

# PUBLIC SERVICES

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## FAILURE TO CONNECT

*Merging poorly performing NHS hospitals seemed like a winning idea, but competition might be a better solution argues Professor Carol Propper ›*

**M**ergers are unlikely to be the most effective way of dealing with poorly performing NHS hospitals. A recent study from the ESRC Centre for Market and Public Organisation (CMPO) at Bristol University found that the wave of hospital consolidation in the late 1990s and early 2000s – in which around half the acute hospitals in England were involved in a merger – brought few benefits.

Our research exploited the fact that between 1997 and 2003 over half the 200-or-so acute NHS hospitals in England were involved in a merger, in which at least one hospital trust was absorbed into another. The scale of the consolidation was such that the average number of hospitals in a local health economy fell from seven to five.

These mergers were instigated by various parties, including local commissioners and the local strategic health authorities. The proponents of mergers argued that these would allow potentially failing hospitals to improve clinical and financial performance. We set out to test whether this assertion was in fact correct. There were fewer mergers in rural areas – for example, there were none in Cornwall or Norfolk – and there were more mergers in urban areas, for example London. This is as expected – there are fewer hospitals already in rural areas – so less of a case can be made that they should close. But generally hospitals in most areas of the country were at risk of merger.

#### MEASURES OF PERFORMANCE

We compared the performance of hospitals that merged pre-merger and post-merger with the performance of a control group of hospitals. The use of a ‘before and after the merger’ approach (known as an ‘event’ study) allows us to examine the effect of the merger: the comparison with a control group allows us to control for changes over time that would have happened anyway.

The control group was a subset of those hospitals that were not subject to a merger. In taking this approach, we had to allow for the fact that hospitals that merge may be different to those that do not. For example, those that merged may have experienced financial problems over a number of years. So we had to match merging hospitals with a control group that was similar, in key dimensions, to those that did not merge.

To ensure that this identified trusts that were actually similar, we took advantage of the fact that while a merger case is prepared with respect to economic fundamentals, whether it actually goes ahead depends on local politics. Our research has shown that hospitals located in or close to constituencies that are marginal, tend to be



‘saved’ from closure. In other words, whether a merger goes ahead depends only in part on whether it is expected that it will bring benefits – it also depends on local politics. This allows us to select a group of hospitals that did not merge, which are similar in terms of performance to those that

did merge, but differ in this key political dimension. This gives us our counterfactual control group of non-merged hospitals.

Our research compared the performance of merged and non-merged hospitals up to four years after the date at which a merger was agreed. We looked at a large range of measures of performance, including the activity per staff member, financial performance, waiting times for elective surgery and a range of measures of clinical performance collected by the Department of Health and used to assess the performance of English hospital trusts.

Hospital admissions fell by around ten per cent four years after hospitals merged, but the number of staff fell by about the

same amount. So per staff member employed there was no increase in activity. Poor financial performance continued, so that hospitals that merged were making larger deficits post-merger than pre-merger. The length of time people had to wait for elective treatment rose

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post-merger, and there were few indications that clinical quality improved. So on average the impact of mergers was simply to reduce hospital-based activity, without any gain in productivity or reduction in losses.

It is possible that some mergers are better than others. To examine this, we looked to see whether the effect of mergers that occurred in areas in which pre-merger there were relatively few hospitals were different from those that occurred in areas in which hospital density was greater. It might be expected that when mergers essentially turn the local health economy into a monopoly, outcomes might be different to cases where even post-merger there are quite a few local hospitals.

Mergers in areas where there was less capacity pre-merger were less likely to lead to reductions in activity and waiting times did not rise as much. But this was at the cost of larger increases in deficits. This suggests that these hospitals were perhaps more likely to have been able to exploit their monopoly power to keep drawing activity into the hospital, but at a financial cost.

#### FAILURE TO DELIVER

We looked at other characteristics of the mergers – for example, to see if mergers in which one party was small and another large were better or worse, or if having to absorb a hospital with large deficits gave greater problems, but found no clear differences. In the last case, this is probably because few hospitals involved in mergers had large surpluses.

Our study indicates that, just as in the private sector, mergers offer much before the event but fail to deliver on their promises. In the NHS case, all mergers have done is reduce hospital activity. This of course may be desirable if the activity is shifted into other settings – such as more appropriate treatment in a community setting. But we should note that this fall in activity was not accompanied by higher staff productivity or a drop in the level of deficits – in fact deficits rose. So cutting activity in this was not without cost.

This research – together with earlier findings from CMPO, which found that the competition between hospitals promoted under the Blair choice agenda had beneficial effects on quality – has lessons for the Monitor, the newly created economic regulator of NHS foundation trusts. It has a duty to promote efficiency and will need to establish an appropriate way of dealing with failing NHS hospitals.

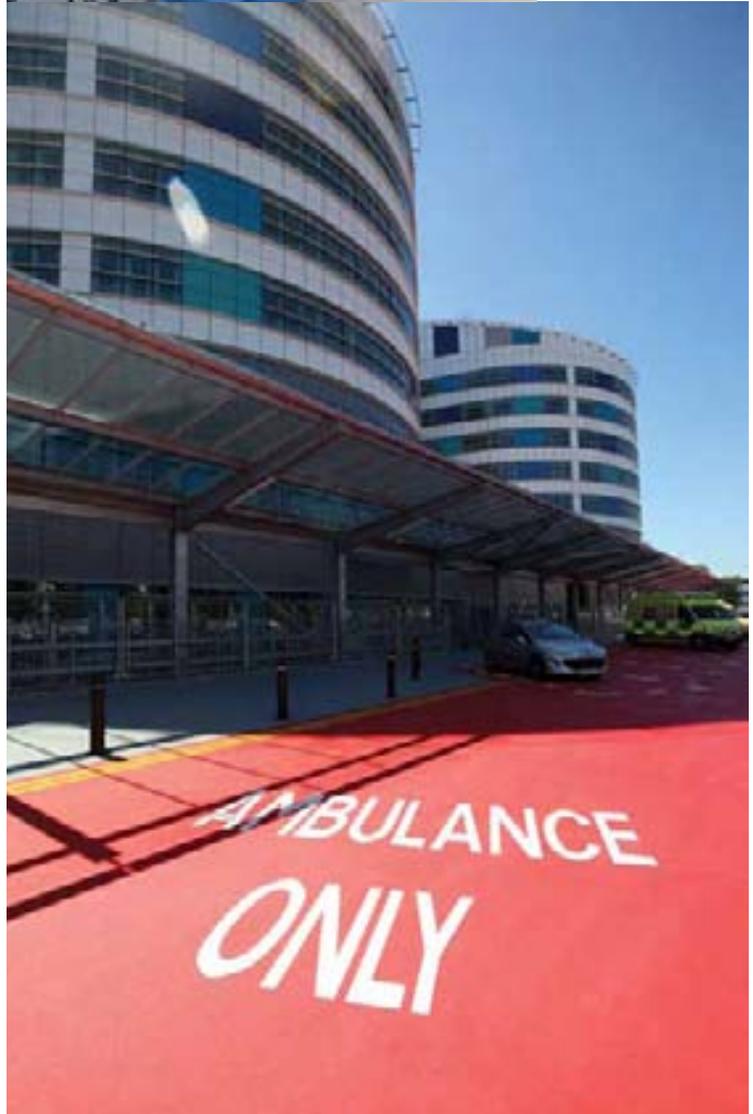
Our research suggests that promotion of competition brings gains. As mergers potentially threaten these gains by removing competing hospitals and do not bring savings or productivity gains, the case for mergers will have to be considered very carefully. It is not enough for those wishing to merge to hope that gains will arise: they will need to provide robust evidence that they will arise. ■

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

**Carol Propper** is Professor of Economics and Public Policy, ESRC Centre for Market and Public Organisation, Bristol University



**PREVIOUS PAGE**  
NHS MERGERS OVER THE LAST DECADE OR SO HAVE FAILED TO CREATE CONNECTIONS THAT OFFER BENEFITS  
**THIS SPREAD** SOME OF THE MOST NOTABLE RESULTS OF THE HOSPITAL MERGERS WERE LOWER ADMISSION NUMBERS, A FALL IN STAFF LEVELS AND DECREASED HOSPITAL ACTIVITY





**SIMON BURGESS**  
Professor of Economics  
and Director, ESRC  
Centre for Market and  
Public Organisation,  
University of Bristol

OPINION: UNDERPERFORMING SCHOOLS

# COULD DO BETTER

*Professor Simon Burgess believes the Ofsted inspection system and its success in turning around just-failing schools could be extended to help others*

**W**hat is the best way to deal with underperforming schools? This is a key policy concern for an education system and there clearly has to be a mechanism for identifying such schools. But what should then be done with schools that are highlighted as failing their pupils? There are important trade-offs to be considered: rapid intervention may be an over-reaction to a freak year of poor performance, but a more measured approach may condemn many cohorts of students to underachieve.

This is the issue that Ofsted (the Office for Standards in Education, Children's Services and Skills) tackles. Its inspection system identifies

sanctions nor restrictions on their actions). Schools are instructed to focus intensively on pupil performance, and are told to expect a further inspection within a year. In addition – and possibly the most important factor – the judgement that the school is failing is a public one, widely reported in the local press.

### THE SYSTEM WORKS

Our research shows that the Ofsted inspection system works. We collected a decade's worth of data on how schools are judged, alongside an overall judgement of effectiveness. Schools that just failed their Ofsted significantly improved their performance over the next few years, relative to schools that just passed. This is a big effect, with a magnitude similar to a number of large-scale education interventions. Translated into an individual pupil's GCSE grades, it amounts to a one-grade improvement (for example, B to A) in one or two GCSEs. For the school's perspective, the gain is an extra five percentage points in the proportion of pupils gaining five or more GCSEs at grades A\*–C.

Our findings suggest that the turnaround arises from proper improvements in teaching and learning, not gaming to boost exam performance through switching to easier courses. The impact is significantly higher in the second year post visit than the first, and remains level into the third and fourth year. So it is not simply a quick fix to satisfy the inspectors when they return. We also find a stronger effect on the school's average

GCSE score than on the headline measure of the percentage of students gaining at least five good passes; if the schools' responses were aimed at cosmetic improvement, we would expect the reverse. We also find similar positive effects on maths results and on English results.

Why are these results so large given that the 'treatment' is so light touch and schools are given no new resources to improve their performance? The school management learning that what they might have considered satisfactory performance is unacceptable may have a major effect. Also the fact that the judgement is a public statement provides a degree of public shame for the school leadership and could be a major spur to action.

### NOTICE TO IMPROVE

For schools judged to be failing, but not catastrophically so and with the leadership capacity to improve, results suggest Ofsted's identification of just-failing schools and the use of Notice to Improve measures is an effective policy, triggering the schools' turnaround. It is hard to calibrate the benefit-cost ratio of this policy: the Notice to Improve treatment itself is very cheap, although the whole apparatus of the inspection system is not (around £200 million). For underperforming schools where inspectors judge they have the leadership and internal resources capacity to improve on their own, our findings suggest that they should be given a number of years to demonstrate they can do this because all alternative interventions are relatively expensive. But our research does not address the question of what to do about schools that comprehensively fail their Ofsted inspection.

This light-touch approach could be extended. Since leaving the headship of Mossbourne School to become the new Director of Ofsted, Sir Michael Wilshaw has argued that schools just above the fail grade should also be tackled: that 'satisfactory' performance is in fact unsatisfactory. Such interventions in 'coasting' or 'just-OK' schools are very likely to be of the same form as Notice to Improve. Our results suggest that this is potentially a fruitful development with some hope of significant returns. ■

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**OUR FINDINGS SUGGEST THAT THE TURNAROUND ARISES FROM PROPER IMPROVEMENTS IN TEACHING**

failing schools and supervises their recovery. How effective is this? Is it even positive, or does labelling a school as failing push it to ever-lower outcomes for students? Ofsted inspections are often dreaded, and a fail judgement seen as disastrous. It has been argued it triggers a 'spiral of decline', with teachers and pupils deserting the school, leading to further falls in performance. But it might also be a fresh start, with renewed focus on teaching and learning.

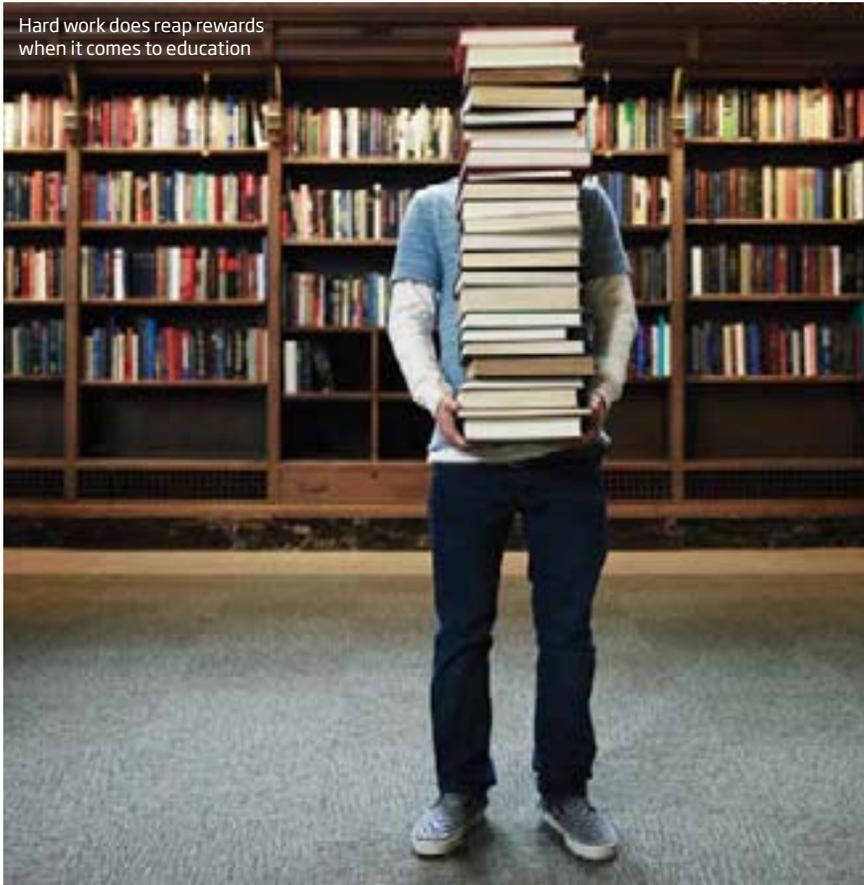
Equally, we might expect nothing much to happen as the policy 'treatment' for those schools given a Notice to Improve is very light touch. It is neither strongly supportive (typically no or few extra resources), nor strongly punitive or directive (schools face no



Underperforming schools are responding to Ofsted reports positively

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

Hard work does reap rewards when it comes to education



# KEEP UP THE GOOD WORK

*Student effort really does make a difference to success in exams, but serious distraction can be disastrous*

**WE KNOW THAT** getting the best qualifications you can matters a lot in life. The importance of this is illustrated every August in the joy shown by young people brandishing their GCSE certificates. Doing well in the GCSE exams is necessary for progressing to A-levels and university, and is also valued by employers. But what are the main influences on how well students do?

Answering this question is a central part of research on education; without this knowledge, it will be hard to raise average attainment in this country or to narrow the gap in qualifications between the rich and the poor. Researchers have studied a wide range of factors: cognitive skills, family income, parental human capital, the impact of class size, teacher effectiveness, peer groups, and so on. Strangely, the one factor that has perhaps received least attention is the one that the student focuses

on the most – their effort in the learning process. By the time they arrive at the start of the GCSE course at age 14, most factors are reasonably stable: the student's cognitive skills are not going to change rapidly over a two-year period, nor is the quality of the school, nor the degree of support at home. Given all those important factors, does the student trying hard make a big difference, or no difference?

## THE BIG EVENT EFFECT

Research by the the ESRC Centre for Market and Public Organisation (CMPO) has used a natural experiment to cast some light on this. By a historical coincidence, these key exams overlap with the two biggest international football events – the World Cup and the European Championships. This is a happy coincidence for researchers, but an unfortunate one for the students interested in football.

The idea is that the saturation coverage of the tournament raises the value of leisure time (for some) and so reduces the amount of time devoted to study. The partial overlap of the exam and tournament timetables, coupled with the excellent education data available in England, allows researchers to compare the performance of each student in early exams (before the tournament) and late exams (during the tournament); and then to compare that performance difference for students taking exams in tournament and non-tournament years.

The results show that there is a significant deterioration in performance on average in tournament years, and a very substantial deterioration for some groups. In terms of the internationally comparable metric of effect sizes, the average effect size is 0.12 standard deviations of student performance, which equates to one to two GCSE grades for a student taking eight subjects. This impact is as high as that of many educational policies. The

## KEY FACT

IN 2012 GCSE PASS RATES AT A\*-C WERE UP BY 0.8 PERCENTAGE POINTS TO\*

69.8%

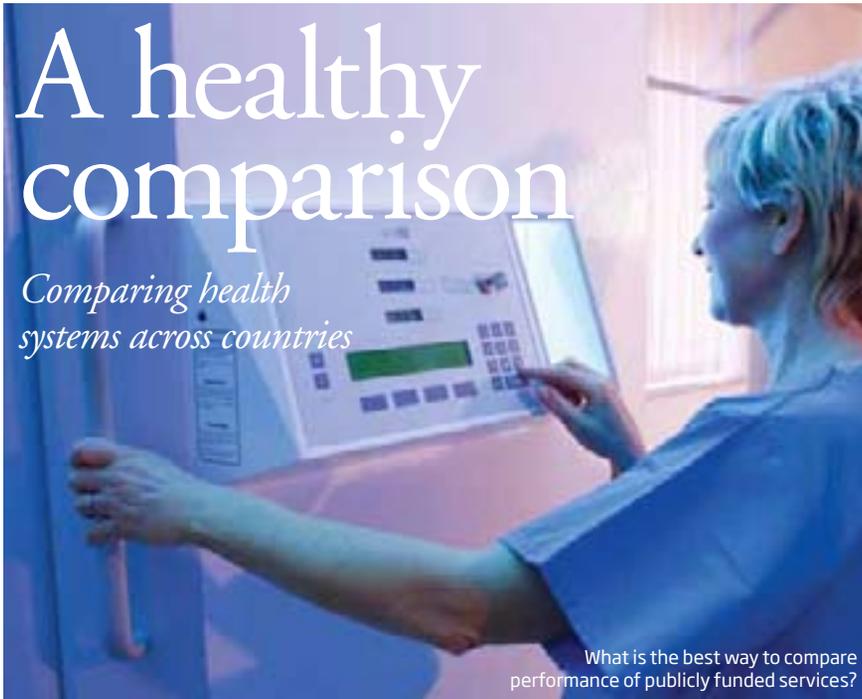
effect is considerably greater for some groups, which tend to be from poorer areas and predominantly (but by no means exclusively) male students. Since these groups are already lower-performing groups, this means that education gaps will widen.

There is also a broader significance to the CMPO research: finding that effort matters. First, unlike genetic characteristics or cognitive ability, effort is almost immediately changeable. The fact that the research finds changes in student effort to be very potent in affecting test scores suggests that policy levers to raise effort either through incentives or changing school ethos are worth considering seriously. Second, the importance of a manipulable factor such as effort for adolescents' educational performance provides evidence of potentially high-value policy interventions much later than 'early years' policies. This is encouraging, offering some hope that low-performing students' trajectories in life can perhaps be effectively improved even after a difficult environment early in life. ■

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# A healthy comparison

*Comparing health systems across countries*



What is the best way to compare performance of publicly funded services?

**IN AN AGE OF AUSTERITY** and cuts to public spending, securing and maintaining high levels of performance in public sector organisations has become a central concern. Monitoring and comparing performance against that achieved elsewhere provides an important means to identify and learn from best practice. To this end international comparison has become one of the most influential levers for change in public services. But the question of how to make appropriate comparisons across countries with different institutional settings and populations is an important challenge for comparative work across all public services.

Increasingly, surveys of public views are being used to assess the performance of publicly-funded services. In health care, respondents are asked to rate their experiences of contact with health services across a number of dimensions thought to be of importance to users.

Ratings are often provided on an ordered scale – for example ‘very poor’ to ‘very good’. This is the approach adopted in the World Health Survey (WHS) – a household survey covering 70 countries and representing perhaps the most ambitious attempt to date to measure and compare health systems. But a reliance on survey data based on respondents’ self-assessments presents challenges for international comparison. In particular, self-reported data is likely to suffer from systematic

variations in reporting styles, such that a fixed level of performance might be rated as ‘good’ by the majority of respondents in one country and ‘moderate’ by the majority in another country, even though objective measures would reveal no difference across settings.

To identify true underlying differences in performance and to aid cross-country comparison, self-assessed measures of performance need to be purged of differences in reporting styles. Research by Nigel Rice, Peter Smith and Silvana Robone as part of a programme of work focusing on health system performance at the University of York, has investigated methods to adjust survey respondents’ assessments of health-service responsiveness to enhance cross-country comparison.

Responsiveness relates to a system’s ability to respond to the legitimate user expectations about non-health aspects of care. Together with health and fairness of financial contribution, responsiveness has been proposed by the World

Health Organization as a desirable measure by which health systems can be judged.

The study uses respondents’ ratings of scenarios contained within the WHS that describe hypothetical encounters with a health system to benchmark a respondent’s assessment of their own experiences of contact with a health service provider. Scenarios represent fixed descriptions

such that all respondents, irrespective of country of residence, can give them a rating. This provides a source of information to enable variation in respondents’ style of reporting to be understood and subsequently used to adjust self-assessed reports of contact with health services, placing such reports on a common scale that can be more readily compared.

## CLEAR VARIATION

The research analyses data across 27 countries and indicates the presence of substantial variation in reporting styles. Country rankings of health system performance based on the observed data differ notably from rankings obtained, once account for systematic cross-country differences in reporting style has been made.

Some caution is needed when interpreting rankings as definitive indications of comparative performance, but results suggest that cross-country analyses that rely on survey reports of interactions with public services need to consider systematic differences in reporting styles. To this end, the method of benchmarking responses to scenarios offers a potentially powerful tool to enhance survey results and to place cross-country comparative analysis on a more consistent footing than that obtained from a simple comparison of observed raw data frequencies. ■

[www.york.ac.uk/res/herc](http://www.york.ac.uk/res/herc)

## EDUCATION

# Lessons in life

*Schooling shapes children’s prospects of a healthy life*

**THOSE BORN IN THE** week of 3 March 1958 grew up during the 1960s and 1970s and experienced a major overhaul of the system of secondary education with the introduction of comprehensive schools. Has this left a mark on their long-term health and habits? March 1958 marked the creation of the National Child Development Study (NCDS), which has followed around 17,000 people, born in the week of 3 March 1958, from birth up to the present day. Members of the cohort were aged 11 in March 1969 and they went through their secondary schooling during the 1970s, meaning that they attended very different types of school.

The comprehensive education reform, put into place during the 1960s and 1970s

“**SELF-REPORTED DATA IS LIKELY TO SUFFER FROM SYSTEMATIC VARIATIONS IN REPORTING STYLES**”

## AGE CONCERN

## TURNING A BLIND EYE

*Why don't our services protect older people from mistreatment?*

**CASES OF NEGLECT OR** mistreatment of older people by care homes, hospitals or in their own homes regularly make the headlines. People paid to provide care and support to older people, such as social workers, nurses, doctors and care staff, are supposed to follow procedures that set out what they should do in cases like these, but previous research found that social workers and nurses were often reluctant to use these procedures. Why? What influences what social workers do when faced with possible abuse of an older person?

Angie Ash of Swansea University is a registered social worker, who, in the course of her career was commissioned to carry out a number of case reviews by various local authorities. Her research set out to understand what constraints and dilemmas social workers faced when dealing with potential

mistreatment of an older person. It found that the answer is not as straightforward as the neat steps in a set of procedures.

Her research found that rather than use adult protection procedures to take action to protect an older person from mistreatment, social workers sometimes turned a 'blind eye' to poor care provided in some care homes, or to disrespectful, undignified treatment an older person may receive in hospital.

Social workers and nurses talked to each other about the dismal life some older



**SOCIAL WORKERS SOMETIMES TURNED A 'BLIND EYE' TO POOR CARE IN SOME CARE HOMES**

people had in one care home. They exchanged stories of care home staff swearing in front of older people, and of witnessing an older person being told to 'sit down and shut up' when they tried to attract attention. Yet none of these incidents led to the adult protection procedures being instigated.

Social workers often saw long-standing domestic abuse between two older spouses as a matter of 'choice', not a criminal act, or something requiring their intervention. One social worker remarked: "We're not Relate

counsellors. We can only do so much as social workers because it does get to that point where the only way you can solve the problem is get a divorce, and if they choose to live like this in their marriage then we can't control that."

Why this reluctance to take action to protect an older person from abuse? The reasons lie in the circumstances of support and care to older people today. If social workers intervened in every situation of poor care they came across, they may not find better options. Low-level abusive 'noise' – where hospital or care-home staff speak roughly to an older person, or where decades of domestic abuse are viewed as 'choice' – are not challenged because alternative support or other services may not be there. Having a set of procedures to protect older people from mistreatment is one thing, having decent services and respectful support to older people is another. ■

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

Cases of mistreatment of older people regularly make the headlines



in England and Wales, replaced the existing selective educational system with a non-selective system of secondary schooling. This policy was implemented at different speeds at the local level: some local education authorities (LEAs) implemented it quickly, but others resisted the change – some for decades.

Because of this staggered transition the two systems co-existed for some time. Among members of the 1958 cohort, 12 per cent attended grammar, 25 per cent secondary moderns and 57 per cent comprehensives. A further six per cent attended private fee-paying schools. Research by Andrew Jones, Nigel Rice and Pedro Rosa Dias of the University of York explores the long-term consequences of differences in schooling. Their analysis of the health outcomes and habits later in life shows evidence of the long-term association with different qualities of education above the effects of measured ability, social development, years of schooling and academic qualifications.

Differences in child development and education begin to fuel health disparities long

before secondary schooling. Early non-cognitive ability is key and is associated with a much lower incidence of cigarette smoking, physical and mental illness in adulthood.

For the 1958 cohort, the research found that attendance at comprehensive and secondary modern schools is associated with a much



The type of school you attend can affect later health

larger incidence of chronic illness than grammar schools. Those who went to private secondary schools faced a higher prevalence of mental disorders in adulthood than those who went to grammar schools. But there is little evidence of qualitative aspects, such as single-sex schools, academic streaming, the pupil-teacher ratio and

the ratio of expelled pupils, having a link with health-related behaviours.

On average, educational attainment increases healthy eating and reduces the probability of smoking and the incidence of long-standing illness and mental health problems later in life. But when those who went to grammar and to secondary modern schools are paired up with comparable groups who attended comprehensives it is clear that these effects depend crucially on the type of schooling and ability groups individuals belong to. Attainment has an impact on adult health-related behaviours for both groups. But attainment only has an impact on adult health for those who either did or would have attended grammar schools.

These results suggest a number of policy implications. First, non-cognitive skills may be a far more important determinant of health-related behaviour than previously thought. This is good news for policymakers, for these soft skills may stay malleable longer than cognitive ability. Second, education can be a powerful means to tackle public health issues. But the results also indicate that the effect of length of schooling on health depends critically on quality of schooling. In this sense, quality of schooling may be a catalyst for the effect of educational attainment on health. ■

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## PRISONS

## LENDING A HELPING HAND

*The third sector plays an important role in supporting offenders, but critical services face challenging times*



Do offenders benefit from volunteering or the help of volunteers in jail, or outside when released?

**AN INCREASING FOCUS** on prisoner resettlement after release and the opening up of some criminal justice services to competitive tendering has expanded the number of third-sector services available to offenders. But as research carried out at the ESRC Third Sector Research Centre has shown, organisations face considerable challenges maintaining the services they offer due to competition, short-term funding and budget cuts, and offender awareness and usage of their services is low.

Research by Dina Gojkovic, Rosie Meek and Alice Mills carried out in eight prisons and one probation trust revealed that both offenders and criminal justice staff appreciate the expertise of third-sector organisations and the links with the community that they bring into the prisons with them. Offenders also valued the work of volunteers, feeling they were independent from the system, less judgemental and more trustworthy. Despite fears of tension between third sector and criminal justice staff

“**OFFENDERS VALUED THE WORK OF VOLUNTEERS, FEELING THEY WERE TRUSTWORTHY**”

due to their different working practices and priorities (and the threat to public organisations posed by the third sector), working relationships were generally good, particularly in prisons that had appointed voluntary-sector co-ordinators who could help to publicise third-sector services among uniformed staff.

Although nearly 11 per cent of third-sector organisations (TSOs) in the UK work with offenders, and each prison in the study reported working with an average of 20 organisations, an offender survey revealed that on average prisoners had heard of just four and engaged with only one of these. The main reasons given by prisoners for not engaging with third-sector services was that they did not feel that these organisations could help them, or they did not know anything about them.

Conversely, TSOs reported being concerned that they were unable to cope with the high demand for their services, a finding particularly apparent in the context of accommodation services and support.

Interviews with key criminal justice and third-sector stakeholders also revealed that the sector was feeling ‘fragile and nervous’ as the implications of government

proposals to expand the criminal justice market remain uncertain. TSOs working with offenders are predominantly small, local organisations with an annual income of less than £10,000, with only a few larger, national organisations. These small organisations were

## SOCIAL SERVICES

## On the edge of care

*When a child's care is what matters, how many people really need to be involved in discussions?*

**A SCHEME THAT** allows parents to have a lawyer at a social work meeting can help reduce the need for court proceedings to protect children, but there are risks that keeping cases out of court adds to delay for children. A study by Professor Judith Masson and Kay Bader, School of Law, Bristol University, and Dr Jonathan Dickens and Julie Young, Centre for Research on the Child and Family, University of East Anglia, found that social workers, lawyers and parents valued pre-proceedings meetings as a fair way of spelling out concerns and agreeing plans for the child's safety, but these meetings made no difference to the way courts subsequently dealt with cases.

Guidance to local authorities, introduced in 2008, requires them to send a letter inviting parents to a formal meeting before starting care

proceedings, unless children need immediate protection. The letter entitles the parents to legal aid for advice and representation at the meeting. The process aims to reduce the need for care proceedings by helping parents to co-operate with social workers to improve their care, or to agree that children should live with relatives or foster carers. Also, if cases do go to court, the work done should enable them to be completed more quickly.

**TIMING ISSUES**

About a quarter of cases where parents went to a pre-proceedings meeting did not result in care proceedings. In around a third of these, parents agreed that their children should live elsewhere; in half, parents' care improved enough for court

proceedings not to be needed, with substantial, positive changes for children in a third of these. The process was particularly useful to engage parents in the local authority's plans to protect unborn children. Local authorities varied in their monitoring of the process and some allowed cases to drift too long without real signs of improvement. Most delays resulted from the courts' failure to take any account of work done under the process. Courts treated these cases no differently from those that had gone directly to court, allowing further assessments; as many parents contested, proceedings were no quicker. This left local authority managers reluctant to commission assessments before applying to court, and unsure about the benefits of the process for children.

Legal advice can help parents hear and respond to concerns about their parenting but will not prevent many cases with long and serious child-protection histories resulting in care proceedings. The scheme has benefits of fairness and transparency, but local authorities and courts must change their approach to achieve timely outcomes for children. ■

[www.esrc.ac.uk/my-esrc/grants/RES-062-23-2226/read](http://www.esrc.ac.uk/my-esrc/grants/RES-062-23-2226/read)

felt to be particularly vulnerable to budget cuts and increased competition from other, better resourced organisations and consortia. Additionally, some third-sector stakeholders were concerned that accepting government funding would threaten their autonomy, leaving them unable to criticise government policy, or being forced to adapt their priorities to fit those of the funders, thus risking losing their ability to advocate for service users.

#### COMMUNITY SUPPORT

The research also examined the benefits of volunteering for offenders, for example, in peer-support schemes or community work placements. It found that prisoners valued the skills developed through volunteering, which also helped to improve their self-confidence and promote pro-social identities. Engaging in volunteering was recognised as an important way for offenders to give something back to the community and show others that they were not just criminals. But offenders were pessimistic about being able to continue volunteering after prison, despite the satisfaction it gave them. This was partly due to pressures on their time but also because of the negative impact of their criminal record. This suggests a need to work with community agencies to overcome such barriers.

The work of TSOs will continue to be a critical element of criminal justice and the 'rehabilitation revolution'. Although contentious issues such as the use of social impact bonds and the payment by results agenda still remain. ■

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Early legal advice can reduce the need for court cases to protect children

#### PROCUREMENT

## A good incentive

*Public procurement triggers or increases private sector and social enterprise innovation*

**THE UK GOVERNMENT** spent £238 billion on procuring goods and services in 2010/11, some 16 per cent of GDP. Many analysts have speculated that this enormous sum could be used as a powerful incentive to drive innovation in public services and benefit the wider economy. Until now this expectation has been based on patchy and anecdotal evidence. Now, for the first time, a study at the Manchester Institute of Innovation Research has provided evidence that this is indeed a tool of great potential but that some key actions are needed if the investment is to achieve this goal.

Led by Professor Jakob Edler and Professor Luke Georghiou, the research team consisted of Dr Sally Gee, Dr Andrew James, Dr Su Maddock, Professor Andrew McMeekin, Susana Thomas, Dr Elvira Uyarra and Dr Jillian Yeow. The research was funded by the ESRC, the National Endowment for Science, Technology and the Arts (NESTA), the Technology Strategy Board (TSB) and the Department for Business, Industry and Skills (BIS).

The researchers carried out a survey of companies and social enterprises that supply the public sector and received 800 responses. Two thirds of these said that public procurement triggered or increased their innovation activities. These benefits were not confined to public sector markets. For many of these firms, selling to the public sector has allowed them to develop goods and services that they have gone on to sell in private markets, both at home and overseas. Public procurement can thus create lead markets in the UK that help British industry to compete internationally.

#### POTENTIAL FOR GROWTH

But the study, which was also based on in-depth case studies across government, also established that a huge potential remains largely untapped. The generation and adoption of innovation are inherently risky and the public sector is clearly seen as being more risk averse than the private sector. The incentives to accept those risks and the ability to manage them are limited. Moreover, innovation also means change within the public sector organisation. That change is associated with insecurity and frequently met with internal resistance.



A more innovative approach to procurement with risk taking would reap benefits

Public procurement is often not innovation-friendly in the way it is organised. Regulations and practice restrict the kind of interaction between potential buyers and suppliers during which creative ideas can be generated and exchanged, and needs understood. They also reduce the variety that is needed to breed innovation. This is especially problematic in situations where the

“**PUBLIC PROCUREMENT CAN CREATE LEAD MARKETS IN THE UK THAT HELP BRITISH INDUSTRY TO COMPETE**”

public sector seeks a novel product or service and thus needs to ask the market to generate an innovative solution. Finally, public sector procurement puts far too much emphasis on efficiency gains and makes its choice on price rather than quality and long-term economic benefit.

To their credit, successive governments have been at the forefront internationally in their willingness to experiment with policies to capitalise on procurement for innovation. The problem has been that the schemes have remained at pilot level and not been rolled-out to become standard practice.

A similar problem has dogged the challenge of uprating the skills of procurement officers to build on existing good practice. Even more worryingly, the recent austerity-driven trends towards supplier reduction, consolidation and increased focus on price in public procurement appear to be detrimental to mobilising innovation broadly. Paradoxically the innovations that are shut out would lead to potentially much greater efficiency gains and service improvements. ■

[underpinn.portals.mbs.ac.uk](http://underpinn.portals.mbs.ac.uk)



The poorest 27 per cent of students are better off under the new fees system

## UNIVERSITY FEES

# WHAT PRICE EDUCATION?

*What do university funding reforms mean for students, universities and taxpayers?*

**SEPTEMBER 2012** marked the introduction of the controversial reforms to higher education (HE) funding. The headline change is an increase in the cap on tuition fees to £9,000 per year, accompanied by the removal of most of the direct funding for universities. The basic principles of the student finance system remain: loans are available to undergraduates for tuition fees and living costs; after university, they pay back a portion of their salary above a certain threshold until the debt is cleared or for a given number of years.

Some additional tweaks have been made within this framework, such as increasing the earnings threshold above which graduates make repayments, and increasing the maximum period of time that those repayments are made for. Recent research by Haroon Chowdry, Lorraine Dearden and Wenchao Jin of the IFS, supported by the Nuffield Foundation, provides the first detailed analysis of the reforms' financial implications for students, graduates, taxpayers and universities.

How do the reforms shift the balance of funding between the stakeholders in the system – students, graduates, taxpayers and universities – or between the private and public sectors? Under the new system the taxpayer saves eight per cent (around £1,800 per graduate) driven by a dramatic cut in direct public funding to universities. But the reduction in the taxpayer contribution is more than offset by an additional £9,250 in repayments from the average graduate – a 59 per cent rise over

the old system. Thus the total amount spent on higher education (from private and public sources) is expected to increase.

The financial position of universities as a whole will improve by 27 per cent compared with the old system: the increases in fees more than offset the loss of public funding. Meanwhile the average student enjoys an increase in cash support during their degree of some 12 per cent. Overall, the main 'winner' from the reforms is the taxpayer while the main

'loser' is the average graduate, marking a shift in the contribution to HE funding away from the public sector towards private individuals.

While the average graduate is, as above, worse off under the new system, this masks some important variability. To consider the impact of reforms on graduates, we estimate how much they would be expected to repay over a working life. The figure below shows how this varies with total lifetime earnings, under the old and new systems. The two lines cross at around the 27th percentile of the earnings distribution – the poorest 27 per cent of graduates are better off under the new system. Low-earning graduates benefit from the increase in the earnings threshold, which (in combination with the debt write-off after 30 years) ensures that the majority of what they borrow is never repaid.

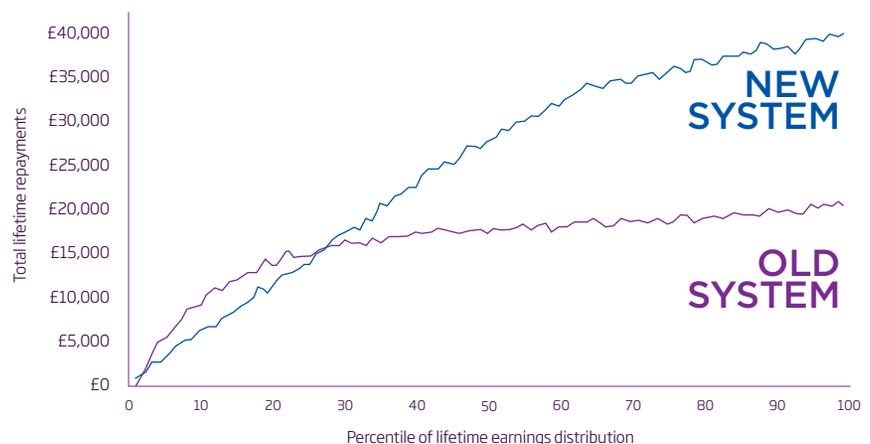
## FUTURE IMPLICATIONS

What implications do these results, and the reforms in general, have for social mobility and access to university? On the one hand, the increase in up-front support for poorer students combined with the progressive features of the repayment system, should provide some grounds for optimism. It seems clear that HE participation rates (especially among disadvantaged groups) should not suffer as long as students are well informed and are not averse to debt itself.

But there is reason to be concerned if students have difficulty understanding the complexities of the new system, particularly fees and student support, or if they are deterred by the prospect of additional borrowing. Other research suggests the latter may well be an issue for poorer students. Ultimately, efforts to continue widening access to HE will require clear, precise information to be provided about the costs – in both the short and long runs – of going to university. ■

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

## RELATIONSHIP BETWEEN LIFETIME EARNINGS AND LOAN REPAYMENTS



PROFESSOR  
CHRISTOPHER DANDEKER,  
DR NICOLA FEAR,  
RACHAEL GRIBBLE,  
PROFESSOR SIMON  
WESSELY

King's Centre for Military  
Health Research

DR SUSAN KLEIN,  
PROFESSOR  
DAVID A ALEXANDER

Aberdeen Centre for  
Trauma Research

LIZ CLERY  
NatCen Social Research

OPINION: ARMED FORCES

# COMBAT SUPPORT

*How do the British reconcile their doubts about conflicts in Iraq and Afghanistan with their regard for the servicemen and women of the armed forces?*

The UK's armed forces have been conducting military operations in Iraq and Afghanistan for more than ten years. Having finally left Iraq in 2011 (with most units having done so in 2009) our forces are due to complete major operations in Afghanistan in 2014.

Involvement in these missions has not been without controversy, as will be recalled from the 'not in our name' public demonstrations before the war in Iraq in 2003 and from debates about whether the main arguments for removing Saddam Hussein were based on flawed evidence. There has also been debate about whether the missions have improved or damaged the UK's security and the likelihood of further Al-Qaeda-inspired terrorist attacks or any insurgency.

Over the past decade, the possibility that public doubts about the value of military

Health Research (KCMHR) in partnership with NatCen Social Research and the Aberdeen Centre for Trauma Research (ACTR), which uses the annual British Social Attitudes survey to shed light on what the UK public thinks about its armed forces and the international conflicts in which they have been engaged. In doing so, our research provides a detailed picture of the public's views on these questions that have not been studied in depth before.

Despite the political controversy surrounding the missions in Iraq and Afghanistan, the public's support and appreciation of its armed forces is high. We found that overall, eight out of ten of the British public surveyed has a 'high' or 'very high' opinion of the military. This varies by age group, with nine out of ten people aged over 65, compared with seven out of ten of those aged 18 to 34 expressing these opinions. Men and women hold similar views. Furthermore, three out of four people say they have a great deal of respect for the UK armed forces. We also asked the public if their opinion had changed over time, and one in six say that their opinion of the UK armed forces has improved in recent years.

## UNDIMINISHED SUPPORT

Turning to the missions undertaken by the UK armed forces over the past decade, we found that the majority of people are opposed to the UK's military interventions in both Afghanistan and Iraq. But the 2003 Iraq War was more unpopular than the continuing mission in Afghanistan. Almost six out of ten agree that the UK was wrong to go to war in Iraq, compared with a quarter who did not think it was wrong to do so. Meanwhile, although half the public say that it was wrong for the UK to send its armed forces to Afghanistan, three out of ten did not think it was wrong to do so. People aged 55 years and over are more likely to object to both missions than the under-35s, and similar levels of disapproval can be found across the spectrum of party political support.

One important concern of military and political leaders is whether opposition to the missions may negatively affect the level of public support for the military. However, when asked, nine out of ten people declared their support for UK

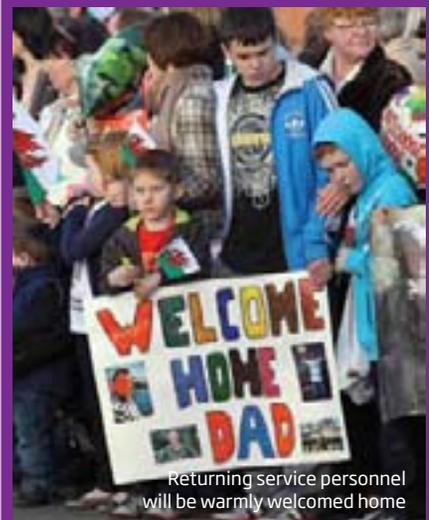
armed forces personnel who had recently served in Iraq and Afghanistan, regardless of their opinions about the mission being undertaken.

## COMING HOME

Given the extent of people's objections to these military campaigns, an impressive feature of our survey findings is that the public is overwhelmingly supportive of UK armed forces personnel. The British public clearly finds little difficulty in separating the politics of military deployment from attitudes towards the servicemen and women who take part in them. But this subtlety in public thinking and opinion about the UK armed forces and their deployment in specific military operations has not been sufficiently acknowledged previously.

We do not know what effect the final withdrawal of military personnel from active operations in Afghanistan, due in 2014, will have on public opinion and whether these high levels of support will be maintained afterwards. But it seems highly probable from our survey findings that UK armed forces personnel will be warmly welcomed home by most of the public, no matter what people think of the missions. ■

[www.kcl.ac.uk/kcmhr/research/kcmhr/publicperceptions.aspx](http://www.kcl.ac.uk/kcmhr/research/kcmhr/publicperceptions.aspx)  
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Returning service personnel will be warmly welcomed home

“  
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missions might lead to a loss of support for the UK armed forces has also emerged. The alternative is that a divided public – even a sceptical one – might have been able to draw a clear distinction between the missions that are undertaken by the UK armed forces and the UK armed forces personnel themselves: in other words, that it is possible to offer support for the armed forces even if there is doubt about, or opposition to, their missions.

These possibilities have shaped the research undertaken by the King's Centre for Military