

# PUBLIC SERVICES

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How does competition affect the provision of healthcare?

## 22 > **Healthy competition**

23 > **Going private** 24 > **OPINION: Tuition fees fair for all?** 25 > **Socially minded**

25 > **It is rocket science** 26 > **The key to cutting crime** 27 > **Payback time**

28 > **Police, camera, action?** 28 > **Postgraduate privilege** 29 > **Surveillance**

**under scrutiny** 30 > **Mid-stream** 31 > **Growing old gracefully**

32 > **Informing the market for schools** 33 > **OPINION: The effects of education policy**

# Healthy competition

*Professor Carol Propper of the ESRC Centre for Market and Public Organisation assesses the impact of competition between suppliers on the healthcare system*

**GOVERNMENTS FACED WITH** rising costs and growing demand are constantly searching for methods of delivering higher productivity in healthcare, or, more simply, ways of getting higher quality without increasing expenditure. A current favourite is to encourage competition between the suppliers of care. But will this work? The appeal is simple – competition works in the rest of the economy, therefore it should work in healthcare. Unfortunately for politicians, this is not necessarily the case and the predictions of economic theory on this issue are quite ambiguous. But when prices are fixed by government and hospitals compete in terms of quality and not price, theoretical models do indeed support a relationship between competition and quality.

Testing this theory is difficult because the observed competitiveness of a healthcare market may be driven by quality. For example, the presence of a high-quality hospital may mean that competitors stay out of its market. Alternatively, hospitals in urban areas may face more competition but may also use cutting-edge technology and hence deal with more difficult cases and have worse quality outcomes. In these situations it will appear that greater competition is associated with lower quality, but competition is not the driving factor.

## HOW COMPETITION AFFECTS QUALITY

The policy reforms that occurred in the NHS in mid-2000 provide an opportunity to test the relationship between competition and hospital quality. In Britain the last Labour administration introduced competition between healthcare providers as part of its drive to increase productivity in healthcare. In 2006 the government mandated that all patients must be offered the choice of five hospitals, and, by 2008, any hospital in the NHS for their treatment. The prices that hospitals could charge were also fixed. This policy change provided a natural experiment that researchers can exploit to understand the effects of competition on quality. Hospitals compete in geographical markets because patients prefer to be treated closer to home. Some hospitals will therefore be heavily exposed to the policy

(and competitive forces) because they are located in or near urban areas; others will be less exposed because they are in rural areas. Exploiting this fact allowed researchers at the ESRC Centre for Market and Public Organisation (CMPO) at the University of Bristol to explore outcomes before and after the introduction of competition across different markets. They examined all admissions to hospitals in the NHS (around 13 million) pre- and post-policy, leading to a number of findings.

First, the policy seems to have led to differences in patient flows between hospitals, even only two years after the reforms. Map A shows how exposed hospitals were to potential competition in their local markets just before the time of the policy introduction. Map B shows the change in exposure after the policy. In Map A, hospitals are represented by dots and the lightest shade of blue shows those hospitals most exposed to potential competition, while black indicates hospitals least exposed to potential competition. Not surprisingly, hospitals located in major conurbations (London, Birmingham, Manchester, Newcastle) are most exposed to

## Competition works in the rest of the economy – it should work in healthcare

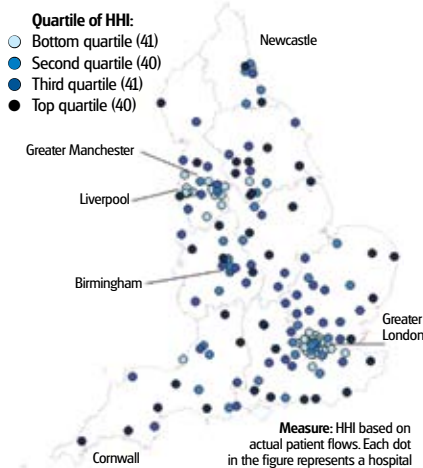
competition, while those in rural areas are least exposed. In Map B, hospitals with the biggest increase in potential competition are shown in dark red, those with the least in yellow.

There is a clear set of hospitals located around urban areas that have experienced increases in potential competition, particularly in the South East outside London, but also around Merseyside, Bristol and Newcastle. This suggests that the policy might have an effect on a larger set of hospitals than just the set located in highly urban areas.

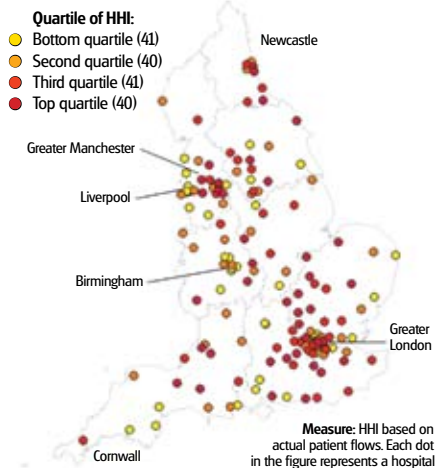
Second, the research finds that hospitals rated as better by the health quality regulator before the policy reform attracted more patients and from further away post-reform. This suggests that patient choice is having some effect on their selection of hospitals and that more patients are choosing (with their GPs' help) to go to better hospitals.



Map A: Concentration levels: hospitals 2003/04



Map B: Concentration levels: hospitals 2003/04-2007/08





Competition where hospitals bargain over price and quality is not beneficial



Third, the research finds that hospitals located in areas where patients have had more choice since the NHS reforms have had higher clinical quality (as measured by lower death rates following admissions) and shorter lengths of stay than hospitals in less competitive areas. What's more, the hospitals in competitive markets increased their quality without increasing total operating costs or shedding staff, suggesting that the policy of choice and competition in healthcare can have benefits.

#### MARKET FORCES IN HEALTHCARE

One reason that the policy may be having this impact is the fact that prices are externally fixed. Research for Britain showed that when competition was introduced in the early 1990s, in an NHS regime that allowed hospitals to negotiate prices as well as quality, there was a fall in clinical quality in more competitive areas. This is confirmed by research in the US healthcare market, where prices are set as part of the bargaining process between hospitals and buyers of healthcare, and competition tends to be associated with poorer quality. These results also suggest that the details of policy matter, or, more generally, that the rules by which competition takes place matter for outcomes. Competition under fixed prices appears to be beneficial, while competition where hospitals bargain over price and quality does not.

This, in turn, has policy implications for governments – such as the present one – that are keen on market forces in healthcare. If competition is to be extended, price regulation can be useful. A free-for-all in prices risks a return to the ‘internal market’ of the 1990s, when hospitals competed vigorously on waiting times and ignored aspects of quality that are trickier to measure. ■

[www.bristol.ac.uk/cmppo](http://www.bristol.ac.uk/cmppo)

# Going private

*What determines the demand for private schooling in Britain and Australia?*

**AN ESRC-AUSTRALIAN** Research Council collaborative project carried out by researchers at the Institute for Fiscal Studies (IFS) and Australian National University (ANU) looked at changes in household demand for private schooling over the last 30 years in Australia and Britain. And at the economic and demographic determinants and effects of school choice in contemporary, comparable data focusing on issues that have not been covered in previous research. The aim was to provide a clearer picture of the demand for and determinants of school choice in both Australia and Britain, with the key innovation being not just to focus on the state sector, but to look at what drives choices between state versus private provision. Parallels and contrasts between the two countries were also a key focus.

The research found that there are big differences in patterns of private school attendance and school funding in Australia and Britain. The proportion of children in private education in Britain has remained broadly stable over the last 20 years (about seven per cent) whereas it has increased dramatically in Australia from 21 per cent in 1977 to 34 per cent in 2009. There is no direct state funding for private education in Britain whereas in Australia there is substantial state funding.

#### DISTINCT SIMILARITIES

Despite the differences in funding and participation between the two countries, the research found a striking similarity in terms of the determinants of participation, including: family income (higher family income increases demand for private schooling); parental education (children of more highly-educated parents are more likely to be privately educated); and family size (children from smaller families are more likely to be privately educated). But the most striking predictor of private school attendance in both countries is whether one or both of the children's parents attended such a school, with children being eight percentage points more likely to attend a private school if one of their parents attended one in Britain, and anywhere up to 20 percentage points more likely in Australia.

Demand for private education in Britain is also determined by price (higher fees reduce demand), and the quality of local state education – having higher quality state schools reduces demand for private schooling. One project also examined the role played by household income and income inequality within regions in Britain using the Family

**The research found a striking similarity in terms of the determinants of participation**

Expenditure Survey between 1974 and 2009. This showed that families with higher household incomes are more likely to send their children to private schools, an unsurprising result given the level of private school fees. But the results imply that an increase in income inequality within regions

raises the proportion of parents choosing to send their children to a private school. This suggests that part of the rise in private school attendance during the 1980s may well have been driven by rising levels of income.

Finally, in Australia, private school children do better than similar state-educated children in terms of school outcomes and university entrance scores. This is consistent with similar British findings showing that privately-educated children do better at university and have higher earnings than state-educated children. ■

[www.ifs.org.uk](http://www.ifs.org.uk)



**Reasons for sending children to public schools in Britain and Australia are surprisingly similar**

# Tuition fees fair for all?

*The complexity of undergraduate tuition fees, not just the level, affects student enrolment*



## The increase in student tuition fees sparked a series of demonstrations

**IN DECEMBER 2010**, the government announced that the cap on undergraduate university tuition fees for British students would be increased from £3,300 per year, to a maximum of £9,000 per year for students starting their studies in 2012. The government hoped that the increase in the cap would result in price variation among universities – with some charging the maximum fee, but many others choosing to charge less – and assumed that the average fee would be around £7,500 per year. But it has since become clear that it was underestimated how much universities would decide to charge students; in fact the average fee charged by higher education institutions will be around £8,500 per year, so by 2012 tuition fees for British undergraduate students will be among the highest charged by public sector institutions in the world.

So what will be the impact of this almost threefold increase in fees on student participation? To date, there has been very little British-based research on this subject. A study in 2011 showed that while tuition fees do have a negative impact on participation, this can be counteracted by an increase in support in the form of fees and maintenance loans. However, this study was based on the impact of the current £3,300 annual tuition fee.

### DEMAND AND SUPPLY

An important element of the British system, however, is that demand for university places far exceeds supply. In 2011 more than five students were competing for each spare university place. While much of this demand stems from students choosing not to take a gap year to

avoid the forthcoming fee hike, the government puts strict controls on the number of students universities can accept. This is because of the government's policy to offer all students a loan to cover the full cost of their tuition fees. Increasing the number of students, and therefore the amount of loans taken out, would also increase the government's future liability in the form of unpaid loans, so it is likely that participation will remain high for some time, despite the increase in fees.

It may be the case that certain types of students are more likely to be put off going to university than others – in particular, those from low-income backgrounds, who may be particularly averse to taking out debts that could be as much as around £41,000 for a three-year degree. In response to this, the government, in its proposals for tuition fees, set out requirements for universities that chose to charge fees of above £6,000 to lay out detailed plans for how they aim to encourage those from low-participation backgrounds to attend university. Universities must produce an 'access agreement' to be approved by the Office for Fair Access (OFFA), the 'fair access' watchdog.

However, OFFA has been widely criticised for being somewhat powerless and, to date, not a single widening participation plan has been rejected since OFFA was introduced in 2006. Indeed, 100 per cent of British universities are planning to charge over £6,000 per year in 2012, and OFFA has approved their plans to do so without exception.

Universities adopt a range of measures to encourage poorer students to go to universities: Many run summer schools and information campaigns targeted at schools in disadvantaged neighbourhoods, while others offer scholarships

and bursaries. But despite large volumes of spending on these measures (OFFA reports spending will reach £602 million a year by 2015), there remains very little evidence that these strategies are effective measures in encouraging participation among low-income groups. For example, one of the few studies to examine the impact of bursaries found no evidence that they made any difference to poor students' choices.

There is strong evidence that it is not the level of fees that students face – or any financial help they may receive in the form of grants and bursaries – that encourages young people to go to university. Instead, it is their prior educational attainment. And this is where background does matter, as young people from poor backgrounds are extremely unlikely to achieve the necessary A-level results to obtain a place at university. Only three per cent of young people from the poorest backgrounds achieved 301 or more UCAS points in 2004, compared with 25 per cent of young people from the richest backgrounds. So many of these young people will be unable to go to university, regardless of the fees charged.

### LACK OF INFORMATION

Another potential impact of the large increases in fees is the choice of subject that students decide to study. For example, students may be influenced to study a subject that will guarantee them a good job, so that they can repay their loans more easily and quickly.

The government's loan system does include an insurance policy that protects students from having to repay their loans if they do not earn enough money to do so. Loans are only payable once the student earns over £21,000 per year, and, even then, only at nine per cent of their earnings above this amount. This means those that do not succeed in finding a high-paid job will not be penalised – indeed they may end up repaying very little of their student loan before the government writes it off, after 30 years.

But it is possible that many young people do not fully understand the complexities of the fee and loan system, and it may be this lack of understanding that is more damaging to participation than the fee increase itself. ■

[cep.lse.ac.uk](http://cep.lse.ac.uk)



### DR GILL WYNESS

*Research Officer,  
Education and Skills,  
ESRC Centre for  
Economic Performance,  
London School of  
Economics*



# Socially minded

*Why are there differences in pro-social motivation across public and private sectors?*

**RESEARCH BY PROFESSOR** Sarah Smith and Edd Cowley from the ESRC Centre for Market and Public Organisation (CMPO) has looked at the extent to which public sector workers worldwide are more pro-socially motivated than their private sector counterparts. A number of previous studies (focusing on single countries) have found that public sector workers are more likely to vote in elections, engage with civic groups and report charitable donations of time, blood and money. They are also more likely to donate labour, measured by whether or not they do unpaid overtime.

The CMPO research used data from the World Values Survey (WVS) to explore differences in pro-social motivation between public and private sectors across a wide range of countries varying in income levels, political regimes and cultures. The sample consisted of 59,604 people across 51 countries, representing a total population of 4.8 billion. The research examined a number of indicators, including the person's work motivation and their self-perception – based on what things are important to them in life – and their self-reported activity in pro-social organisations including charity and environmental work.

In general, workers in the public sector do tend to have higher levels of pro-social motivation. For 30 (out of 51) countries workers reporting that their primary motivation is doing an important job are more likely to work in the public sector. For 33 (out of 50) countries, people who think it is important to help others are more likely to work in the public sector. Finally, those who are active in a charity/environmental organisation are more likely to work in the public sector in 48 countries out of 51.

But there are clearly some countries where the reverse is true and the level of government corruption appears to be a factor in explaining some of the variation. Consistent with earlier studies that have emphasised that workers may self-select into the public sector, the research found that intrinsically-motivated workers are less likely to work in the public sector when corruption is higher. ■

[www.bristol.ac.uk/cmipo](http://www.bristol.ac.uk/cmipo)



The role of the probation officer has changed, and 70 per cent of the workforce are now women

## It is rocket science

*The role of the probation worker in today's turbulent times*

**IF THE SUPERVISION** and management of offenders in the community is to remain an important plank of criminal justice policy, it is vital that the occupational cultures of probation workers are understood. Research by Dr Rob Mawby, of Leicester University, and Emerita Professor Anne Worrall, of Keele University, explores the meaning of 'doing probation work' from the perspective of probation workers themselves. Based on 60 extensive interviews, the research presents a new picture of who they are, what motivates them and how they construct a work identity that sustains them in adverse working conditions.

Probation workers come from a variety of backgrounds, albeit unidentifiable groupings: 'lifers' (mostly idealistic university-educated 'baby boomers', who joined the service at a young age); 'second careerists' (often with previous careers in the armed forces, the police or in social work); and 'offender managers' (more recent recruits for whom probation is one of a number of jobs they expect to have throughout their working lives).

The probation service was male-dominated until the early 1990s but is now 'feminised' with 70 per cent of the workforce being women. This has not meant a return to traditional social work roots (although the service has maintained certain core values such as recognising the human worth of offenders and believing in the ability of people to change) but rather the emergence of a new breed of offender manager who is highly organised, computer-literate and focused on public protection.

The merger of the probation and prison services into the National Offender Management Service in 2004 is regarded by most probation workers as damaging and many now regard their 'natural partners' in the criminal justice system to be the police, who were previously regarded with suspicion and hostility. Probation workers feel misunderstood by the public and misrepresented by the media. Family members are generally supportive but bemused, friends admiring or incredulous, and the public contemptuous. Interviewees were conscious of the job being 'socially tainted' in that their contacts are despised by society in general and the service rarely makes positive headlines.

**Probation workers feel misunderstood by the public and misrepresented by the media**

The perceived erosion of professional autonomy and the turbulent political context of their work has nevertheless produced creative responses among some probation workers, balancing the requirements of risk assessment with what they believe the job is 'really about'. As one interviewee put it, "It is rocket science".

The research found that some workers can cope positively with the demands of the role by at times bending or even breaking the 'rules', while still fulfilling the organisation's objectives. In doing so, they also gain a 'buzz' by deliberately testing their skills in situations that are 'on the edge' of chaos or danger. Those who engage in these strategies were more likely to have a positive work identity than those who could only see their professional integrity to be under threat. ■

[www2.le.ac.uk/departments/criminology/research/current-projects/rim3\\_culture\\_probation](http://www2.le.ac.uk/departments/criminology/research/current-projects/rim3_culture_probation)

# The key to cutting crime

*What's the policy answer to reducing crime: more police, more prisons or more pay?*

**THE TOTAL NUMBER** of offences committed in England and Wales has substantially declined in the past decade, but still over four million crimes were recorded in 2010. The overall economic and social cost of crime was estimated to be just above £35 billion. Understanding why so many offences are committed has recently come back to the forefront of the political agenda after the unprecedented riot and looting incidents of summer 2011. Research by Dr Olivier Marie of the Research Centre for Education and the Labour Market (ROA), Maastricht University, and the ESRC Centre for Economic Performance, London School of Economics, examines the effectiveness of potential policy tools to reduce crime in England and Wales.

There is a strong public perception that more police makes a society safer. But the impact of increasing police on reducing crime is hard to unravel: if more police are hired to combat crime, then crime may appear to be higher when there are more police.

Examination of the Street Crime Initiative policy, which allocated extra funds to ten of the 43 police force areas of England and Wales to combat robbery, suggests that more police resources can significantly reduce crime. The research finds that these extra police resources did have a strong impact in reducing robberies by about 20 per cent. The initiative was highly cost-effective with a net

social benefit estimated at between £100 and £170 million a year. Investigation of surges in the number of police personnel deployed after the 7/7 terrorist attacks also suggests that police patrolling the streets had a large effect on crime. The research finds that crime fell by about ten per cent where there was an increase in the number of police officers deployed.

The prison population has almost doubled in 20 years and there are now more than 85,000 individuals incarcerated in England and Wales. But it is difficult to assert if this can explain recent decreases in offending as prisoner numbers were also increasing fast in periods when crime was rising. Another important issue is the very high re-offending rates among ex-prisoners (more than 50 per cent within a year of release). Recent research has shown that a large early-release

scheme (Home Detention Curfews) was successful in reducing re-offending.

A large body of evidence suggests that education and labour market opportunities influence criminal activity. Most research findings point to a strong impact of economic conditions on crime, particularly income inequalities. For example, in the 1980s, there were larger increases in crime in areas where low wages deteriorated most strongly. Labour market policies, which make unemployment benefit receipt more stringent, may also affect crime. The

**Most research findings point to a strong impact of economic conditions on crime**



**The riots in the summer of 2011 caused widespread damage throughout England**

introduction of Job Seekers Allowance led to substantial drops in unemployment, but some individuals dropped out of the labour market and shifted into criminal activity.

## A NEED FOR EDUCATION

Research also shows that improved education opportunities can reduce crime. There is clear evidence that increases in the minimum school leaving age in England and Wales (in 1947 and 1972) have had important long-term crime-reduction effects. The Education Maintenance Allowance, which pays low-income pupils to stay in school, where introduced, was accompanied by falls in juvenile property crime rates.

Recent research shows that spending on police resources does reduce certain types of crime, and there is therefore a risk of seeing crime rates rise again if police numbers are reduced. There is far less evidence that changes in the prison population have crime reduction effects, although certain early-release packages appear to reduce re-offending behaviour successfully. High-income inequality and low education opportunities have emerged as important factors explaining the causes of crime. It is therefore important to consider the short- and long-term impact on criminality when considering cutting funding to policies aimed at improving individual life opportunities. ■

[cep.lse.ac.uk](http://cep.lse.ac.uk)  
[www.roa.unimaas.nl](http://www.roa.unimaas.nl)



**The prison population has doubled in 20 years and issues related to policing numbers are back on the political agenda**

Alamy

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Gaining further qualifications increases future employment prospects

# Payback time

*Is it the time spent in school or qualifications gained that improve employment prospects?*

**INCREASING THE MINIMUM** school leaving age improves the employment prospects of those compelled to stay on, but most of the effect depends upon increasing qualifications rather than simply spending longer in school. With the school leaving age set to be raised to 17 in 2013, and again to 18 in 2015, it is important for the government and for students themselves to understand how these changes are likely to affect the job prospects of those who would otherwise have left school earlier.

Research by ESRC Post-doctoral Research Fellow Matt Dickson and Professor Sarah Smith, at the ESRC Centre for Market and Public Organisation at the University of Bristol, addresses this question by looking at the previous increase in the minimum school leaving age – from 15 to 16 in 1973. Comparing the first school leavers who were compelled to stay to age 16 with the previous year group who could leave a year younger, sheds light on the effects of an extra year in school. When surveyed later – in

the years from 1993 to 2010 – men affected by the change in the law were significantly more likely to be employed than those in the previous school year who were allowed to leave at age 15. However, as 16 is the first age at which ‘high stakes’ exams are taken in Britain, those who remained in school until 16 not only gained an additional year of schooling, but were also much more likely to take O-level or CSE examinations, and therefore leave school with some nationally recognised academic qualifications as opposed to none.

The effect of qualifications can be separated from the effect of extra time in school by comparing people within the same school year who were born either side of 1 February. This is the cut-off that until recently determined whether a student wanting to leave at the earliest opportunity could finish school at the start of the

Easter holidays or whether they had to remain until the end of May.

Comparing these students, the effect of leaving school with some academic qualifications rather than none at all is an increase in the probability of later employment by around 40 percentage points – a large effect. The effect of having an extra year of schooling *and* having some academic qualifications is to increase the probability of later employment by 55 percentage points – which is again a large impact but not that much larger than the qualifications effect

**It is important that extra schooling also means the attainment of additional qualifications**

alone. This suggests that gaining some academic qualifications was the key driver behind the positive employment effects for men affected by the 1973 raising of the school leaving age.

The policy implications of this are clear: for the full benefits of additional education to be felt it is important that extra schooling also means the attainment of additional qualifications. Raising the minimum school leaving age to 17 may not have as much of an impact on later prospects as raising it to 18, since this latter age aligns with the time when A-levels are usually taken. ■

[www.bristol.ac.uk/cmpo](http://www.bristol.ac.uk/cmpo)

# Police, camera, action?

*Perceptions of police behaviour are influenced less by the background of the viewer and more by the actions of the police themselves*

**PREVIOUS RESEARCH ON** public attitudes to the police has established that young men and those from ethnic minorities living in deprived neighbourhoods have a much more jaundiced view of the police than older, white, affluent people – especially women. Is this because police discriminate against sections of the population, or do those people evoke, by their behaviour, harsher treatment from the police?

Previous research has also demonstrated that while people generally view the police as an institution favourably, they look less favourably on the behaviour of individual officers. But this leaves unresolved the question of whether people with pre-existing hostility to the police interpret officers' behaviour negatively. Whether an officer has dealt with someone 'satisfactorily' obviously allows considerable latitude for interpretation.

## RATING REALITY

Answering these outstanding questions requires a standardised example of police behaviour that different people are asked to evaluate. If they agree, the conclusion could be that it is the way the officer behaves that influences how favourably they are viewed. If different sections of the public disagree then that might indicate that there are differences in interpretation. Fortunately, the media has been awash with reality police documentaries for many years, which show numerous incidents where police are filmed dealing with routine incidents. These can be shown to people, who can be asked for a response to what they see.

Researchers PAJ Waddington, Kate Williams and Tim Newburn selected five

such video clips from BBC programmes and replayed them to 39 focus groups across the diverse Black Country region of the West Midlands. The five clips included: what appeared to be an attempt to break into a car, which proved to have been done with the owner's consent; the investigation of the robbery of an elderly man in his own home; the stopping of a suspected stolen car with false number plates on the motorway, which proved to be the responsibility of the car distributor who fitted incorrect plates; a drowning at a waterfront area surrounded by pubs and clubs; and the forceful arrest



Public perception of police behaviour is under focus

of a violent man outside a club in the early hours. The researchers asked individuals in the groups for their rating of the behaviour of officers in each of the five clips. They also recorded group discussions of what had been witnessed to find out to what aspects of police behaviour caught their attention and whether they did so positively or negatively.

## PRACTICAL APPLICATIONS

Analysis suggests that while age, ethnicity, gender and neighbourhood characteristics do influence how these video clips were interpreted, this is not nearly as influential as the differences between the video clips themselves. In other words, public approval is largely a question of how the police behave rather than who is evaluating them. This is important because it means that if the police want to improve public trust and confidence, it is in their own hands to do so.

The researchers are now discussing with the police how the approach they used can be adapted for practical purposes, such as improving training, and they plan to create bespoke videos of operational encounters rather than rely on TV documentaries. Members of the public might view these recordings and give feedback about whether they detect any difference between officers trained one way or another. This would enable the public to express their opinion on the future direction of the policing that they receive. Given current controversies regarding policing this research could hardly be more timely. ■

[www.wlv.ac.uk](http://www.wlv.ac.uk)

## Postgraduate privilege

*Postgraduates are increasingly in demand by employers*

**IN THE PAST**, holding a postgraduate degree was something of a rarity as university graduates typically obtained a first degree and then started work. This has changed. Over ten per cent of the adult workforce now have a postgraduate degree, and almost 40 per cent of university graduates now enrol on a postgraduate course after completing their undergraduate studies.

Why has this occurred and what has been the impact on the labour market? Recent research – *Rising Wage Inequality and*

*Postgraduate Education* – by Dr Joanne Lindley from the University of Surrey, and Professor Stephen Machin from University College London and the ESRC Centre for Economic Performance, LSE, has studied this under-researched subject, reporting results that employers have increased their demand for workers with postgraduate qualifications, and that these workers do different jobs compared to those holding just an undergraduate degree.

Figure 1 shows the employment shares of all graduates and postgraduates, as well as the

postgraduate share among graduates, for adult workers in the Labour Force Survey in 1996 and 2010. It shows that the employment share of graduates more than doubled from 1996-2010, going from 14.5-30.4 per cent, reflecting the big expansion of higher education that occurred over that time. Focusing on postgraduates, there was a sharp increase, rising from 4.4-11 per cent between 1996 and 2010. The more rapid increase in the share of postgraduates as compared to college-only workers meant that the postgraduate share among graduates increased sharply, going from 30.3-36.2 per cent of graduates. Figure 2 shows the wage premium for individuals associated with having a postgraduate qualification compared to college-only



Covert policing practices have become increasingly widespread



# Surveillance under scrutiny

*Uncover the secrets behind covert police operations*

**THERE HAS BEEN** a rapid growth in the use of covert surveillance by law enforcement agencies in Britain, but social scientists know little about the daily activities of engaged officers, or how those operations are authorised, monitored and reviewed. This may be a result of the legal complexities that surround covert policing, as well as a police desire to protect methodology.

Researchers Dr Bethan Loftus, Centre for Criminology, University of Oxford, and Dr Benjamin Goold, School of Law, University of British Columbia, have been examining covert policing against the backdrop of two broad developments in British policing: the first is the growing popularity of covert policing strategies, such as undercover officers, informants, and various forms of human and electronic surveillance; the second has been the expansion in the regulation of

police investigative practices. The Regulation of Investigatory Powers Act (RIPA) 2000 has established a new framework for regulating the powers of public bodies to carry out surveillance and covert investigations. Yet what effect has the legislation had?

The empirical investigation takes place in fictitious 'Summershire Police', a large constabulary in England. First, the researchers are carrying out an in-depth analysis of RIPA 2000 and internal documentation relating to all aspects of covert policing. They also have access to new and ongoing investigations, and are permitted to observe covert officers at work. Finally, they are interviewing key actors involved in covert policing and the wider regulatory environment. This should produce a thorough picture of how covert police operations are being carried out, examine how the legal and regulatory regime imposed by RIPA 2000 has affected surveillance practices, while looking at the experiences of other associated participants.

The formal regulation of covert surveillance and the desire to demonstrate its necessity and proportionality have left an indelible mark on the organisation and culture

of law enforcement in Summershire Police. But RIPA 2000 has few supporters. The introduction of this legislation has led to confusion and feelings of resentment for some police officers. The most striking finding concerns the extent to which officers involved in covert operations believe themselves to be under intensive scrutiny and that legislation is designed to restrict (rather than enable) activities. This is more apparent among seasoned officers, many of whom worked in the time when it was acceptable to follow subjects or search rubbish without prior authorisation.

## A NECESSARY EVIL?

Although the new regime appears to have made some officers reluctant to plan and seek authorisation for covert operations, there are still many who do not recoil from initiating surveillance operations. The researchers observed several instances where officers sought immediate approval for the most intrusive surveillance means, and it is here where newly-created police departments, such as the Authorities Bureau, come into

**The Authorities Bureau is a calming voice, advising officers to use the least intrusive methods**

their own. The bureau encourages enthusiastic officers to consider carefully the requirements imposed by RIPA 2000, and is a calming voice, advising them to use the least intrusive methods. There is evidence that a less defensive approach to RIPA has led to the dramatic decrease in the number of authorised directed surveillance operations.

Paradoxically, this looser interpretation of RIPA runs counter to the popular sentiment of ordinary officers who often seek authorisation 'just to be safe'.

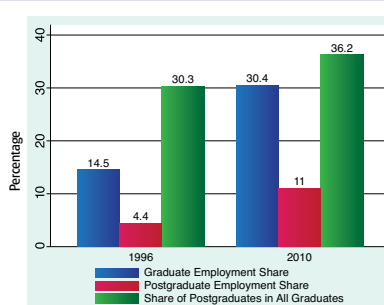
If we accept that covert policing is a 'necessary evil', how can we best balance the prevention of crime while placing clear limits on the police's ability to delve into our lives? ■

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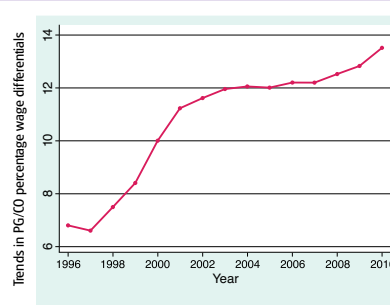
individuals who only have an undergraduate degree. Postgraduates have significantly strengthened their relative wage position. The postgraduate/college-only wage gap rises from 6.9 per cent in 1996 to 13.5 per cent by 2010.

More evidence that employers are increasingly demanding postgraduates can be seen by comparing the skills sets possessed by postgraduate and college-only workers. Postgraduates do better in terms of cognitive, problem-solving, people- and firm-specific skills, and tend to use computers for more complex tasks. Holding a postgraduate qualification is becoming more common, and is also the route to a higher-wage, more skilled job. ■

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**Figure 1: Employment shares of all graduates and postgraduates**



**Figure 2: Trends in postgraduate/college-only percentage wage differentials**

Source: Labour Force Surveys. For full time workers with 0-39 years of potential experience and aged 26-60. Per cent weekly wage differentials calculated from regressions that control for: gender, experience, experience squared, London and white.

# Mid-stream

*Sarah Womack, former political and social affairs correspondent of the Daily Telegraph, investigates why primary schools are returning to streaming pupils by ability*

**THE DEBATE IS** back on. To stream or not to stream. Research by Professor Susan Hallam and Samantha Parsons of the Institute for Education, University of London, finds that as many as one in six primary school children is now 'streamed' by the age of seven.

The Education Secretary is unequivocally in favour. Michael Gove told the *Independent*: "I am a strong believer in setting and streaming within comprehensive schools. More children should be taught by ability in more subjects." And Prime Minister David Cameron wants "more setting and streaming, with a grammar stream in every subject". The political left, and many in the educational establishment, are bitterly opposed. Melissa Benn, campaigner and daughter of Tony Benn, told the *Guardian* that "rigid, know-your-place hierarchies" were a disaster, and the highest-performing school systems in the world delayed specialisation and setting until much later in adolescence.

So what's it to be? Streaming, where children in the same year are grouped by ability and taught in these groups for most or all lessons, was commonplace when the 11-plus was used for grammar school selection. But it died out in the 1950s and

1960s in favour of mixed ability classes with teachers using within-class groupings to differentiate work. Setting is a similar, if slightly different, practice to streaming, where schools group children from different classes by ability for certain subjects only. Critics of streaming have long argued that low streams include disproportionate numbers of less well-off pupils, and children born in spring or summer who are therefore the youngest in the class. They say that streaming is pernicious;

## The research evidence is mixed on the impact of streaming and setting

the more streams in a school, the more negative the attitudes towards school of those in the lower streams, and the greater the possibility of them regarding themselves as stigmatised.

Crucially, they argue, streaming has little impact on pupil attainment. The most comprehensive study, in 1970, compared pupils in 36 streamed and 36 non-streamed primary schools and found no difference in the average academic performance of children of comparable ability and social class in streamed or non-streamed schools.

So why the revival? Professor Hallam and Ms Parsons went looking for answers by examining the prevalence of streaming in primary schools based on the Millennium Cohort Study (MCS). The MCS follows the lives of 19,000 children born in Britain in 2000/1. Over 13,800 families took part in the 'age seven' survey, and information was gathered on 14,043 children, and their teachers.

The research found that some 16.4 per cent of children in Year 2/Primary 3 were streamed and that Pakistani or Bangladeshi children were more likely to be in a school where children were streamed (24.2 per cent compared to 16.0 per cent white children), as were children showing signs of behaviour difficulties. There were, however, no statistically significant differences in average scores for Key Stage 1 tests by whether the child was in a streamed or mixed ability class: reading not streamed 16.2, streamed 16.0; writing not streamed 14.7, streamed 14.5; maths not streamed 16.3, streamed 16.1; science not streamed 16.0, streamed 15.9.

The findings "raise issues as to why those schools adopting streaming were doing so



Quality of teaching is vital to educational attainment

given that this, and other research, has shown that streaming does not raise attainment, and that many (schools) were also adopting setting, which has been demonstrated to be more effective in this respect". But there were other issues too; the lack of flexibility in movement between streams "may mean that an individual child's educational trajectory is determined at a very early age". When structured grouping or selection operates at older age levels there is an argument that it motivates students to work hard and perform at a higher level, particularly when there are high stakes tests, the authors said. "But streaming when children are under seven, based on assessments that parents and children are unaware of, cannot be justified in these terms, and disadvantage particular groups, including boys, summer-born children, those with behaviour difficulties, those from single parent homes and those with mothers who have low levels of education," said Professor Hallam.

## SUPPORT FOR ABILITY GROUPING

"Parents typically support ability grouping when their child is in the top stream, or set, and are against it if their child is not. Some parents put considerable pressure on schools to ensure that their child is in the top group. This is understandable, but parents may not be the best people to make judgements about the practices that schools adopt," she continued.

Advocating certain types of ability grouping "depends on value judgements about the aims of education. Rigorous structured ability grouping leads to particular outcomes,



Does streaming at primary level have an impact?





which tend to favour some children over others," she said. "Children who exhibit high levels of attainment in comparison with their peers tend to do well whatever kind of structure is adopted. If they are in highly-structured ability groups, their self-esteem is likely to reduce as they compare themselves with others who may have reached a more expert level than they have."

Meanwhile, teachers tended to develop expectations about groups of children based on their grouping placement. This could lead to low expectations, work set at too low a level, and children performing at a lower level than they were capable of. "There is considerable international research evidence that early selection leads to overall poor educational outcomes in comparison with other countries," Professor Hallam said. "And some of the best-performing primary schools are too small to adopt any form of structured ability grouping and produce outstanding results when children of different ages are taught together."

To suggest that less bright children do better in the absence of streaming or setting, and brighter children do better with it, was simplistic: "The research evidence is mixed. So much depends on the quality of the teaching," concluded Professor Hallam. ■

[www.cls.ioe.ac.uk](http://www.cls.ioe.ac.uk)

Prevalence of streaming in UK primary schools: Evidence from the Millennium Cohort Study, by Susan Hallam and Samantha Parsons, Institute of Education, University of London

# Growing old gracefully

*Health-related acute services are failing the elderly*

**BRITAIN'S POPULATION IS** ageing and currently the greatest users of health-related services are those over 65 years of age. They account for 70 per cent of hospital bed days, 80 per cent of emergency re-admissions and 80 per cent of hospital deaths. Despite this, a series of independent reports by the Commissioner for Older People in Wales, the Parliamentary and Health Service Ombudsman, and the Care Quality Commission, together with research undertaken by the ESRC Centre for the Economic and Social Aspects of Genomics (Cesagen) at Cardiff University and the University of Kent, have all shown that acute services are failing older people in relation to the provision of dignified care.

The Cesagen study, funded by the National Institute for Health Research Service Delivery and Organisation (NIHR-SDO), suggests that these failings are systemic and require system-wide solutions. In part this is because the acute services have not kept pace with the changing demographic and care delivery is frequently organised to meet the needs of professionals and the institution rather than those of their main users, the elderly.

The physical design of acute wards is inadequate, especially as many older people admitted to hospital suffer from dementia

and/or chronic conditions complicating their acute illness. Most care is delivered at the bedside, and wards lack communal areas such as day-rooms or dining areas; wards also lack discriminating features and signage, and physical hazards abound. Many staff lack the skills to care for older people, especially those with dementia. Hospital Trust priorities that focus on avoiding risk impact on patient-professional interaction result in people experiencing reduced autonomy and lack of control. The emphasis on reducing lengths of stay and moving people through the system means that patients are continually on the move, which can negatively affect recovery.

**The acute services have not kept pace with the changing demographic**

Many long-term systemic changes will be needed to ensure older people are treated with dignity. But immediate action is required to guarantee recognition throughout the service that older

people are the main users of hospitals and that comments such as 'They should not be here' are inappropriate. Mandatory induction and continuing training for staff in the provision of dignified care and meeting the needs of older people, especially those with dementia, should be introduced. Additional time and support would also enable staff to reflect on practice and challenge the inappropriate behaviours that have become accepted norms. ■

[www.genomicsnetwork.ac.uk/cesagen](http://www.genomicsnetwork.ac.uk/cesagen)



**More training is required to provide dignified care for the growing elderly population**



School performance tables can provide useful information for parents choosing a school, but data is not conclusive

Getty

# Informing the market for schools

## *Should performance tables be central to school choice?*

**GIVEN THE COALITION** government's emphasis on a decentralised market for schools, it is more important than ever to evaluate the main channel through which information about schools is presented to parents – school performance tables. Information on a school's performance is central to the school choice process in England and the content and format of these tables is currently the subject of much debate. From this year, the content will change quite significantly, following the government's response to the Wolf Review. A new differential average points score will be published for each school, which provides information on how well the school does for students at the lower and upper ends of the ability distribution, as well as at the average.

Researchers Dr Rebecca Allen of the Institute of Education, University of London, and Professor Simon Burgess from the ESRC Centre for Market and Public Organisation, University of Bristol, have argued for such a move. The previous government had considered New York-style School Report Cards; think tanks are proposing to offer a

wealth of information through web-based delivery; the current government has set out its intentions for future tables, and there is likely to be further change.

The researchers address a central question: are school performance tables in general any use to parents? Are they fit for the purpose of informing parents' choice of a school for their child? The performance tables are widely reported and easy to get hold of, but their value is controversial. There are three main counter-arguments to their continued use. First, it is argued that differences in raw exam performance largely reflect differences in school composition; they do not reflect teaching quality and so are

not informative about how one particular child might do at a school. Second, schools might be differentially effective so that even measures of average teaching quality or test score gains may be misleading for students at either end of the ability distribution. Third, the scores reported in performance tables are so variable over time that they cannot be reliably used to predict a student's future performance.

**Performance tables are widely reported but their value is controversial**

After all, today's league tables reflect last year's students' exams, but a parent wants to know how his/her child will do in five years' time.

It is an empirical question how quantitatively important these points are. To answer this, the research uses the long run of pupil data now available to researchers. It follows each student through secondary school to see how he/she fares in the GCSEs. And also uses statistical procedures to estimate the counter-factuals of how that student would have done at a different local school.

If families had picked schools according to the league table information available at the time, would that have turned out to have been a good choice in terms of subsequent exam performance for that specific child? Focusing on the simplest measure of the school's percentage 5A\*-C score, the results show that while it certainly does not produce a good choice for everyone, it produces a good choice for twice as many students than it produces a poor choice for. So, on average, a family using the schools' percentage 5A\*-C scores from the league tables to help identify a school that would be good academically for their child will do much better than the same family ignoring the league table information.

What is the best performance information? No measure can be perfect because there are important trade-offs between the relevance, functionality and comprehensibility of performance information. But this research shows that school performance tables are useful to many parents, and help make the schools market more efficient. ■

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# The effects of education policy

*There is less money to invest in public services, but much is happening within education*

Alamy

**OVERALL FUNDING FOR** schools is declining in real terms because of the combined effects of inflation and the freeze on nominal funding (notwithstanding the new Pupil Premium). However, there are important distributional implications for new education policies. The Pupil Premium comes into effect this year. It means that a specific sum of money (£430 in today's prices) is paid to schools for each child from an economically disadvantaged background – as measured by whether they are eligible to receive free school meals.

This does not necessarily work out as a high amount per school because only about 17 per cent of children are eligible to receive free school meals. And there is no guarantee that the funding will be spent on those particular pupils. On the other hand, there are big differences across schools in how many free-school-meal pupils they have. So more disadvantaged schools will benefit disproportionately from the policy.

## HOW FUNDING AFFECTS ATTAINMENT

What effects might we expect? Recent research undertaken by the ESRC's Centre for Economic Performance and the Spatial Economics Research Centre (funded by the ESRC) suggests that expenditure can have very important effects on educational attainment and very similar schools can get very different levels of funding because of a quirk in the national funding formula. This is related to the 'area cost adjustment', which is intended to compensate for differences in labour costs between areas, whereas in reality teachers are paid according to national pay scales. The result is that schools that are just yards apart on either side of a Local Authority boundary can get very different levels of funding.

The research shows that this matters a lot for how pupils in these schools perform later on. It makes a big difference to results at the end of primary school in the Key Stage 2 tests. What's more, the impact of additional expenditure is greater for schools with more pupils eligible to receive free school meals. This suggests that the Pupil Premium will help to address gaps between schools with very different levels of intake according to the free-school-meal indicator. The one important caveat is that this policy is being introduced in an environment where most schools will see their overall funding fall in real terms. Therefore

**Expenditure can have very important effects on educational attainment**



**The Academies Programme is encouraging schools to become more innovative and raise standards**

the only scope for the overall change in funding to improve pupil achievement is through its effect on redistribution.

Another major government policy is to allow schools greater autonomy through the Academies Programme. Academies are schools that are state-funded but independent from Local Authorities. These schools are managed by their sponsors and any governors they appoint. They have responsibility for employing all staff, agreeing pay and conditions, freedom over most of the curriculum (except for core subjects) and all aspects of school organisation. The rationale is that this greater autonomy will encourage more innovative policies in schools and help raise standards.

The best evidence on the effects of the Academies Programme so far comes from a study by Stephen Machin and James Veroit from the Centre for Economic Performance. They focus on the effects of the programme for schools that became academies between 2002/3 and 2008/9. It is important to note that at this time schools that became academies had high proportions of poor students and low exam results prior to becoming an academy school. This stands in contrast to new academies where most of them are ranked as 'outstanding' by Ofsted even before achieving this status.

The study by Machin and Veroit has three main findings. First, there was a step-change in the pupil intake of schools after they converted to academy status. They started to attract and admit higher ability pupils. Second, these schools also started to perform significantly better at GCSE (even accounting for their improved intake) but it took at least two years for this to happen. Third, neighbouring schools also started to perform better even though they were left with a lower pupil intake. The positive impact on neighbouring schools may be because of increased choice and competition and/or the sharing of academy school facilities (and expertise) with the wider community.

## UNCHARTED TERRITORY

On the face of it, this research bodes well for the effects of the Academies Programme. But we are heading into uncharted territory because the programme has advanced rapidly and the types of school that are now allowed to become academies have changed. This raises new issues: for example, how many schools need to become academies before it undermines the viability of centrally-provided services provided by the Local Authority for other schools? Will this disproportionately affect more disadvantaged schools? (Not typical of the latest round of new academies.) Will the many small schools (especially in the primary sector) find it difficult to put the structures in place to become completely autonomous?

Another important question is what happens when problems arise in these new autonomous schools? To whom are they accountable? It appears that everything is under the control of the Schools Commissioner. Paradoxically the system of checks and controls for these schools becomes more centrally controlled in this new environment of greater school autonomy than when more power was vested in local government. ■

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**SANDRA McNALLY**

*Director of the Education Programme at the ESRC Centre for Economic Performance, London School of Economics*



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