower in real terms than they had been before the economic crisis. Between 2009 and 2013 cuts in real hourly wages were felt across the age distribution, but particularly among younger workers age 25 to 35. The fall in real wages has had negative impacts on household incomes and tax revenues, affecting household living standards, consumption and the government's deficit reduction programme. The UK continued to have one of highest incidences of low pay among the OECD member nations. The Coalition parties endorsed the National Minimum Wage, but its value declined. By October 2014 – despite a small increase to £6.50 per hour for adults – it was worth no more in real terms than in 2005.

Similarly, the evidence to date suggests no real change in the structural problems affecting the provision of **housing.** An index comparing house prices to incomes at different levels suggests affordability for new buyers increased very slightly between 2010-2013 but the ratios remained much higher than in the late 1990s. Calculations using 35 per cent of income as a measure of 'affordability' suggest that a couple with one child with the median household income in 2010/11, could not afford to buy a two-bedroom home in 22 per cent of local authority areas At the same time both private and social rents became increasingly unaffordable, with one result of this being that despite the government's efforts to reduce it, the cost of Housing Benefit increased, and the number of claimants in England, Scotland and Wales grew under the Coalition from 4.7 million to 5 million. Homelessness acceptances by Councils also increased from 42,000 in 2010 to 53,000 in 2013, as did the number of households living in council temporary accommodation (from 51,000 at the start of 2010 to 58,000 at the start of 2014).

Evidence on trends at the **neighbourhood** level is relatively sparse. The data show no evidence of the poorest neighbourhoods going into a spiral of decline following the reduction of central government funding and programmes. On the other hand, no progress was made towards reducing disparities between areas. Trends in worklessness and proxy measures for poverty showed widening gaps as the recession took effect between 2008 and 2010, and some improvement thereafter, although not quite back to pre-crisis levels. Burglary fell in poor areas as in others, but with no change in burglary risk between poorer and richer places, and there was some indication of rising neighbourhood dissatisfaction, although a longer time series of data is required to determine whether this represents a real trend. Similarly, by 2012 (the latest data) there was no evidence of success for the government in its attempt to achieve a more regionally balanced economy. Lack of economic progress in the North of England continues to inhibit prospects of renewal for the least advantaged neighbourhoods there.

To try to gain an overview of trends across social policy areas, we have also looked at three composite sets of indicators. One is the government's own 'impact indicators'. These are measures selected by government departments and made public on their websites, but not adopted as an overall set. We have identified 55 indicators of outcomes (as opposed to the quantity or quality of delivery) relating to the policy areas covered in this paper. We list these in Appendix 1 showing the trend during the Coalition's term in office (although in many cases the data are only available till 2012/13 or 2013, and in some cases only to 2011).

The other indicator sets are ones we used to assess the previous Labour government's record on poverty and social exclusion. One of these (the Opportunity for All or OFA set of indicators) was developed by the Labour government itself in 1999, and includes 59 indicators. The other set of indicators is the 'Monitoring Poverty and Social Exclusion' (MOPSE) indicators produced by the New Policy Institute for the Joseph Rowntree Foundation – originally 50 indicators - also shown in Appendix 1. For these, we show the trend over the period of Labour government and the period under the Coalition so far as data is available.

The limitations of this exercise need to be clearly understood. For the Coalition, the data time lag means that these indicators can barely yet be said to reflect its policies. A bigger problem for comparability over time (although interesting in itself) is what governments choose to monitor. In Table 6, we compare the numbers of indicators of different kinds included in the Coalition set of 55, compared to the Labour (OFA) set of 59. The Coalition's are dominated by children and young people and by just two themes – education (24 indicators across all age groups) and health/social care (21 indicators). These are of course the areas that the government prioritised in its spending/saving programme. Labour's indicator set was broader, with more indicators of poverty, differences in outcomes between areas, and housing. The MOPSE set was very different again, being dominated by indicators of poverty and employment and with some focus housing and areas, but very little on health and care.

In Table 7 we show progress against the different indicators, looking at the Coalition's indicators only for the period it has been in office, and the other sets both under Labour and under the Coalition.

The overall trend is positive. The majority of the Coalition's indicators have shown progress since 2010. This is not entirely a function of the Coalition's indicators being narrow in scope, as the majority of indicators in the other sets also show positive trends, although that comparison is clearly hampered by the lack of continuity of indicators through the period. Of the Coalition's indicators not showing improvement, one was an education indicator – the proportion of young people attaining Level 2 by 19 if they have not attained it by 16. The others related to housing (temporary accommodation) and health – emergency readmissions and patient experience. The OFA indicators which appeared worse since 2010 were absolute low income (3 indicators), the education and NEET rates of looked after children (2 indicators), children in temporary accommodation, smoking among lower socio-economic groups, and percentage of the population contributing to non-state pensions. Worsening MOPSE indicators were also related to housing (homelessness and poverty risks for renters), poverty (in-work poverty and material deprivation), as well as recurring unemployment.

Table 6: Comparison of Coverage of Different Indicator Sets

	Labour (OFA)	Coalition	MOPSE
Children and young people, of which	**24**	**30**	**10**
Poverty/family employment	4	1	3
Education	10	22	4
Health/health behaviours	6	7	3
Housing	2	-	-
Other	2	-	-
Working age people, of which	**18**	**7**	**16**
Qualifications/participation	1	2	1
Employment	8	5	12
Poverty	3	-	2
Housing, health, other	6	-	1
Older People, of which	**10**	**4**	**6**
Poverty	3	1	5
Health	1	2	-
Pension provision	2	1	1
Housing, care, other	4	-	-
No specific age, of which	**7**	**14**	**18**
Poverty	1	1	5
Health/social care	-	12	1
Housing	1	1	6
Differences between areas	5	-	2
Other	-	-	4
	59	55	50

Table 7: Progress Against Different Sets of Indicators

	Coalition Indicators	"Opportunity for All" indicators		"Monitoring Poverty and Social Exclusion" indicators	
	Trend from 2009/10 [2]	Trend from baseline to 2010 [1]	Trend from 2009/10 [2]	Long-term trend (10 years or so) to 2010	Trend from 2009/10 [2]
Better	38	47	25	26	16
Slightly better	5				3
No change	4	4	2	5	1
Mixed		1			3
Worse	6	6	8	15	7
Not available	2	1	19	4	20
			5		
TOTAL	55	59	59	50	50

Sources: Authors' update of Coalition Indicators and Department for Work and Pensions Opportunity for All 2007 Update; New Policy Institute, Monitoring Poverty and Social Exclusion Indicators.
Notes:
1. Baseline year is usually 1997 or 1998. For some indicators based on specific Labour's initiatives or data that were not collected before Labour came to power, the baseline is later.
2. Depending on availability of data, trends are reported for years from 2009, 2009/10 or 2010 up to the last available time point. Details are shown in the Appendix.

Overall, this data reinforces the conclusions drawn above. It is too early to assess the Coalition's impact on social and economic outcomes. Progress in many areas continued in the Coalition's first years. However there is also early evidence of rising poverty against a fixed threshold, and increasing housing pressures.

6. Conclusions

There is no doubt that the Coalition government formed after the general election in May 2010 faced major social policy challenges: a very high debt and current budget deficit; a recession; and some substantial unresolved challenges, not least the structure of the economy and the rapidly growing numbers of older people, creating a need for increased spending on health and social care to keep up with need.

The Coalition pledged to pay down the country's debts, something it has not managed to do in this parliament, and to reduce the current budget deficit, which it has done. In actual fact, because it decided to make over three quarters of its fiscal adjustments through budget savings (rather than increased taxes), but at the same time protecting the NHS and schools spending, and increasing spending on pensions, it gave itself very little manoeuvre to cut spending. Very substantial cuts of a third or more have been made in unprotected areas, largely in services that are delivered at local level, such as housing, adult social care and children's services, but the overall reduction in public expenditure has been less than three per cent.

One effect of these choices is that pensioners have been protected from austerity more than working age people or young children, as far as taxes and benefits are concerned. Older people have, however, been negatively impacted by reductions in local social care spending, especially if at lower levels of care need.

At the same time, the government made plain that it did not just intend to be an austerity government, but a progressive one, and a reforming one. On the former count, intentions that the rich would contribute proportionately more to debt reduction have not been realised. Our analysis shows that it is poorer population groups who have been most affected by direct tax and benefit changes and in fact that savings made from changes to benefits have been offset by expenditure on direct tax reductions further up the income distribution, meaning that in combination, these changes have made no contribution to reducing the deficit or paying down the debt. The effects on poverty are not yet fully evident in official data which precede most of the key changes, and show poverty rates falling initially then stabilising against a relative threshold, while rising against a fixed threshold. However, modelled estimates suggest that poverty is higher in 2014/15 and will rise further, and there are signs of increasing material deprivation and hardship arising from a combination of rising costs of living, reductions in the value of benefits and eligibility and short-term benefit sanctions. Real wages have also fallen, as have earnings among the self-employed who, supported by the Coalition government, now constitute a much larger share of employment.

It remains to be seen whether social mobility – an explicit goal - will have been enhanced by the Coalition's measures. The indicators are mixed. Fears of the negative effect of some of the government's more controversial policies (such as the hike in university tuition fees and the replacement of the Education Maintenance Allowance with a smaller bursary scheme) do not seem to have been borne out in the short term. Socio-economic attainment gaps and university participation continued to narrow to 2013, although not at higher attainment levels and not at any accelerated rate despite the additional injection of funds from the Pupil Premium. The effects of the government's changes to assessment and GCSE curriculum, as well as to the way that vocational qualifications are used in schools, will begin to be evident from the 2014 GCSE results. Early indications suggest that these might show a widening of socio-economic gaps. Whether the changes will ultimately be to the advantage of poor students, because they are more likely to be channelled into academic qualifications, is as yet unknown. Meanwhile, low income families with young children have been among the worst affected by benefit changes, and it now appears impossible that the statutory target of eradicating child poverty by 2020 can be met. While health visitor numbers increased and early education places for disadvantaged two year olds were rolled out, real spending per child on early education, childcare and Sure Start services fell by a quarter as local authority budgets were cut, leaving services for young children vulnerable. The structure of the labour market, with fewer ‘middle jobs’ and opportunities for progression, continues to present challenges to social mobility, while adult learner numbers have been affected by funding cuts.

In many areas of social policy, the government has pushed ahead with major reforms towards its goals of a smaller state and a stronger society, lowering public spending in the long run. The key features have been an increase in non-state provision, a redefinition of eligibility for state support (usually but not always reduced) and a preference for local autonomy and decision-making, with reduced central government direction, funding and monitoring. The government has been willing to countenance substantial and unpredictable costs of implementing these reforms – in the health service, the benefits system, schools and higher education in particular, in order to achieve longer term changes. It is far too early to tell what the effects of these changes will be. They may prove more important in the long run than the short term austerity measures which the government has regarded as necessary but not as its main purpose. Aside from reforms to the structure of the state, there have also been substantial and ambitious changes in some policy areas: the introduction of Universal Credit; the reform of apprenticeships and other adult qualifications; and the overhaul of curriculum and assessment in schools perhaps being the most noteworthy.

Despite the Coalition’s reforming intentions, however, it will find itself passing on many of the problems it inherited to its successor, or having to address them itself in a second term. Increasing need for health and social care, unaffordable housing, a regionally unbalanced economy, large spatial disparities in people’s outcomes and continuing labour market inequalities all remain to be tackled, as do child poverty, insufficient high quality affordable childcare, a weak system of apprenticeships for young people and relatively ineffective mechanisms for helping workless people back into work. The next government, like the Coalition, will need to address these challenges in the context of very high public sector net debt and a current budget deficit. The cold climate for social policy and those most affected by it will remain into the foreseeable future.

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Appendix: Indicator sets

Coalition Indicators

Children and young people	Trend under Coalition	Time period of the data
Percentage of pupils achieving level 4+ in all of reading, writing and maths by gender	Better	2012 to 2014
Percentage of pupils achieving English and mathematics GCSEs at grades A*-C	Better***	2009/10 to 2013/14 (provisional)
Percentage of pupils achieving Level 3 by age 19	Better	2010 to 2013
Percentage of pupils achieving the EBacc at age 16	Better	2009/10 to 2012/13
Attainment gap at age 11 between Free School Meal pupils and all others	Better	2012 to 2014
Attainment gap at age 16 between Free School Meal pupils and all others	Better	2009/10 to 2012/13
Percentage of looked after children achieving level 4 or higher in reading, writing and mathematics	Better	2012 to 2014
Percentage of looked after children achieving grade A*-C in English and mathematics	No change***	2010 to 2014
Number of primary schools below the floor standard	Not comparable	
Number of secondary schools below the floor standard	Better	2010 to 2013
Attainment gap between schools with the greatest and the least proportion of disadvantaged pupils	Better	2011/12 to 2012/13
Overall absence rates in primary, secondary and special schools	Better	2009/10 to 2012/13
The proportion of children achieving a 'good level of development' in the Early Years Foundation Stage profile by free school meal eligibility	Better	2009-10 and 2011-12
The proportion of Year 1 children meeting the expected standard in the phonics screening check, by free school meal eligibility.	Better	2012 to 2014
Attainment gap in phonics between those who are eligible for FSM and those who are not	Better	2013 to 2014
Proportion of children living in workless households	Better	April-June 2010 to April_June 2014
Proportion of young people (18 to 24 year old) not in full-time education who are not in employment	Better	April-June 2012 to April_June 2014
Infant mortality	Better	2011-12
Life expectancy/differences: at birth (males) (years)	Slightly better	2009-11 to 2010-12 (overlapping years, so treat change with caution)

Life expectancy/differences: at birth (females) (years)	Slightly better	2009-11 to 2010-12 (overlapping years, so treat change with caution)
Healthy life expectancy/differences: at birth (males) (years)	Slightly better	2009-11 to 2010-12 (overlapping years, so treat change with caution)
Working-age people	**Trend under Coalition**	**Time period of the data**
Number of people on key out of work benefits	Better	May 2010 to May 2014
Proportion of the lowest earning 25 to 30 year olds that experience wage progression ten years later	data presented as percentage change in 10 year time bands	
Number of employees in a pension scheme sponsored by their employer	Better	2009 to 2013
Average age people stop working	Better	April-June 2011 to April-June 2013
Proportion of households that are workless	Better	Apr-June 2010 to Apr-June 2014
International comparison (within the OECD) of the qualification levels of the working age population	Better - with at least upper secondary; no change- with tertiary	2010 to 2012
Proportion of 18-24 year olds who are participating in full or part-time education or training activity, with a gap measure for participation in full-time education by social background using father's occupational group	No change, and gap down	2005-2018 to 2009-2012
Older people	**Trend under Coalition**	**Time period of the data**
Rate of pensioner poverty	Better	2010/11 to 2012/13
Life expectancy at 75 (males)	Better	2009 to 2012
Life expectancy at 75 (females)	Better	2009 to 2012
Health, Disability and Social Care	**Trend under Coalition**	**Time period of the data**
Rate of disability poverty	Better	2009/10 to 2012/13
Gap between the employment rates for disabled people and the overall population	No change	Period 1) April-June 2010 to Jan-March 2013; then break in series; period 2) April-June 2010 to Jan-March 2013; no change within each period
Potential years of life lost from causes considered amenable to healthcare (males)	Better	2011 to 2012 (change of definition in 2011)
Potential years of life lost from causes considered amenable to healthcare (females)	Better	2011 to 2012 (change of definition in 2011)
Mortality rate from causes considered preventable	Better	2009 to 2012
Health, Disability and Social Care	Trend under Coalition	Time period of the data
Health related quality of life for people with long term conditions	No change	2011-12 to 2012-13
Emergency admissions (avoidable)	Worse	Q3 2011-12 to Q4 2012-13
Emergency readmissions within 30 days of leaving hospital	Slightly worse	2009-10 to 2011-12

Patient experience: primary care (GP services)	Worse	July 2011-March 2012 to July 2013 to March 2014
Health, Disability and Social Care	**Trend under Coalition**	**Time period of the data**
Patient experience: primary care (GP out of hours services)	Worse	July 2011-March 2012 to July 2013 to March 2014
Patient experience: primary care (NHS dental services)	Better	July 2011-March 2012 to July 2013 to March 2014
Patient experience: hospital care	Better	2009/10 and 2013/14
Quality of life for adults receiving social care	Slightly better	2010-11 to 2013-14 (provisional data)
Satisfaction with adult social care services	Better	2010-11 to 2013-14 (provisional data)
Housing and Communities	Trend under Coalition	Time period of the data
Number of households in temporary accommodation (seasonally adjusted)	Worse	31 March 2010 to 31 March 2014

Sources
Department for Education: various attainment data from DfE (2013 and 2014) as well as DfE (2014), DfE: input and impact indicators. Updated 24 March 2014. Available: https://www.gov.uk/government/collections/dfe-input-and-impact-indicators [accessed Dec 2014]
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Department for Business, Innovation and Skills: various updates to BIS performance indicators online
Notes:
***Results for 2014 used here were using the "2013 methodology". The '2013 methodology' data removes the rules regarding the Wolf Review recommendations and early entry policy from the calculation of performance measures. New 2014 methodology applied to 2013/14 data. Two major reforms have been implemented which affect the calculation of key stage 4 (KS4) performance measures data. Professor Alison Wolf's Review of Vocational Education recommendations which restrict the qualifications counted, prevent any qualification from counting as larger than one GCSE and cap the number of non-GCSEs included in performance measures at two per pupil. There is also an early entry policy to only count a pupil's first attempt at a qualification. More details can be found in the statistical release: https://www.gov.uk/government/statistics/provisional-gcse-and-equivalent-results-in-england-2013-to-2014
[1] data after 2011-12 not strictly comparable to earlier years

Opportunity for All (OFA) indicators

		Under Labour*	Under Coalition*	Under Coalition' data time period
Children and Young People	1. Children in workless households	Better	Better	April-June 2009 to April-June 2014
	2. Children in relative low income (after housing costs)	Better	Better	2009/10 to 2012/13
	3. Children in absolute low income (after housing costs)	Better	Worse	2009/10 to 2012/13
	4. Children in Persistent low income[1]	Better	n.a.	
	5. Teenage pregnancy	Better	Better	from 2009 to 2012
	6. Teenage parents in Education, Employment or Training [2]	Better	n.a.	
	7. Children from disadvantaged area with good development[3]	Better	Better	2009 to 2012
	8. Pupils achieving lev 4 in KS2 Maths and Engl.	Better	Better	2009/10 to 2012/13
	9. Pupils achieving at least five GCSEs at grades A*-C	Better	Better	2009/10 to 2012/14
	10. Number of schools below floor standard?	Better	Better	2010 to 2013
	11. 19 year olds with at least Level 2 qualifications	Better	Better	2009 to 2013
	12. School attendance	Better	Better	2009/10 to 2012/13
	13. Education Gap in looked after children (GCSE attainment gap)	Worse	Worse	2009 to 2013
	14. NEET rate among care leavers	No change	Worse	2009 to 2012
	15. Stability in lives of looked after children [4]	Better	n.a.	
	16. 16-18 year olds in education, training or employment	Better	Better	2009 to 2012 (provisional 2012)
	17. Infant mortality	Better	Better	2009 to 2012
	18. Serious unintentional injuries among children [5]	n.a.	n.a.	
	19. Smoking among pregnant women [6]	Better	n.a.	
	20. Smoking among 11-15 year olds	Better	Better	2009 to 2013
	21. Obesity among children	Worse	Better	2009 to 2012
	22. Re-registration on child protection register	No change	n.a.	
	23. Housing below decency for children	Better	n.a.	
	24. Families with children in temporary accommodation	Better	Worse	Q1 2010 to 2014
working-age people	25. Employment rate	Worse	Better	May 2010 to August 2013
	26. Employment rate of disabled people	Better	Better	
	27. Employment rate of lone parents	Better	Better	Jan 2009 to Jan 2013
	28. Employment rate of BEM	Better	No change	2009 to 2013
	29. Employment rate for over 50	Better	Better	2009 to 2013
	30. Employment of lowest qualified	Worse	n.a.	

	31. Working-age people in workless households	Better	Better	April-June 2010 to April-June 2014
	32. Working age people without Level 2 NVQ or higher	Better	Better	2010 to 2013
	33. Long periods on income-related benefits	Better	n.a.	
	34. Relative low income (working age)	Better	Better	2009/10 to 2012/13
	35. Absolute low income (working age)	Better	Worse	2009/10 to 2012/13
	36. Working age people persistent low income	Better	n.a.	
	37. Adults smoking	Better	Better	
	38. Routine and manual socio-economic group smoking [7]	Better	Worse	2009 to 2012
	39. Suicide rates	Better	No change	2009 to 2012
	40. Rough sleepers [8]	Better	n.a.	2010 to 2013
	41. 16-24 Using class A drug	No change	Better	2009/10 to 2013/14
	42. 16-24 using illicit drug	Better	Better	2009/10 to 2013/14
Older people	43. Older people: relative poverty	Better	Better	2009/10 to 2012/13
	44. Older people: absolute poverty	Better	Worse	2009/10 to 2012/13
	45. Older people: continuous poverty	Better	n.a.	
	46. People contributing to non-state pension	Worse	Worse	2009/10 to 2010/11
	47. People making continuous contributions to non-state pension	No change	n.a.	
	48. Healthy life expectancy at age 65	Better	Better	2008-10 to 2009-11
	49. Older people receiving intensive home care[9]	Better	n.a.	
	50. Older people receiving community based services	Better	n.a.	
	51. Older people in homes below set standard of decency	Better	n.a.	
	52. Fear of crime among older people[10]	Better	n.a.	
Communities	53. Employment rate gap in deprived areas	Better	n.a.	
	54. Crime rate in high crime areas	Better	n.a.	
	55. Housing below decency	Better	n.a.	
	56. Households in fuel poverty [11]	Mixed	n.a.	
	57. Life expectancy at birth between areas [12]	Worse	n.a.	
	58. School KS2 attainment across areas	Better	n.a.	
	59. Road accident causalities in deprived areas	Better	n.a.	

Source: 'Under Labour' trends are reported in Lupton et al 2013 which updates OFA 2007 indicators, and refers to changes over approximately 10 years leading up to 2010 (unless otherwise stated). 'Under Coalition' trends are authors' updates of OFA indicators from 2009 or 2009/10 onwards. (with exact data period stated)

Notes
[1] For Labour years 2003/06 to 2005/08 only.
[2] For Labour years up to 2005-07 only.
[3] For Labour years from 2005 only

[4] For Labour years stability of care: measure change: 2002/03 to 2008/09: the percentage of looked after children aged [also known as children in care] under 16 at 31 March who had been looked after continuously for at least 2.5 years who were living in the same placement for at least 2 years, or are placed for adoption and their adoptive placement together with their previous placement together last for at least 2 years. From 2008 there is data on the percentage of children with only one placement during the year which shows an improvement over the period of 2008 to 2012

[5] For Labour years up to 2005/06 only

[6] For Labour years data on smoking throughout pregnancy which is only available up to 2010 (from 2000) from the Infant Feeding Survey. The next round of data will be available after the 2015 survey. At the moment the only available data is on smoking at time of delivery for the period between 2006/7 and Q4 2012/13. Using the latter, there is a reduction in mothers reporting to be smokers at time of delivery since 2009/10.

[7] In the original OFA (2007) the lower socio-economic group consisted of manual group, for Coalition period it also includes those classified as being in routine work

[8] Change in methodology, pre-2010 figures are not comparable. New 2010 to 2013 figures show a 23% increase in rough sleepers in England between 2010 and 2011, with further annual (smaller) increases). So over 2010 to 2013: worse

[9] Up to 2008 only

[10] Up to 2006/07 only

[11] Change in definition: Previous definition "OFA (2007): "Households are considered fuel poor if, in order to maintain a satisfactory heating regime, they would need to spend more than 10 per cent of their income on all household fuel use". New definition (MOPSE 2014): "households considered to be in fuel poverty if they "1) have required fuel cost that is above average; 2) would be left with a residual income below the official poverty line were they to spend that amount"

[12] Change in definition: previously the gap in life expectancy across areas was measured was between spearhead group and whole country, new method is by deciles of deprivation.

MOPSE indicators

		Under Labour	Under Coalition	Under Coalition' data
Low Income	Child poverty (relative, AHC)	Better	Better	2009/10 to 2012/13
	Pensioner poverty	Better	Better	2009/10 to 2012/13
	Working-age adults with children poverty rate	No change	Slightly better	2009/10 to 2011/12
	Working-age adults without children poverty rate	Worse	No change	2009/10 to 2011/12
	Proportion of population in deep poverty (40% of median) [1]	Worse	n.a.	
	Income inequality	Worse	Better	2009/10 to 2012/13
	Children needing tax credits to escape low income	Worse	Worse	2009/10 to 2011/12
	Number of people receiving out-of-work benefits	Worse	Better	2009 to 2014
	Material deprivation	n.a.	Worse	2010/11 to 2012/13
Children	11-year olds not attaining expected standards	Better	Mixed	2009/10 to 2012/13
	16-year olds not attaining five GCSEs at A*-C	Better	Better	2009/10 to 2012/13
	Looked-after children not attaining five GCSEs	Better	Better	2009 to 2012
	School exclusions (secondary schools)	Better	Better	
	Infant mortality by socio-economic group [2]	Better	n.a.	
	Under-age pregnancy (under 16)	Better	Better	2009 to 2011
	Low birth-weight babies by socio-economic group [3]	Better	n.a.	
Young adults	Unemployment among young adults	Worse	Slightly better	2009 to 2014
	Lacking qualifications at 19	Better	Better	2009 to 2012
	Victims of crime (all ages)	Better	n.a.	
	With a crime record	Better	n.a.	
Work	Unemployment and underemployment	Worse	Worse	2009 to 2013
	Total JSA claimants	Worse	Better	2009 to 2014
	Rate of worklessness for lone parents	Better	n.a.	
	Rate of worklessness for disabled parents	Better	n.a.	
	Number of children in workless households	No change	n.a.	
	Households who have never worked	Worse	Better	2009 to 2013
	Proportion of employees who are low-paid	Better	Mixed	2009 to 2013
	Pay inequalities between low-paid men and average	No change	n.a.	
	Pay inequalities between low-paid women and average	Better	n.a.	
	Re-occurring unemployment (% starting new JSA claim within 6 months of previous claim)	Worse	Worse	2009 to 2013
	Proportion of workless disabled people	Better	Better	2009 to 2013

Older adults	Poverty rates for ages 55-64 [4]	No change	n.a.	
	Poverty rates for ages 65-74 [4]	Better	n.a.	
	Poverty rates for ages 75+ [4]	Better	n.a.	
	Non-take up of benefits by pensioners	Worse	n.a.	
	Number of pensioners with no private income	Better	n.a.	
	Premature deaths in deprived areas	Better	n.a.	
	Disability-free life expectancy	Better	n.a.	
	Fear of crime	Better	n.a.	
	Digital exclusion (all years)	n.a.	Better	2009 to 2012
	Lack of care by 'in deprived areas'	Better	n.a.	
Housing	Social housing poverty risk	Better	Better	2009/10 to 2012/13
	Private rental poverty risk	No change	Worse	2009/10 to 2012/13
	Housing costs as a proportion of income for low-income households	Worse	Slightly better	2009/10 to 2012/13
	Number of loans in arrears	n.a.	n.a.	
	Number of mortgage repossessions [5]	Worse	Better	2009/10 to 2013/14
	Number of households receiving HB or LHA	Worse	Worse	2009 to 2014
	Risk of overcrowding in social or private rented accommodation [6]	Worse	Mixed	2009/10 to 2012/13
	Rate of fuel poverty [7]	n.a.	Better	2009 to 2012
	Number of households accepted as homeless	Better	Worse	2009/10 to 2013/14

Source:
'Under Labour' trends are reported in Lupton et al 2013 which is using data from New Policy Institute, Monitoring Poverty and Social exclusion. 'Under Coalition' trends are reporting on data from Monitoring Poverty and Social exclusion from various years

[1] Proportion of population in deep poverty (40% below median) - not reported by MOPSE anymore, but reporting on the proportion of population in poverty (60% below median)

[2] Infant mortality by social class is not reported in in the latest reports. Definition of social class used in the infant mortality figures by ONS has changed - it is no longer a measure of father's social class but of either of the parents. Additionally, socio-economic classification has changed from NS-SEC to SOC2010. Consistent figures for 2011 and 2012 show an improvement for all but also for lower social classes but no change for higher social classes.

[3] Low birth weight by social class in no longer reported in MOPSE reports. But ONS has produced a sustainability report where they produce a time series for low birth weight by social class which shows a decrease in the proportion of low birth weight births among lower social classes routine and manual and lower) using parental occupational classification NS-SEC rebased on the SOC2010. These new figures show a lower proportion of low births among parents of lower socio-economic classification

[4] Comparing two time points 2010/11 to 2012/13 to 2000/01 to 2002/03 only

[5] Data for 'under Labour' period is from 2003/04 to 2009/10

[6] Social renters - better, private renters - worse, owner occupier - unchanged

[7] Fuel poverty change in indicator definition: MOPSE 2012: households are in fuel poverty if "they would have had to spend more than 10 per cent of their income to keep their homes warm" (p.134)."In 2010 around 16 per cent of households in England were in fuel poverty (i.e. they would have had to spend more than 10 per cent of their income to keep their homes warm). This was a fall from the previous year where the level reached 18 per cent but remains more than twice as high as the pre-2006 levels." No reporting on fuel poverty in 2013 and an change in definition in 2014: "households considered to be in fuel poverty if they "1) have required fuel cost that is above average; 2) would be left with a residual income below the official poverty line were they to spend that amount" (p.49).