

Understanding Society

Winter 2009

**Swedish services for US taxes –
public expectations vs the
new age of austerity**

The bottom half of the cover features a photograph of a road surface. At the top of this section is a dark asphalt road with a white painted line and a yellow painted line. Below these lines is a brick-paved area. The words "MIND THE GAP" are painted in large, bold, black capital letters across the bricks.

MIND THE GAP

Our events

Social Research Academy

Ipsos MORI's new training programme for clients

In 2010, Ipsos MORI's Social Research Institute will set up the **Social Research Academy**, a new training programme exclusively for our clients and friends, to share knowledge, innovation and best practice in social research. The programme will launch with a course on presentation skills, "Engaging Audiences with Research Data," delivered by Ben Page, Chief Executive of Ipsos MORI.

Further details on our range of courses will be made available in January.

If you are interested in receiving more information or would like to be on the mailing list, contact Anna Di Camillo, anna.dicamillo@ipsos.com

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Foreword

Welcome to the latest edition of *Understanding Society* from the Ipsos MORI Social Research Institute. As we leave a turbulent 2009 and enter a general election year, there is no getting away from the big issue facing government and all public services: how are we going to continue to meet public expectations when public finances face their tightest squeeze for decades?

In this newsletter, we consider some of the ways in which central and local government can respond to this challenge. Public services have improved considerably in recent years – see, for example, the rise in quality of life measured in the recent Place Survey – but, as we know, the public response to this is often to quickly ‘bank’ any improvements and then raise their expectations once again. Meeting – and managing – these expectations is only going to become more important as tighter budgets require services to focus on the priorities that really matter. The growing use of deliberative budget-setting workshops in local government is one example of how the public can be more involved in making these difficult decisions, as we discuss inside.

It’s also clear that getting staff on board is going to be crucial to getting through the downturn. We’ve known for some years that the best-performing organisations tend to have the best relationships with their staff, giving them a clear vision that staff can buy into, and allowing them to act on their initiative. It is this last aspect that could provide a vital source

of innovation, if frontline staff are given the opportunity to tailor the services they provide to what they know their users want. The NHS has already seen some examples of how this can lead to both better services and gains in productivity, as discussed later.

But of course, this is a dilemma that is facing central government policy-makers as well as frontline services. In our keynote interview, Philip Hammond MP, Shadow Chief Secretary to the Treasury, sets out how the Conservative Party would respond to some of the questions the economic crisis raises for public services.

The fiscal deficit (which the Institute for Fiscal Studies have gone as far as calling a black hole) also adds greater urgency to the universal vs targeting or means-testing debate. We consider here the arguments over which provides greater bang for its buck in services for children and families, but it has implications for the public sector as a whole.

Finally, though, we come back to our starting point: will whatever steps public services take in this harsher environment be accepted by the public? The economy – and especially the impact on jobs – is still seen as the number one issue facing the country. But people are expecting the economy to recover in the next 12 months. Indeed new analysis we’ve just conducted on our economic optimism indicator shows what a good predictor of future growth it has been over the last three decades – and the good news is

that the pattern suggested for the next year does largely agree with Treasury forecasts.

In this context, there is little sign of the public moderating their expectations of public services: vaguely defined efficiency savings are acceptable, or possibly even cuts that affect other people, but not cuts to services (or rises in taxes) that directly impact on you or me. How politicians and services engage with people on this issue, whilst still demonstrating that they can be trusted to deliver the public’s top priorities, is going to be crucial – not least in determining the outcome of the next general election. The model adopted by some Conservative councils in recent years is being held up as a possible way forward: public opinion data do provide some support for this as a way to meet and moderate expectations - but there remain a number of important questions about how transferable this will be.

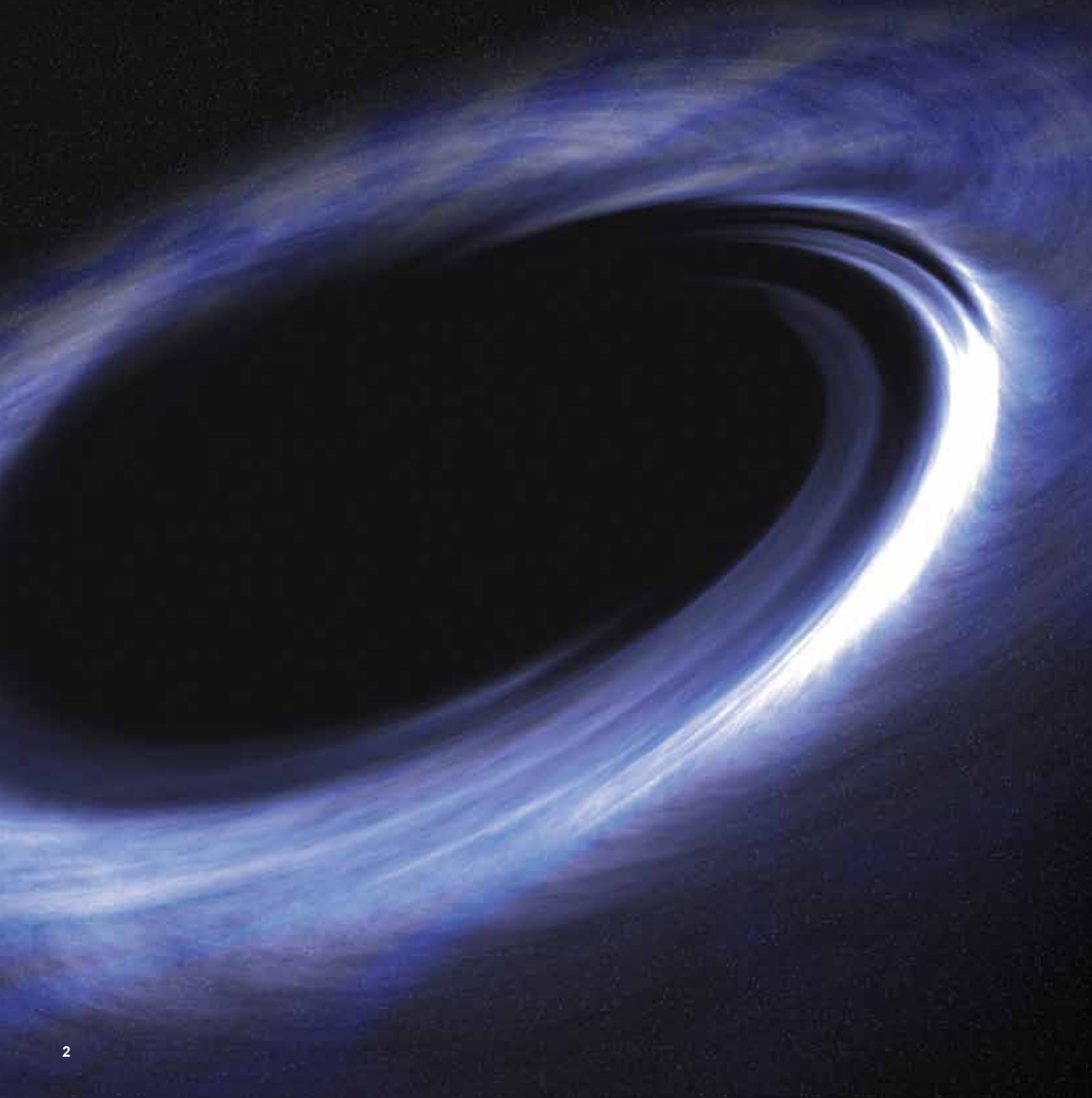
In the meantime, we at Ipsos MORI remain committed to helping you make sense of the challenges that this new world brings. If you have any thoughts about the issues raised in this newsletter then please do get in touch. ■



Bobby Duffy
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How do we fill a black hole?

Bobby Duffy



The scale of the challenge facing public finances – and therefore public services – is difficult to overestimate. Bobby Duffy, Managing Director of the Ipsos MORI Social Research Institute, surveys the landscape and some of the steps that may be necessary to make it through to the other side.

It is difficult to fully comprehend how bad it may get for public services over the next few years. This is partly because the figures are just so large: we need to recoup £90bn over the next eight years – or £112bn over five years, if you believe Vince Cable (which the majority of the public do).

It is also partly because the context keeps changing. We're still working our way through the implications of the biggest global economic shock since the 1930s and we're still being surprised, not least by Britain's slower than expected recovery but lower than expected unemployment figures.

But the key uncertainty from a public sector point of view is that it is very likely that decisions will be made by a new Conservative government who have not yet set out in detail what they will be trying to achieve, how and by when - although that is perhaps understandable, seven

months out from a general election and in such uncertain circumstances.

Nevertheless, the general thrust of statements around *"more for less"* and most recently *"big society, not big government"* does suggest that the Conservatives will try to close the fiscal chasm more quickly and with a smaller role for the state than a Labour government would.

Of course cuts in spending do not automatically mean poorer outcomes, as Philip Hammond argues later in this newsletter. But the scale of the problem makes this seem an almost insurmountable challenge. For example, the NHS is likely to be the most protected public service by any government. But even if the budget stays flat, the NHS will need to find savings because of increased salary costs (salaries cannot be frozen forever), increased demand from an ageing population (which has been estimated to add 1% to costs every year) and the additional cost of new treatment. Some have suggested this equates to 15% efficiency savings over three years just to stand still.

The majority of the public, however, do want to believe that it is possible. For example, 75% think that enough can

do not think public services are tightly run; eight in ten disagree they are run efficiently. The *"more for less"* mantra does have traction with a large proportion of the public.

What is perhaps more worrying is that many do not even acknowledge that there is a need to cut inputs: 50% are not convinced there is a real need to cut spending on public services in order to pay off the national debt, and only 24% accept that this will be necessary.

This denial of the fiscal facts of life does lend weight to the argument that our expectations are set at *"Swedish levels of public service for US levels of taxation"*. As an aside, a few years ago Ann Widdecombe said that *"We now expect more of government than we do of God"*. We thought that was such an outlandish statement that we should test it in a survey of the general public: 52% agreed with her.

So what can any government do in the face of these unprecedented pressures? The answers from the main parties have very different emphases, but do seem to share some common themes – for example the need for a greater focus on preventative approaches to save money down the line. However, there will be real challenges in selling this to the public when the impact on basic services becomes clear: we know that people are more in favour of prevention than they are given credit for (better parenting is seen as the key way to deal with crime and ASB), but in recent questions we also see that when forced into hard choices, factors that impact on current provision are prioritised over those that may reduce future need (people want to cut prison education programmes before police numbers).

We believe we can still have our cake and eat it...

To what extent do you agree or disagree with each of the following statements about public services in Britain?

■ % Agree

■ % Disagree

Making public services more efficient can save enough money to help cut government spending, without damaging services the public receive

75

9

There is a real need to cut spending on public services in order to pay off the very high national debt we now have

24

50

Base: 1,041 online British adults aged 16-64, 4-7 Sept 2009

Source: Ipsos MORI/RSA

It's all about letting go...

One other consistent theme across parties is that government needs to let go. This has at least four different aspects: giving more control to frontline staff, to local areas and to citizens themselves, as well as government withdrawing from provision to make way for the third or private sectors, social entrepreneurs etc. There is remarkable consistency between parties on the first three of these, with the Conservatives clearly much more focused on the fourth – although there are recent suggestions from Labour about “John Lewis-style” mutualisation of services.

And there is support for some of these in our research – but with important caveats. For example, people do like the idea of local and public control – they are much more in favour of actively involving the public in deciding priorities than leaving it all in the hands of the experts. They even support some quite radical propositions: two-thirds agree that neighbourhoods who take more responsibility for addressing crime and

ASB in their area (for example, through monitoring community CCTV) should be given more control over police resources.

However, when you get into more detailed discussion on these types of measures, doubts and concerns arise. Whichever government is in power, they will have to face one of the most consistently contradictory patterns we've measured in public opinion: we're in favour of local control but we also want provision to be the same everywhere.

This is a lot to do with the very real British sense of fairness, of concern about middle classes playing the system and less able neighbourhoods being left behind. It is a fear fuelled by the national obsession with the “postcode lottery” (try entering that into any newspaper search engine and see the number of returns). Of course, this does not provide a reason to avoid giving more local and direct citizen control, it just means people will need reassurance about minimum standards being met, and support to exercise control given to those who need it.

In practice, we also need to be realistic about the extent to which individuals will actually get involved. We know there is no “ladder of involvement”, in the sense that all citizens can be uniformly moved up step-by-step from being informed about services to actively co-producing them. If you look at what people say they want, it is more of a Christmas tree shape, as we see in the chart below.

The main parties are also in agreement about the potential that giving more control to frontline staff has in achieving better outcomes more efficiently. And here the research evidence is pretty clear-cut: the best services do seem to allow their staff more initiative. This is covered in a health context in Jonathan Nicholls' article later in this newsletter, but the evidence cuts across sectors.

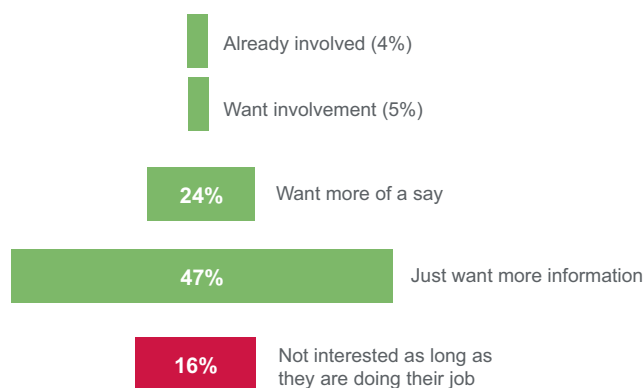
So, for example, when we look at how staff rate various job factors across different local councils, there is no difference between the best and the worst in views towards pay, interesting work, management or friendly colleagues, even the extent of bureaucracy they have to face. But the three factors outlined in the chart overleaf do distinguish the best: staff have a clear vision of what the organisation is trying to achieve, they have input into priorities and they are given the opportunity to show initiative.

But greater local and public control alongside more opportunity for initiative at the frontline of services will not on their own be enough to fill the “black hole” in public finances.

Some clues to how much further we may go if a Conservative government is elected next year can be seen in the current approaches of a few Conservative councils. Conservative party leaders are

More people just want to be well-informed rather than actively involved

Q Levels of involvement/interest in local public services

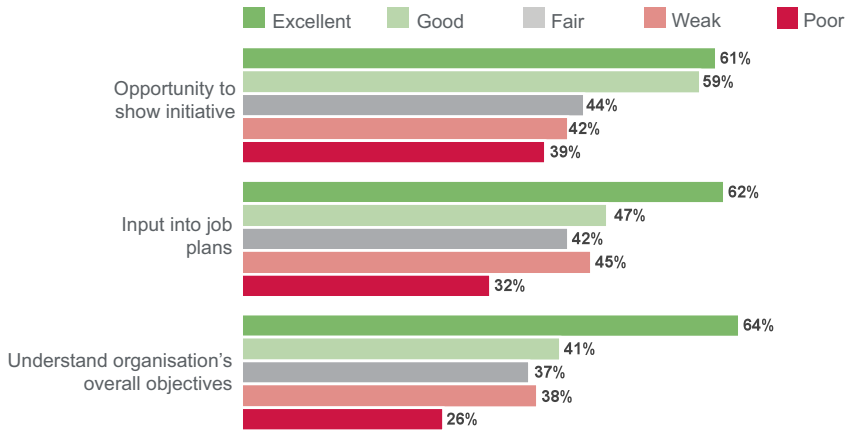


Base: 1,009 GB adults, 18+. August 2009

Source: Ipsos MORI

What do the best get right?

% very satisfied with job factors/strongly agree



Base: 1500 staff interviewed by phone - July/August 2003

Source: Ipsos MORI/IDeA

quick to say that national policies will not just be a mirror of the “easyCouncil” experiments underway in places like Barnet and Essex. And it is true that it is very easy to caricature what are in fact a fairly diverse range of approaches.

What is interesting, however, is there does seem to be a pattern in public perceptions where a group of low-charging Conservative-controlled councils in London are particularly well rated by the public. These can be seen in top left of the chart opposite which compares overall council satisfaction with the proportion that average council tax makes up of average income – and demonstrates there is a relationship between how much people pay and their satisfaction, although it is far from perfect.

Wandsworth, Kensington & Chelsea, Westminster and Hammersmith & Fulham all make the top 11 on overall satisfaction with the council, from over 350 local authorities in England. And when we look at which areas have improved perceptions most since 2006,

Hammersmith & Fulham, Wandsworth, and Westminster are again in the top seven.

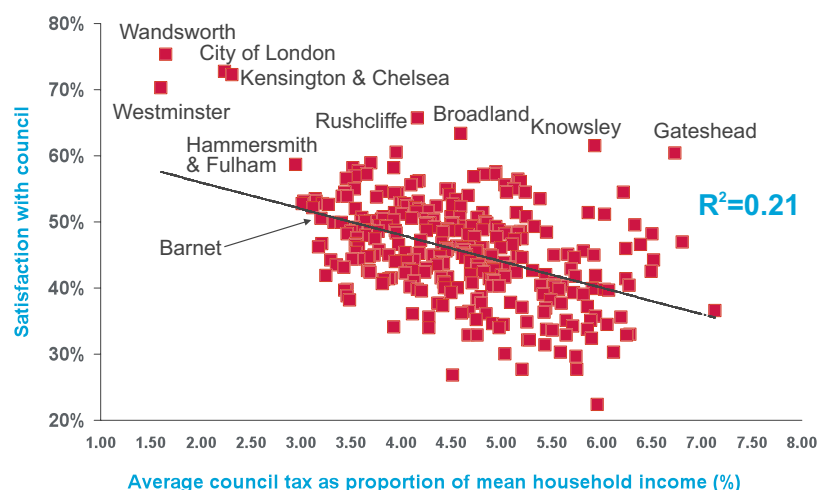
However, as you may have seen in previous Ipsos MORI analysis of local data, we always caution against these simple league tables of perception measures, as we know it is easier to get good perceptions in certain types of areas that have less challenging

populations. But even taking that context into account, three (Wandsworth, Kensington & Chelsea and Westminster) make the top eight.

Clearly we need to be careful drawing too many conclusions from this, as other councils who have very different approaches are also very well rated by their populations – and some of the main exemplars such as Essex and Barnet score only averagely in public perceptions. But these patterns will give weight to Conservative thinking that a combination of contracting out, back office cuts and charging for some services can be done while also pleasing the public – as long as taxes come down too. Whether this is the answer to the massive challenge public services as a whole face is not so clear.

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Satisfaction with council vs. council tax as proportion of mean household income



Base: All local authorities

Source: Place Survey 2008

What to do when you need three planet Earths and 1 ½ NHS'?

Jonathan Nicholls



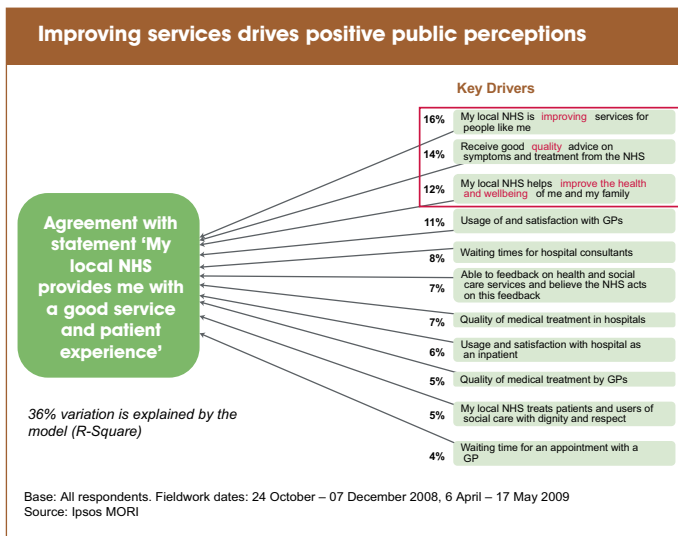
Jonathan Nicholls, Head of Health Research, looks at the challenges facing the NHS after years of spending growth, and argues frontline innovation may be one way to keep improving services to patients in a tighter economic environment.

As highlighted in the previous article, of all our services, the NHS will be one of the most protected from the financial constraints currently facing the public sector. Both main political parties have made clear statements about the priority

they place on healthcare, and have made public commitments about continuing current levels of funding. But even if the parties can honour these commitments, after a decade of unprecedented growth in NHS budgets, this will *feel* like a cut. And the increasing numbers of older patients, plus the introduction of more expensive interventions will clearly squeeze what the NHS can afford.

It's important to get a sense of the scale of this squeeze. We have all heard the "green" argument: to roll out western

standards of living across the developing world, we'd need three planet Earths. The challenge in the NHS is similar. For instance, Professor Karol Sikora has suggested that as the new generation of cancer drugs come on line, they will place an additional £50bn demand on the NHS – that's half the total current NHS budget. So to deliver this *one new category* of intervention, we'd need *one and a half NHS'*. So clearly, even if current funding levels are maintained, the financial challenges for the NHS are real.



Lord Darzi's *High Quality Care for All*, and the emerging quality and innovation agenda have raised the bar on this challenge still further. Our recent large scale consultation on Quality Accounts for the Department of Health confirmed NHS staff welcome the increasing emphasis on quality – but are apprehensive about how this will be delivered in the tough economic climate. We also know the emphasis the public place on service improvements: it's a key driver of public ratings of the NHS service they get (see chart above). The question is therefore how to deliver these service improvements in a constrained cost environment.

The answer to this question rests at many levels in the health service. However, one level that we are increasingly paying attention to at Ipsos MORI is how we can release the innovation and creativity of frontline staff.

We know this is important: frontline staff have the closest firsthand experience of the operational challenges they face – and therefore should have the clearest picture of what the solutions will need to look like. Furthermore, giving staff the space to solve their own workplace

argument is gaining increasing traction. For instance, the recent Demos report, *Leading from the Front*, argues that the NHS should adopt a model of self-directed frontline teams with the “*authority and responsibility to make decisions that affect their work*” – and notes the productivity gains this can deliver. Similarly, one anecdote being relayed at NHS efficiency seminars tells of a clinic which identified high levels of wasted time arising from patients being late for appointments. Staff found that this was because patients didn't have the right change for the car park, so added a note to the appointment letter telling them what change to bring. Late appointments decreased considerably, with a resulting reduction in wasted staff time.

The interesting question here is why that particular clinic was able to identify and address this issue, when perhaps others would not. Our data suggest that a key factor encouraging staff to solve their own problems is that

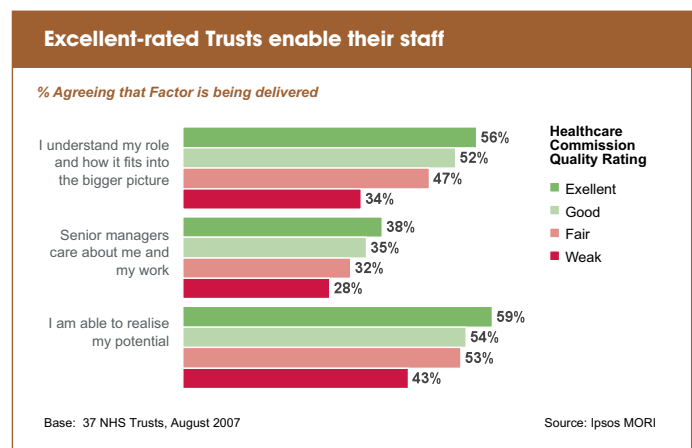
challenges is invaluable in building engagement and job enrichment. As pay budgets get squeezed, NHS trusts will increasingly need to look to things like this to make sure their staff remain fulfilled and motivated.

In the quest for cost savings, this

they feel *enabled* to: they understand where the organisation is trying to get to, they feel supported by their senior managers, and they feel they have the local autonomy to do the things that matter. Furthermore, this has pay-offs not only for staff and their patients, but also for the trust as a whole: as the chart below shows, this enabling culture is exactly what differentiates stronger organisations from weaker ones.

Clearly frontline innovation by itself is not going to solve the tough economic challenges facing the NHS, but it needs to be a key part of the response. The question for managers then, is do my staff feel enabled, and are they demonstrating the innovation and creativity that will allow their service to thrive? If so, it's the sign of a healthy organisation. But if not, something is getting in the way. If this is the case, the savvy manager will be working out how to fix this. We'd be happy to help.

We are looking to share some of the best examples of frontline innovation and problem solving more widely across the NHS. If you have examples you'd be interested in sharing, please do contact me at jonathan.nicholls@ipsos.com ■



An interview with Philip Hammond MP

by Ben Page



Ben Page, Chief Executive of Ipsos MORI, interviews Philip Hammond MP, Shadow Chief Secretary to the Treasury. Ben asks Philip about the Conservatives' approach to getting the most out of public finances.

Q. Whichever party wins the next election it is likely that hard choices will have to be made. How are you going to involve members of the public and service users in these decisions so that they reflect their priorities?

We believe that decisions about how public services are run should be made as close as possible to the people who use them. That is why, should a Conservative Government be elected next year, we will bring about a radical decentralisation of power to bring it closer to people and communities. We will give local councils the freedom to spend money on the things that matter to them, and decentralise control and decision making

to schools, local authorities and hospitals. This is not just about ideological belief in localism – it's also about pragmatism, since we understand the limitations of central government and the benefits of local responses to the challenges we face. So instead of endless top-down targets, ring-fenced funding, audits and monitoring imposed by the costly central bureaucracy, we would give councils, schools and hospitals more power and more responsibility to be innovative in public service delivery – balanced by greater accountability for their actions.

We'd also empower consumers, by giving them real choice in the public services they use. Where practical, we'd do this through individual budgets, placing commissioning power in the hands of the citizen and opening up provision to a diversity of providers. In other cases, such as education and health, we will ensure that money follows the pupil or the patient to the provider of their choice. That way, there will be more competition, best practice delivery models will evolve, and people will be far more likely to end up with the kind of services they want, rather than being saddled with a one-size-fits all solution imposed by central government.

Q. What do you think are the main opportunities open to public services and government departments to improve their effectiveness and value for

money? And what are the main barriers?

As well as completely re-thinking the relationship between central and local government, we need more transparency as a first step towards ending the unaccountable, spendaholic culture we have at the moment. That's why we've pledged that every item of public spending over £25,000 will be published online – which will make public servants and politicians think very carefully about whether a project they want to go ahead with is really worth the money.

We also need a completely new culture in Whitehall that focuses on getting long-term value for taxpayers' money, not just one-off efficiency savings – and which is geared towards incentivising innovation and doing more with less. We've already set out how we're going to drive this agenda, by structural changes to embed a performance management culture in the Civil Service. We will also set up an Office of Financial Management to provide leadership in financial performance management across Government.

Q. What criteria would you use to decide whether public services, organisations or individual programmes are delivering value for money?

The Government's approach has been to measure its performance by inputs, rather than outcomes, which means that, over the past decade, we've seen

a bizarre political rhetoric emerge that implies that more costly public services are better than less costly ones that give the same result. In other words, Labour have claimed that more spending on health, schools or police equates to better healthcare, or better educational achievement, or lower levels of crime. We have paid the price for this misguided approach with falling productivity in our public services, which has in turn affected Britain's overall economic performance. So we need to move away from Labour's inputs-focussed approach and start looking at outcomes, with a particular focus on the unit cost of delivering those outcomes, and we need to see more and more public service delivery budgets being based on the services delivered – like the NHS pay-per-treatment tariff system

Q. Are you worried about a gap developing between rising public expectations and the ability of public services and government to meet those demands due to spending constraints?

Let's be clear about the extent of the economic challenges we face: even after the recession ends, we will still be left with a major structural problem with our public finances. Our Government is borrowing over £175 billion this year – the equivalent of £330,000 per minute, or £500 million per day. Consumers are now really worried about the state of Britain's public finances and the burden of debt that could be left to their children and grandchildren. And we can't risk further damage to Britain's international competitiveness by using tax increases as the answer to this problem.

So while no responsible Government – or Opposition – can ever rule out tax rises, the Conservative Party has clearly

stated that the brunt of the burden of fiscal adjustment will need to be borne by public spending reductions. And the scale of the fiscal crisis we face means that all major central Government programmes and procurements will need to be reviewed to ensure that they represent value for money for taxpayers. Those that offer no social or economic value to the public will be scrapped – and even those that are valuable may have to be trimmed, delayed or abandoned as unaffordable. That's the reality of the situation we are in, and we have been straight with the British public about that.

But we recognise that high-quality public services are one of the key factors by which voters judge governments. So in the face of the challenges of a large budget deficit, an ageing population and the need to safeguard Britain's competitiveness, we must find ways of doing more with less; protecting front-line public service outcomes whilst cutting the cost of public service delivery and ensuring services are affordable and sustainable for future generations to enjoy. In the Conservative Party, we're already setting out how we will achieve this – by re-engineering the relationship between central and local government, following the innovative examples set by many Conservative-controlled councils, and exploring new approaches to public service delivery through a wide range of providers, which give consumers more choice and allow standards to improve through competition.

Q. We know from our work in the private and public sector that having engaged employees is really important to an organisation's effectiveness. What is your message to people working in public services about your

vision for public services should you win the election?

Labour's centralised approach, focussed on process targets, has effectively disempowered our public service professionals. So the Conservative message to them today is this: we will set you free from the straightjacket of Labour's controls: we'll tell you the outcomes we want, and the budgets available to deliver them, and let you find the best and most effective ways of delivering those outcomes.

We will also give public service workers the incentives to succeed. If you excel at cutting waste, improving services and, at the same time, save money, you will be able to reinvest those savings in further improvements to services. A Conservative Government will end the short-sighted policy of clawing-back all the savings made from allocated budgets, and end, too, the lunacy of annual "use it or lose it" budgets that create a mad panic of wasteful spending at the end of every year. Instead, we need to see more and more public service delivery budgets being based on the services delivered – like the NHS pay-per-treatment tariff system, which will make sure that a tightening of budgets delivers real efficiency gains, not cuts in services.

With these measures in place, those working to deliver public services will be empowered to respond to the crisis we face and given the freedoms to show how they can deliver more for less. And I've every confidence that they are more than equal to the challenge. ■

**Ben Page interviewed
Philip Hammond MP in
November 2009.**



One for all or all for one: the universal versus means-testing debate

Sarah Knibbs

The economic crisis has intensified the debate over universal provision versus targeted or means-tested services. Sarah Knibbs from our education research team outlines some of the arguments around services for children and families.

Since 1997 the Labour government has invested heavily in children's services, early years' education and childcare. However, children's services are now under increased pressure to meet targets at a time of cuts in public spending. All the signs point to this continuing in 2010, and the prospect of a change of government has served to increase the uncertainty surrounding future levels of service.

The talk of spending cuts has also brought to the fore once again the longstanding debate about universal versus targeted services or means-tested benefits, and recently this has centred on children's

services and welfare provision for families. These debates are happening within both major parties, with Labour and the Conservatives grappling with the question of whether specific benefits or services should be universal, means-tested or targeted.

Current policy includes various levels of universal or targeted provision. Universal provision such as child benefit or free nursery places for 3 year olds is designed to ensure a minimum standard for all, and to prevent problems in the future, so avoiding the costs of a larger-scale intervention. The aim of targeted provision, such as tax credits or childcare support, is to provide more support to those in need in order to narrow the gap and tackle child poverty.

The current political debate is centred on what is the optimum balance between universal versus targeted services or means-tested benefits to achieve positive outcomes for children.

The Conservatives have recently indicated that they are considering means-testing universal benefits such as the Child Trust Fund¹ in order to cut costs. Attention has also focused on Labour's flagship Sure

Start children's centres, which are universal in that they are open to all but are set up in disadvantaged areas, and deliver targeted outreach. The pressure groups the TaxPayers' Alliance and the Institute of Directors are calling

for the scheme to be abolished as a way of cutting public spending, claiming that the programme is not working².

...children's services are now under increased pressure to meet targets at a time of cuts in public spending.

¹ In George Osborne's speech to the Conservative party conference on 6 October 2009 he outlined proposals to abolish child trust funds for all but the poorest families and will no longer pay tax credits to families with incomes over £50,000. However, he proposed retaining child benefit.

² See <http://www.taxpayersalliance.com/50bil.pdf>

The Conservatives have committed to retaining Sure Start but are planning to make cost savings by cutting the outreach service, which targets hard-to-reach groups. Cost-savings will be spent on the reintroduction of a universal health visiting service.

After a decade of investment in children's services a similar debate is taking place in the Labour party about whether universal benefits and services can be sustained in the current economic climate. There have been discussions within the party about child benefit, although as with the Conservatives, the party has committed to retaining universal child benefit. At the same time, Labour is also planning to continue policies which are targeted at lower income households. At the Labour conference Gordon Brown promised 10 hours of free childcare a week to be targeted at 250,000 families of two year olds "on modest or middle incomes" to be paid for by scrapping tax relief for better-off families. Labour has also given

reassurances that Sure Start will be retained in its current form, including its targeted outreach services.

These debates go to the heart of social policy. A number of considerations need to be weighed up for each approach. The case for universal benefits is that they are fair (as everyone is entitled to them), simple, straightforward and easy to claim. For example, it is argued that child benefit reaches more children living in low income families than any of the more complex means-tested benefits or tax credits and has a take up rate of 98%. However, while universal benefits are administratively simple their wide coverage tends to make them more expensive. Means-tested benefits concentrate resources on those most in need. However, they are more complex and difficult to administer and it is argued that the "stigma" of claiming benefits reduces take-up. It is also argued that means-tested benefits create a 'poverty trap'.

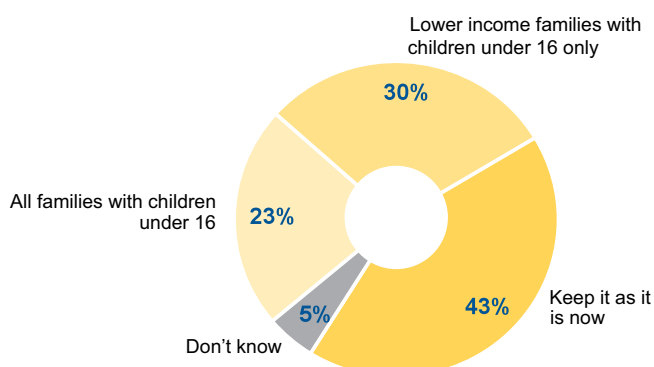
Obviously, an important consideration then is which approach has the most impact on improving outcomes. While universal benefits may have more reach among the population as a whole, there is an argument that focusing resources on those most in need has more impact on improving outcomes among the most disadvantaged. This highlights that effective evaluation and cost-benefit analysis of each approach is essential.

However, decisions regarding the future of children's services and welfare will also need to consider public opinion. Recent Ipsos MORI research provides insight into the potential popularity of means-testing universal welfare payments³. Our research shows that the public is split between those in favour of targeting as a way to meet the needs of the more disadvantaged, and those who support universal benefits. Although more than two in five people (43%) support child benefit remaining universal, there is some support for making the benefit more targeted, with three in ten believing that the benefit should only be paid to lower income families (30%) and just under a quarter (23%) saying that it should only be paid to families with children under the age of 16 years, rather than up to the age of 18 if in full-time education, as is the case now. There is also some support for adding conditions to child benefits: half (50%) support the idea that parents who fail to bring up their children "properly" should lose eligibility for family payments.

Exploring these issues further in qualitative research shows that opinion continues to be split with most tending to agree that the government should

Should child benefit be means tested?

Q. Do you think that child benefit should be available to...?



Base: 2,000 adults across Great Britain, 9 - 15 January 2009

Source: Ipsos MORI

³ Building on existing research, we placed a series of questions on our Capibus, interviewing 2,000 British adults aged 16+ between 9th and 15th January 2009. We also conducted a qualitative deliberative workshop in February 2009 where members of the general public were brought together to discuss and debate the issues. You can find out more and read the report here: <http://www.ipsos-mori.com/content/families-in-britain.ashx>

The public are split over universal versus means-tested benefits

'Benefits should be across the board...everyone deserves the same benefits. A lot of people have worked hard and paid a lot to get where they are'
Male, 35-55 years

'You shouldn't assume that the government will automatically support you...there are arguments to take child benefit away from higher paid workers'
Female, under 35 years



Source: Ipsos MORI deliberative workshop held on 9 February 2009

provide support when families face financial difficulty, while others feel that this penalises those families who have worked hard to secure a good household income. The quotes in the chart above illustrate these shades of opinion.

personally such as VAT, income tax, fuel duty and council tax. It is clear that any cuts to universal benefits and services will be unpopular with the public and will require careful communication by the government.

However, while sections of the public may support means-testing universal benefits such as child benefit *in theory* and remain attached to the idea of fairness in service and welfare provision by providing extra help to those who need it, *in practice* it will be challenging for the government to sell any cuts to the public. Other Ipsos MORI research on taxation provides some indication of the potential response of the public to changes that affect them financially – and it's not a hugely surprising picture. For example, it shows that the public are most in favour of tax rises for businesses and on inheritances and least in favour of increases to taxes that will affect them

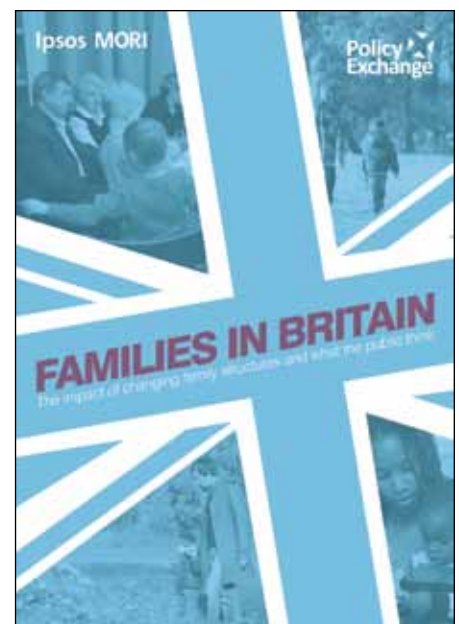
A key challenge will be identifying what package of universal or targeted services/means tested benefits will provide sufficient cost savings as well as value for money in delivering positive outcomes.

The debate on universal versus means-tested benefits or targeted services is likely to intensify in the run up to the next general election, not only in relation to children's services and welfare but across public policy as a whole, with both parties under pressure to identify cuts to expenditure. A key challenge will be identifying what package of universal or targeted services/means tested benefits will provide sufficient cost savings, as well as value for money in delivering positive outcomes.

At the same time though this is not just a technocratic argument; government policy needs to be acceptable to a

public that remains attached to the idea of fairness in terms of providing extra help to those in need, but is not yet ready to accept cuts in frontline services or benefits that affect them *personally*. During such times it will be more important than ever to carry out effective evaluations of services and benefits so that decisions can be based on a robust understanding of what really works, while also involving the public in decision-making and communicating clear messages regarding the future direction of policy.

For more on Ipsos MORI's recent findings on the public's attitudes towards children's services and welfare see our joint report with Policy Exchange, *Families in Britain: the impact of changing family structures and what the public think* www.ipsos-mori.com/familiesinbritain or contact sarah.knibbs@ipsos.com ■





Involving the public in difficult decisions

Kirstin McLarty

As budgets in local areas come under scrutiny it is particularly important to understand the criteria which local people use to judge value for money. Kirstin McLarty from our Local Government Research Unit explains how deliberative workshops are being used to fill this gap.

Alistair Darling has been warning local government for some time that a need to live within our means will bring “tough choices”¹, while the Local Government Association has proclaimed regularly

that “local government is the most efficient part of the public sector”, and that “councils are exceeding their targets for saving money”². In some areas this has led to large-scale redundancies; in others, an investigation of the proportion of frontline and back office staff has led to greater emphasis on service delivery and the funding available for customer-facing roles. At the same time, although Comprehensive Area Assessments may have an uncertain future under a possible Conservative administration, the focus on local partnership working to

meet residents’ priorities has created an opportunity for local service providers to provide evidence of their commitment to efficiency.

It is pertinent then to ask whether local people feel that they receive value for money from their council. In the Place Survey, conducted among residents from all 353 English local authorities³, residents were asked just this. When considering the results for authorities of all types, it is the London boroughs of Wandsworth and Kensington and

¹ <http://www.channel4.com/news/articles/uk/darling+warns+of+tough+choices/3395022>

² <http://www.lga.gov.uk/lga/core/page.do?pageId=4340427>

³ Fieldwork for which was conducted from September-December 2008, and data was collected using a postal self completion questionnaire

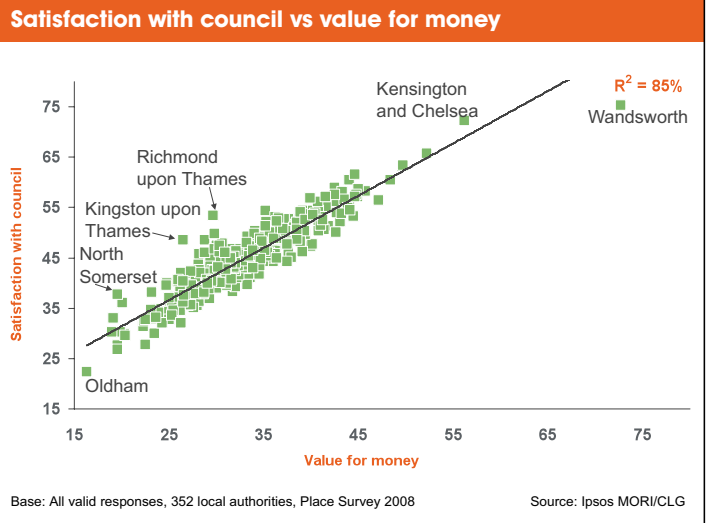
Chelsea that receive the highest ratings, but for most councils less than half of their residents think they get value for money.

Those familiar with the study will know that residents were also asked to indicate how satisfied they were with the work of their authority. In analysing the national data we find that six of the authorities who make it into the top ten for value for money are also included in the top ten for council satisfaction. And as the chart to the right shows there is a clear relationship between local authorities' overall satisfaction ratings and their perceived value for money.

Elsewhere we have talked about some of the other factors that might be driving perceptions of local councils (such as area characteristics and the influence of the media⁴), but from our analysis of Place Survey data we know that some of the key drivers of perceived value for money are the extent to which residents feel informed about services and the

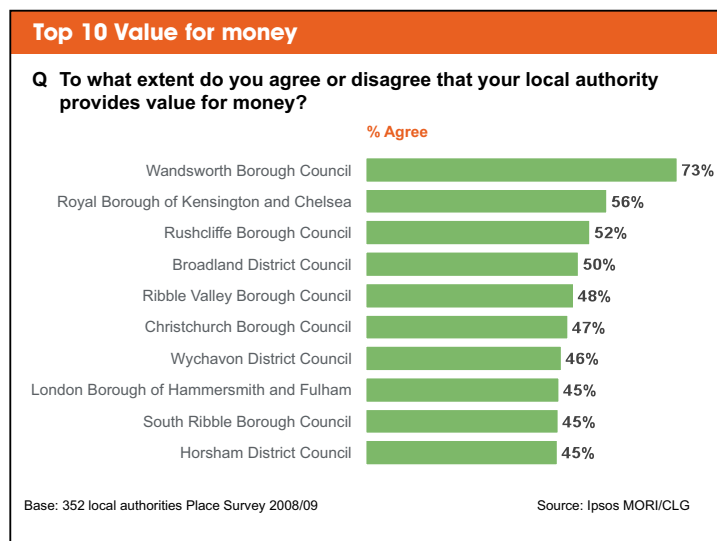
way council tax is spent, and whether they feel they can influence decisions in their local area. As one citizen said after a recent Ipsos MORI workshop; "you can't open a newspaper or turn the TV on without seeing talk of cuts. My council will really need to show it's making the right decisions".

So councils need to develop an understanding of what information is required and what residents mean when they report they want more influence - and deliberative workshops are one solution to this. Involving the local community in financial decision-making was most famously trialled in Porto Alegre, Brazil in 1989⁵, and subsequently spread



Budgeting for local government in England⁷. The method is cited as a means of fulfilling authorities' obligations to inform, consult and involve, and to help councils involve local people, the Participatory Budgeting Unit has been provided with funds by CLG⁸. But whether a council is taking a full-blown Participatory Budgeting process or not, the general deliberative workshop approach can be extremely useful in getting to more informed and realistic decisions.

When the Waltham Forest Local Strategic Partnership was in the process of developing its Sustainable Community Strategy it asked Ipsos MORI to run four workshops with different groups of residents to identify long-term priorities for the borough. This approach to researching residents' perspectives is not new, however, the challenge facing the LSP was the possibility that residents would identify a wish list that it could never satisfy.



across the globe. In the past two years this means of involving residents has become particularly prominent in the UK, with the Community Kitty pilots⁶ and subsequent 2012 strategy for Participatory

⁴ Ipsos MORI (Summer 2009) The Perils of Perception Understanding Society

⁵ <http://sustainablecities.dk/en/city-projects/cases/porto-alegre-engaging-citizens-in-city-budgeting>

⁶ <http://www.communities.gov.uk/news/corporate/573595>

⁷ <http://www.communities.gov.uk/publications/communities/participatorybudgeting>

⁸ <http://www.participatorybudgeting.org.uk/>

Consequently, the discussions and subsequent analysis focused on the trade-offs that local people would be willing to make to help the authority understand the significance of particular issues. For example, in the early stages of the discussion, using the “Future Backwards” model to aid and shape the emerging issues, some participants discussed the problem of finding affordable homes and local jobs and the detrimental impact of these issues on their quality of life. At a later stage we discussed the actions that the LSP may take to ameliorate the problem, such as building on brownfield land. When residents understood that if brownfield land were to be used for homes rather than office space then the opportunity for the creation of local jobs may be reduced, they were able to identify which of the two was more important to their families and the local area. This allowed the authority to understand the context in which people wished the LSP to make such essential and difficult decisions on their behalf.

This qualitative tool is also used to help local authorities understand local priorities and the meaning of value for money for residents. In times of reducing budgets it is becoming increasingly important to work with local people to ensure that their priorities are reflected, in particular when it comes to financial decision-making and council tax. Again these are difficult decisions that can be too tough to tackle adequately in surveys or public meetings - and deliberative budget setting workshops are a particularly useful approach here.

For Kent County Council we have been running such workshops for the past few

years. Andy Wood, Head of Financial Management at KCC, explains how they make use of this research:

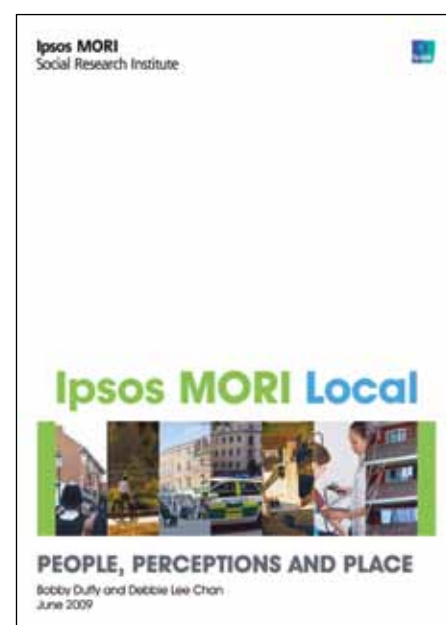
“Kent County Council has consulted the public on the annual Council Tax and budget decision, face-to-face, for a number of years. We have modified the process each year to improve our approach. The outcomes of the day are highly important to us and give us a valuable insight into what is important to the people of Kent. Their real value is being able to inform the participants, who are then in a better position to offer an opinion on our budget and Council Tax. The day is always well received by those attending and most find it highly enjoyable, as well as quite challenging! The report on the outcomes of the day is an integral part of our papers presented to the County Council on budget day.”

We challenge Kent residents in a full-day event by firstly asking them about their local priorities, and in the second half of the day by asking participants to take on the role of the Cabinet with the task of setting the next year's budget. Participants are presented with specific spending and saving options that would have a real impact upon service provision, and regularly challenged with reference to the issues identified as key priorities earlier in the day. We also use electronic voting to gauge the development of priorities and views of possible council tax increases or decreases. As the following quote suggests residents appreciate that the decisions are difficult, but they feel they benefit from the opportunity to have their views listened to.

“I found this discussion today very educational and got a lot of insight into how KCC spends our money. The decisions they have to make are very difficult!”

Value for money is only going to become more important as a barometer of public opinion. Deliberative workshops are an essential tool to help understand how these judgements are made – especially how the public might decide between competing priorities. They can also form part of a plan to address feelings of disengagement from the political process – and even help people appreciate how difficult these decisions can be!

For more information about our local government research, and to download our report *People, Perceptions and Place* (a detailed insight into how well local areas are performing), visit www.ipsos-mori.com/perceptionsreport or contact kirstin.mclarty@ipsos.com ■



A growing political gap...

Gideon Skinner

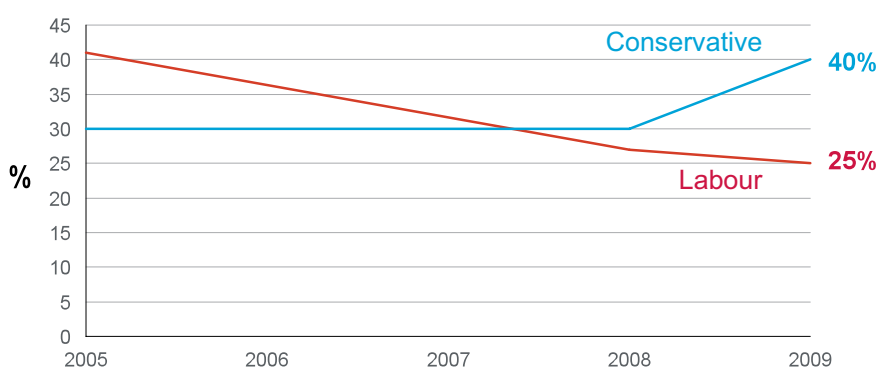
Some of the key patterns in public opinion examined in this newsletter have clear political drivers, with views varying significantly between supporters of different parties. This is not surprising, given they will be affected by fundamental differences in opinion on the role of the state. So, for example, when we ask people whether the problems with public finances are best dealt with through cuts in spending on public services or tax rises, there is a fairly even split of opinion. However, Labour supporters are twice as likely to favour tax rises over spending cuts, and the pattern is more or less reversed for Conservative supporters. But that still leaves significant proportions of core Conservative supporters who want to protect spending, and Labour supporters who would rather see services cut than taxes rise. Both parties face a very difficult balancing act in the run-up to the election.

But there are also some pretty clear patterns in the data – including a reversal in public opinion on which of the two main parties would get most value for public money, as seen in the chart. Now the Conservatives have a clear lead, at a very similar level to that seen for Labour following the election in 2005, while perceptions of Labour's ability to get value for money continue to slide.

Public finances and public services will be key concerns going into the election, but the overwhelming response when we ask about the most important issues facing the country is the economy in general and, increasingly, unemployment. The economy is also the issue that most people say will be most important in deciding how they vote – and at present the Conservatives have a slim lead over Labour in the public's rating of economic competence. This will be deeply disappointing for Labour, given the recovery seems to be gaining pace, and, more importantly, that economic optimism

The Conservatives now have a clear lead in getting value for public money

Q Do you think a Labour or Conservative Government would be most effective in getting good value for the public money it spends?



Base: 1,004 British adults, 19-21 June 2009

Source: Ipsos MORI

among the public is already back to pre-crunch levels: if Labour are not getting the credit now, it seems unlikely that they will.

Over the next few months, in the run-up to the election, we will be digging into the huge wealth of political data we have been collecting for decades, and in particular looking back to the last time Labour lost control to the Tories, in 1979. There are some interesting parallels and contrasts to the political situation now – nearly all of which highlight the task facing Labour.

For example, in early 1979 Labour trailed the Tories in opinion polls by between one and 19 points – and Opposition Leader Margaret Thatcher went into the election with 45% of the public satisfied and 40% dissatisfied with her performance. In contrast, Prime Minister James Callaghan's ratings were very low (31% satisfied, 62% dissatisfied) and the Government's ratings were lower still with 17% satisfied with the way the government was running the country. Mrs Thatcher went on to win the 1979 election with 43% of the public vote, with Labour on 38%.

Today¹, the Conservatives go into 2010 having had a double-digit lead in the polls for the past 11 months, and currently with a lead around 17 points. David Cameron's ratings are higher than Mrs Thatcher's were (49% satisfied, 34% dissatisfied in October 2009), while Gordon Brown's are exactly in line with Mr Callaghan's (32% satisfied, 62% dissatisfied). Satisfaction with the government is slightly higher at 23% (but was as low as 16% in June this year).

However, these comparisons may not be as depressing as they may initially seem for Labour: they are not yet like-for-like, as we are still a long way from the election, and we would expect Labour to improve its standing as campaigning starts in earnest and voters are forced to really make up their minds. But it is still quite some gap to close.

See our political archive at www.ipsos-mori.com or contact gideon.skinner@ipsos.com ■

¹ Although methodological changes mean voting figures are not exactly comparable to 1979, there is no doubt the Conservatives have a clear lead

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About Ipsos MORI's Social Research Institute:

The Social Research Institute works closely with national government, local public services and the not-for-profit sector. Its 200 research staff focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, ensures that our research makes a difference for decision makers and communities.