

# **Social advancement**

## **A continuing search for change**

Essays celebrating the work of Richard Best,  
to mark his retirement as Director of the  
Joseph Rowntree Foundation

Edited by David Utting



**JOSEPH ROWNTREE  
FOUNDATION**

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**Sir Peter Barclay** was a lawyer with a wide interest in social work and housing. He was Chair of The National Institute for Social Work and as such was asked in 1979 to chair a Government Inquiry into the Roles and Tasks of Social Workers. He was also, at other times, chair of the St Pancras Housing Society and National Family Mediation. In 1985 he was appointed Chair of the Government Social Security Advisory Committee, from which he retired in 1994. He became a trustee of the Joseph Rowntree Memorial Trust in 1972 becoming Chairman in 1996. He retired in 2001.

**Sir Donald Barron** was Chairman of Rowntree Mackintosh from 1966 to 1981 and of Midland Bank from 1982 to 1987; he was also a director of a number of other public companies. He served on the Social Service Research Council (1971–1972), the University Grants Committee (1972–1981) and the Board of Banking Supervision (1987–1989). He was closely associated with the foundation of the University of York, and served as its Treasurer, Chairman of Council and a Pro-Chancellor. He was a trustee of the Joseph Rowntree Memorial Trust and the Joseph Rowntree Foundation for 30 years, and was Chairman for 15 years until his retirement in 1996.

**The Rt Hon David Curry MP** is Conservative MP for Skipton and Ripon. He served as Farming Minister then Minister for Housing, Local Government and Regeneration in the Thatcher and Major governments. Previously he was a *Financial Times* correspondent in Brussels and Paris before becoming a Euro-MP specialising in CAP and budget issues. He is a columnist for the *Local Government Chronicle* and *Yorkshire Post*.

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**Kenneth Dixon** was Chairman of Rowntree plc between 1981 and 1989, and served on the boards of other companies, including Legal and General, Bass and British Rail. At various times in the 1990s he chaired the Visiting Committee of the Open University, the Council of the University of York and the Committee of University Chairmen. He joined JRF as a trustee in 1996 and was Chair from 2001 to 2005.

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**Gerard Lemos** is a partner at Lemos & Crane, developing and disseminating knowledge and innovation on social policy to help practitioners take informed action to improve lives and communities. He is Deputy Chair of the British Council and Chairman of the Banking Code Standards Board, a regulator of the retailing banking industry and Chair of the board of the Akram Khan Dance Company. He has served on a range of working parties and task forces for government departments, and is the author of numerous reports and books. In 2001 he received a CMG for services to the British Council in the Queen's Birthday Honours.

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**Jenny Morris** is an independent research consultant who has been doing freelance work in social policy since 1990. Prior to that she taught housing policy and sociology. In 2004/5 she worked with the Prime Minister's Strategy Unit on the report *Improving the Life Chances of Disabled People* and is currently providing consultancy to the Office for Disability Issues to take forward policies concerning independent living.

**Debby Ounsted** has been a Trustee of the Joseph Rowntree Foundation since 2002. She was appointed Chair from October 2006. Debby first became involved with JRF on the early development of Lifetime Homes when chief executive at Habinteg Housing Association. She has chaired JRF's housing and neighbourhood's committee and the backbench councillor advisory group. She works as a freelance management consultant in the housing and local authority sectors.

**Anne Power** became a Professor of Social Policy at the London School of Economics in 1996 and is Deputy Director of the Centre for the Analysis of Social Exclusion at the LSE. In 1999 she became a member of the Government's Sustainable Development Commission. Anne has worked as an adviser to Government for many years on the issues of neighbourhoods, communities and cities. In 1991 she became founding director of the National Tenants Resource Centre (now the National Communities Resource Centre) at Trafford Hall in Chester, which provides residential training and pump priming support for people living and working in low-income communities.

**The Rt Hon Nick Raynsford MP** has been the Member of Parliament for Greenwich and Woolwich since 1997 (Greenwich 1992–97). He

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joined the government in 1997 and held responsibility for housing, planning and construction as well as being Minister for London. He was Minister for Local and Regional Government in the Office of the Deputy Prime Minister from 2001 to 2005. He was made a privy councillor in the 2001 New Year's Honours. He left the Government in 2005.

**Ruth Sheppard** joined the Joseph Rowntree Foundation at the same time as Richard Best in 1988 having spent the previous ten years working as a PA in London.

**Michael Sturge** joined the JRF in 1980 as Director of Finance and has been Deputy Director to Richard Best since 1992. Being an accountant, he calculates that he has attended about 1,000 meetings in conjunction with Richard during his directorship. Their main arguments have been about whose turn it was to pick up the invoice for their breakfast meetings at The Grange.

**David Utting** is Deputy Director of the Policy Research Bureau, whose focus is on children, young people and families. A former journalist, he became an Adviser to the Joseph Rowntree Foundation in 1991 and, from 2003 to 2006, Associate Director (Public Affairs). His publications include *Family and Parenthood* (JRF, 1995) *Crime and the Family* (Family Policy Studies Centre, 1993), *What works with young offenders in the community?* (Barnardos, 2000) and *Support from the Start* (DfES, 2004).

**Sir William Utting** held senior posts in the probation service, local government and the civil service. He retired in 1991 as the first Chief Inspector of Social Services for England. More recently, he chaired the Joseph Rowntree Foundation and the Council of Goldsmiths College. He served on the Committee on Standards in Public Life from 1994 to 2001. For the government, he reviewed safeguards for children living away from home ('People like Us', 1997).



# Preface

Debby Ounsted

RICHARD BEST'S RETIREMENT as Director of the Joseph Rowntree Foundation (JRF) can truly be said to mark the end of an era in its history. Why this should be is explained in this collection of memoirs and essays that have been commissioned from some of the many friends, including trustees and colleagues, with whom he has collaborated closely during 18 remarkable years.

The resulting 'festschrift' is a celebration of Richard's commitment to the work of the Foundation and his many qualities as an inspired and inspiring leader. It describes how he has responded with undiminished enthusiasm to the challenge laid down by Joseph Rowntree a century ago to search out the underlying causes of unfairness and the abiding inequities that weaken our society. The presence of two distinguished politicians – one Conservative, one Labour – among the authors is, itself, indicative of the independence and success with which Richard has pursued the agenda of social advancement grounded in evidence.

The contributors also include leading authorities on priority issues where the Foundation has focused its research and development programme in the past two decades: disability, children and families, poverty, race and equality, neighbourhood renewal and – of course – housing. These chapters highlight key areas where JRF, under Richard's direction, has left its mark on policy and practice.

But the book does more than offer insights into recent social history. In addition to looking back, the authors have been encouraged to look to the future. That is entirely as it should be, since Richard is leaving the Foundation in tremendous shape, enabling us to move forward with confidence to accept new challenges that will build on his legacy.

## PREFACE

Richard may be retiring from JRF, but he is redoubling his activities in public life with a wide range of new commitments, in spheres of policy and practice that are close to his heart. He takes with him the heartfelt gratitude of the Foundation's trustees and staff, past and present, for 18 years of altogether exceptional service and achievement.

With it goes the warm and abiding affection that radiates through each and every one of the contributions to this book.

**Debby Ounsted**

*Chair of Trustees, Joseph Rowntree Foundation*

*December 2006*

# Learning from Best practice



## The Rt Hon David Curry MP

BACK IN THE late 1980s, when Richard Best became Director of the Joseph Rowntree Foundation (JRF), there was a straightforward division of labour among ministers at the Department of the Environment. John Gummer, Secretary of State, did the romantic bits – design, countryside, climate and the like. I did the incomprehensible bits – local government finance, planning – together with urban regeneration. But if it was housing, it was Sir George Young. And George wasn't just totally on top of his brief – he was a genuine enthusiast for the sector. If he had an escutcheon it would no doubt feature a row of social housing with bicycles chained to the gates.

My appreciation of housing was sufficient to know that the old verities were no longer eternal: for example, council houses were not inevitably Labour-voting; private estates were not genetically Tory. But the politics of housing was one of those things I comfortably expected to be able to pass my days without having to master – just as I confidently expected to reach the end of my allotted span of years without visiting Skelmersdale.

It was, then, with a sense of alarm when George was suddenly promoted to the Cabinet that I agreed to add housing to my portfolio. It was undeniable that the links with local government and urban regeneration argued powerfully in favour of a spot of joined-up government. But I remember sitting in my office while the civil servants explained the basic mechanisms of housing finance to me and feeling like someone who has taken the wrong train to arrive at a place where the entire world speaks an alien language.

Britain's parliamentary system is a pretty brutal tutor. The combination of constant debate with what are now called 'stakeholders' and the need to give account in the Commons chamber make for fast learning. The looming requirement to take a complex housing bill through the House against Nick Raynsford also concentrated the mind and the wits. I have always been most comfortable addressing a new issue once I have sorted out the basic

strategic questions in my mind and established a context. I saw my strategic task as delivering the Tory government's third revolution in housing. The first was the ground breaking Right to Buy policy for council house tenants (if legislation can change sociology, the once-reviled Right to Buy surely did, even surviving the change of government in 1997). The second was to engineer a shift to housing associations as the main provider of new social housing. The third, which fell to me, was the transfer programme.

I recall sitting in front of baleful audiences of local authority housing chairs and spelling out that if housing was to be improved and modernised there was no way any government would find the money out of the public purse. However much the sector hated it there would never be a Plan B. Nowadays, arm's-length management organisations (ALMOs) and the Public Finance Initiative (PFI) have diversified the methods used for transfers, but not the essential objective we were pursuing over 15 years ago. However, had I suggested that social housing grant might be opened up to the private sector, like the current Labour government, no doubt the hostility would have turned to apoplexy!

Inevitably, like Sir George before me, I became engaged in all the other big housing issues. The sheer intellectual demands of the housing debate and the sense that we were changing its framework gave me a sense of 'ownership' (another modernism!) of the policy. This was hands-on stuff with a vengeance, where the best was seeing what energy could be released into urban regeneration by the partnerships that the Single Regeneration Budget and City Challenge forced into existence. The worst was listening to the grindingly repetitive whinging of local authority housing chiefs at periodic forum meetings.

The housing world used to plead that housing should 'move up the political agenda'. But if willpower alone could have raised awareness of the sector the housing lobbies would have achieved a remarkable feat of collective levitation! Now, housing has found its Holy Book in Kate Barker's review of demand for new housing and John Prescott's sustainable communities programme, drawing somewhat erratically on Lord Rodger's blueprint for the reinvention of the

city. They have, indeed, turned housing into high politics helped, of course, by the sustained rise in house prices and the creeping stain of unaffordability.

After some years of suggesting by implication, if not explicitly, that the Barker arithmetic is either wrong or irrelevant, the Conservatives under David Cameron have decided to address rather than minimise the problem of housing shortages. Housing is bracketed with public services in a policy working group being chaired by Stephen Dorrell, the former Health Secretary. Meanwhile, even that most sacred of Tory shibboleths, the Green Belt, has now been declared eligible for appropriate development.

Housing has, then, bulldozed its way almost brutally into the political forefront in the past 18 years. The changing sociology of Britain has provided the inescapable back-drop for this: the multiplication of single-person households caused by demography and evolving lifestyles; the migration of people from London into the capital's hinterland just as immigration tipples into London itself; and the increasing characterisation of social housing as the refuge of those 'beyond work' or 'not in work'. And a new political agenda has not only accommodated itself to changing lifestyles, but also responded to new fears concerning anti-social behaviour, binge drinking, drug-related crime, casual violence and the social consequences of dysfunctional and dislocated families.

So having almost gate crashed its way on to conventional political agendas, housing now sits astride the most active of them. Being a housing junkie is no longer to inhabit the fringes of the political argument: it is to offer a component of the central political debate. Having become a junkie by necessity – and remained one because my own brand of liberal conservatism had always laid claim to the mantle of social reform – I can now reaffirm my status out of a real appetite for argument in the political front line.

I recount this personal and political history as a deliberate prelude to my introduction of the influence of Richard Best. In political fields that are rich in pressure groups, lobbies, voluntary bodies, institutional vested interests and amateur enthusiasms, a minister in government looks around for someone who can provide a balanced,

informed, analytical point of view. What he or she needs is an answer to the question: ‘Who can I call in to have a glass of wine who will be willing to “tell it like it is” and who will respect confidentiality?’. I found my answer in two people: Christine Laird, when she directed the Chartered Institute of Housing, and Richard Best, with the immense source of experience and innovation, which is the Joseph Rowntree Foundation.

It is no exaggeration to say that JRF has provided the most unfailing store of wisdom about housing available to all parties. And the key interlocutor, unfailingly civilised and unfailingly informed, has been Richard Best. I was not looking for political sympathisers or people who endorsed the policies I was pursuing: I was looking for people who would be willing to offer dispassionate assessment and common sense born of long experience in housing. I have not the faintest interest in Richard Best’s personal politics – for all I care he can vote for the Rastafarian Liberation Front. The great merit of Richard – his unique selling point as it were – is his combination of research capability and experience as a housing practitioner. JR Housing Trust’s own housing projects have been the seedbed for the evolution of practical solutions to practical problems. Richard has never been the ideologue: missionary he might have been, but he was a missionary brandishing not the Holy Word but the do-it-yourself catalogue.

But however important it is for a minister to seek interlocutors from outside the circle of civil servants and single-issue lobbies, for parties in opposition it is absolutely essential. It is impossible to exaggerate the extent to which parties out of government depend on pressure groups, lobbies and non-governmental organisations (NGOs) to furnish the wherewithal for debate. This is particularly true in responding to legislation: the appetite for amendments that are the instruments for detailed examination of bills in committee can only be met by calling on outside expertise. When I was taking the 1996 Housing Bill through committee I knew very well that the amendments tabled by Nick Raynsford and his team might originate from the Local Government Association, the Empty Homes Agency, the homeless and housing organisations, the Housebuilders



Association, the Council for the Protection of Rural England or even the Country Landowners Association. These types of organisation provide the feedstock of political debate.

But the single most effective provider of material is undoubtedly JRF. For the ideas always come supported by evidence. This means that the ‘big picture’ presented by Richard is not impressionistic; it is made up of meticulous detail gained through experience. I illustrate this by referring to a column that I write for the *Local Government Chronicle*. I penned an article looking fairly epigrammatically at arguments for and against the planning gain supplement proposed by Kate Barker and more radical proposals for a site value tax. I concluded that the much maligned system of negotiated ‘planning gain’ on the basis of Section 106 agreements might well prove to have unsung charms compared with the alternatives.

Shortly after, I bumped into Richard – now Lord Best – at Westminster to be told he had sent me a note on the article. This arrived on JRF-headed paper a couple of days later and turned out to be a detailed analysis of the way a planning gain tax might work *in practice* drawn from the experience of the Housing Trust’s own development work in York. It added some thoughts on the practical difficulties the site value tax would face and reached a compelling conclusion that Section 106 agreements offered a potent means of realising added value for society provided enough expertise was deployed when reaching them. My relief that Richard had arrived by evidence at the same conclusion that I had reached somewhat intuitively was subordinate to my consciousness that he had taken the trouble to write a letter almost exactly twice as long as my original article. All this out of a desire to see arguments effectively marshalled and evidence effectively deployed.

That was – and is – the man. I am sure his wisdom will remain on call since Richard seems to have embarked on what seems already to be a very energetic retirement.



The Best effect



## From innovation to consensus in social housing

The Rt Hon Nick Raynsford MP

RICHARD BEST HAS long been known as an aficionado of acronyms, so it is not entirely surprising that I first got to know him under the shadow of one. It happened to be one of the most significant, but least lovely, acronyms ever to be coined in the voluntary housing world. HAG (Housing Association Grant) made possible the transformation of housing associations from small, specialist niche providers, almost always strapped for cash, into major players on the national housing scheme. And Richard played a crucially important role in that progression.

The voluntary housing movement has a long ancestry – going back to charitable initiatives in medieval times. However, its emergence as a significant force in British housing can be dated back just 40 years. For all the achievements of associations such as Peabody, Guinness and Sutton from the late 19th century onwards, the prevailing force in providing housing for low-income groups for most of the 20th century was the local authority. Supported with substantial capital and revenue funding from central government, council housing became synonymous with social housing and expanded rapidly in the inter-war and post-war period until it accounted for around one third of all homes in Britain.

Yet housing problems persisted. These partly reflected the scale of the challenge to replace the huge backlog of slum housing from the 19th century and to meet the needs of an expanding number of households. In part they were also the product of a rationing process, which limited access to public housing, and left many in need without the prospect of being housed. Among these were the homeless. For one of the curiosities of mid-20th-century housing policy was the exclusion of homeless applicants from mainstream housing provision.

When the shocking reality of how a supposedly affluent society with ‘cradle to grave’ welfare provision mistreated homeless families hit the nation’s TV screens with *Cathy Come Home* in 1966, it prompted an outcry. The visible failure of existing arrangements to house needy and vulnerable people provided a powerful impetus to the work of housing associations, a number of which, like Notting Hill and London & Quadrant, had been brought into existence around that time. It also helped raise the funds that in those days had to be found from voluntary contributions to support housing association work. Shelter, in its early years, was a major source of funding for associations as well as other housing projects, one of which (SHAC – another acronym!) I was working for at that time.

Yet for all Shelter’s fundraising skills and the generous public reaction following the screening of *Cathy Come Home* it was clear that dependence on private fundraising severely limited the capacity of associations to make real inroads into outstanding housing needs. And there were other pressing arguments for assisting housing associations to expand into what had become, by the early 1970s, an increasingly polarised housing market. Whereas most European countries had well-developed voluntary or cooperative housing networks as well as a significant private rented sector, in Britain the market was dominated by owner-occupation and council housing. A combination of tough rent controls and the distasteful behaviour of landlords such as Peter Rachman, who achieved notoriety in the 1960s, made private renting an unattractive option for reputable investors.

Against this background there was an obvious case for a ‘third arm’ (as it was called at the time), to provide an option for those unable to secure owner-occupied or council housing. Although the biological image was unsound, the logic was unquestionable and Richard Best argued the case with flair and conviction. It was entirely appropriate that Richard’s career took him at this time from the leadership of a single association – the British Churches Housing Trust – to the leadership of the whole housing association movement. With his detailed understanding of housing needs, his commitment to more effective responses and his ability to carry conviction in the

corridors of power, Richard was uniquely well qualified to guide the process of transformation as Director of what was then known as the National Federation of Housing Associations (NFHA). He had the persuasive and diplomatic skills essential to retain the support and confidence of policy makers in central government and officials at the much-expanded Housing Corporation, which became the vehicle for funding and regulating housing associations. He equally had the integrity, experience and commitment needed to hold the sometimes fractious voluntary housing movement together through a period of unprecedented growth.

Many other people in his position would have been tempted to consolidate in the 1980s and build on the undoubted success he had achieved in guiding the voluntary housing movement into a new and more significant role. Instead Richard chose to move the debate on. He understood both the opportunities and the threats posed by the change of government in 1979. The 1960s and 1970s had been mostly dominated by Labour governments; keen but not always able because of financial constraints to meet pressing housing and related needs. Margaret Thatcher's incoming Conservative government gave a higher priority to containing public expenditure. While Richard and many others argued the case for continued investment in social housing, he knew that simply asking for more public money would be unlikely to earn him friends in the new government.

His idea of instigating the Duke of Edinburgh's Inquiry into British Housing was an astute gambit in this situation. Prince Philip's participation meant that its findings could not simply be dismissed (even though Mrs Thatcher tried very hard to do so when mortgage interest tax relief was threatened). The Inquiry also provided an excellent opportunity to explore options for getting money to work better. This wasn't just a matter of redistributing funds from wasteful subsidies to more productive use. The Inquiry also helped develop the concept of 'mixed funding' where public sector grants could help to lever in additional private investment. This approach appealed naturally to a government that was keen to restrain public expenditure and was ideologically much more comfortable with quasi-private as opposed to wholly public sector solutions. While

the new funding regime for associations only came in after Richard had moved to the Joseph Rowntree Foundation (JRF), there is no question that he played a significant role in developing the concept that allowed the voluntary housing movement to expand to levels that very few commentators could have foreseen 30 years ago.

Growth has of, course, created new tensions. Increasing professionalism has tended to challenge the voluntary ethos that underpinned the movement in the past. Indeed the very phrase ‘voluntary housing movement’ is rarely heard today and associations are known by the unlovely functional title of Registered Social Landlords (RSLs). I’m not sure that Richard, despite his love of acronyms, will have welcomed these changes. He has certainly held out strongly for the maintenance of the voluntary principle on the boards of RSLs, against growing pressure in favour of paying board members.

In the same way that Richard’s move from the British Churches Housing Trust to the NFHA allowed him to develop his influence on a wider canvas, his move from the ‘Fed’ to JRF was also a natural progression. Voluntary housing remained very much at the core of his new work, since the Foundation funded a wide range of relevant research and, possibly even more important, engaged at the sharp end in managing and developing housing estates and new housing projects.

For Richard, research and practical applications must always advance hand-in-hand. There was never any risk of JRF under his direction being seduced into charming, but ultimately unproductive, academic byways. Not only has he ensured that research funded by JRF has a practical relevance, but he has put much more emphasis on effective presentation and dissemination to influence outcomes. Equally he has taken risks by trialing new approaches on the ground. These include, for example, better provision for older people and new ways of accommodating younger single people. I well recall his enthusiasm and pleasure when showing me around housing built to Lifetime Homes standards in New Earswick and the new ‘apartments at affordable rents’ (CASPAR) project in Birmingham. When you take risks there are occasional disappointments and I



guess the structural problems associated with the second CASPAR project in Leeds will have caused Richard some grief. But it is the hallmark of his adventurous spirit that he is constantly trying to push the frontiers in order to ensure better provision for the future.

Looking back over Richard's record of achievements, it is striking that on so many issues he has backed the winning side and has helped to shape what has grown into a new consensus. This reflects three particularly striking characteristics. First, Richard has consistently pursued the social housing agenda. This has ensured a consistency of approach and has contributed to the second key characteristic – his very detailed understanding of 'what works' and how to meet needs, based on practical involvement in delivering social and affordable housing and related services. Finally, Richard has been adept at using his expertise to optimum effect. He has focused on outcomes, and has been uniquely skilful in knowing how to pull the levers of power and make good use of his Whitehall and establishment contacts.

In moving on from the Foundation, Richard leaves behind a remarkable record of achievement for which he will rightly receive much approbation. But he is not moving to an entirely new and unrelated field. Instead he will be redeploying his experience and skills into a new and even broader context, for which he has the advantage of several years' preparation. I have no doubt that we will see his continuing impact in all sorts of ways in the House of Lords in the coming years.



Converting aspirations  
into action



## Richard Best and the Joseph Rowntree Foundation

*Sir Donald Barron, Sir Peter Barclay, Kenneth Dixon  
and Sir William Utting, past chairs of the Joseph  
Rowntree Foundation's Board of Trustees,  
talk about Richard Best and his 18 years  
as Director*

THE STORY OF Richard Best's time as Director of the Joseph Rowntree Foundation (JRF) begins, prophetically enough, in the House of Lords.

It was 1987 and members of the Duke of Edinburgh's Inquiry into British housing were taking tea during a break in their final meeting. Battenburg cake was served. Sir Donald Barron, Chair of the, then, Joseph Rowntree Memorial Trust (JRMT), is specific about the cake because it amused him that Prince Philip was descended from the Battenburg family. He also has good reason to remember his conversation with the Inquiry Secretary, Richard Best, who at that time was Director of the National Federation of Housing Associations (NFHA):

*"I had been impressed by the way he had organised the work of the Inquiry and the diplomatic way he operated behind the scenes, reconciling differences of opinion and obtaining a consensus. The Inquiry report, which Richard drafted, was utterly fearless, independent and did not bow to any political or outside pressures. Indeed, I remember Mrs Thatcher, who was Prime Minister, saying that its recommendation that mortgage interest tax relief be abolished would only happen 'over my dead body'.*

*“I thought the end of term atmosphere after the last Inquiry meeting was the right time to float an idea that had been forming in my mind to ask Richard if he would be interested in the position of director of JRMT, should the post become vacant. He responded that he was happy in his current job, but would think about my suggestion if such a situation ever arose.”*

The following year, Sir Donald recalls, the directorship of JRMT did, indeed become vacant: “Given the Trust’s major role as a social housing landlord, the Trustees were looking for a Director who knew a lot about housing; but they also wanted to re-focus its work in other areas of social policy. Richard rose to the challenge and put in an application. He was, the Trustees decided, the outstanding candidate”.

Those who only know JRF in its latter days, accommodated in attractive offices surrounded by The Homestead Park in York, will be unaware of its former home in Beverley House on the opposite side of the Park. It was there that Richard Best entered as Director on 1 September 1988. Likewise, anyone acquainted with the west wing of Grimston Park, which Richard, his wife Lindy and their family made their home near Tadcaster, may be intrigued to learn that for his first six months, the new Director was housed on the north side of York, in Joseph Rowntree’s garden village of New Earswick. It was the right place to make a start, stimulating Richard’s enduring capacity for making innovative connections between the research and operational arms of the organisation.

Donald Barron and his fellow trustee, Sir Peter Barclay, remember that the new Director’s impact was immediate in other ways. A change of practice was soon agreed to make research results more readily and quickly accessible to the policy makers and practitioners who most needed to hear them. “I remember Richard telling us ‘The research finds its way into libraries, but the people who should be reading them don’t seem to,’” says Peter Barclay.

The radical solution, inspired by a new Information Services Director, the late Roland Hurst, was ‘Findings’: four-page summaries of research, using bullet points to explain the main results in plain

English. “It was a breakthrough,” says Donald Barron. “It immediately ensured that our research became much more widely available. We were able to send the ‘Findings’ to Ministers, senior civil servants and other people with influence, including the BBC and newspapers, and have a far greater impact. Researchers had to deliver to a timetable, and to summarise their work in lay language. This was something that some found quite difficult to begin with; but it’s now a widely accepted and much-imitated practice.”

More defining changes soon took place, including a change of name to the Joseph Rowntree Foundation. This was designed to reduce the level of confusion with the founder’s two other creations in 1904: the Joseph Rowntree Charitable Trust (JRCT) and the Joseph Rowntree Reform Trust (JRRT). [Editor’s note: in this, at least, Richard was only partially successful.] Significantly, in terms of the Foundation’s finances and future expansion, the Nestlé Corporation launched a successful takeover bid for the Rowntree confectionery company. Obligated to sell its shares in the firm, the Foundation substantially increased its endowment just before Richard’s arrival. JRF was also able to claim its right to first refusal on The Homestead – the former home of Joseph’s son Seebohm Rowntree that had been used as the Rowntree board’s international headquarters.

Peter Barclay regards this dramatic improvement in the Foundation’s capacity to pursue new ideas and projects under Richard’s leadership as an example of fortune favouring the brave. “You could say he was a lucky devil, taking over at that time, but he has always been a phenomenally hard worker, constantly fizzing with new ideas. I have memories of hurried sandwich lunches in the Clifton café down the road from The Homestead. He has huge and sometimes overwhelming energy and it seemed to me it was only in the late evenings he ever allowed himself to relax.”

Before he succeeded Donald Barron, Peter Barclay was asked to chair the Foundation’s Inquiry into Income and Wealth, one of the crowning achievements of Richard’s time as Director. Reporting in 1995, it described the widening gulf between a prosperous majority and a large, excluded minority who had failed to share in the economic boom of the mid-1980s. Raised at Prime Minister’s Questions on the

day of publication by the, then, Leader of the Opposition, Tony Blair, its influence has been felt throughout the subsequent years of ‘New Labour’ government. Yet the strength of the Inquiry team assembled by Richard was its broad political base, including the Secretary General of the Trades Union Congress (TUC) and the General Secretary of the Confederation of British Industry (CBI). “It was a real high point and immensely influential,” says Peter Barclay, who also remembers the Inquiry as another initiative where Richard’s diplomatic skills proved vital in reaching consensus.

*“I don’t think I’ve ever seen him lose his temper or let his anger show, even when he’s taking digs at people or simply doesn’t agree with them. My five years as Chair from 1996 were just wonderful and our relationship was enormously affable. He’s very perspicacious and has this fantastic ability to think on his feet. At the end of discussions or events, for example, he usually says a few words in conclusion and invariably gets to the nub of things. There is always a nice edge to what he says, combined with a touch of humour.”*

Asked to identify the milestone successes of Richard’s leadership, all the former chairs refer to its influence over policies to reduce poverty and inequality. Also prominent on their shared list is the development in the 1990s of Lifetime Homes standards, designed to ensure that housing is accessible and can readily be adapted to the needs of a sick or disabled occupant. Now subsumed, in large measure, into government building regulations, they are the reason why all new homes must have level access, instead of a doorstep.

Hartrigg Oaks, Britain’s first Continuing Care Retirement Community that opened at New Earswick in 1998, is another towering achievement, although one where visionary credit is shared with Erica Vere, Deputy Chair of Trustees in the mid-1990s, Michael Sturge, the Foundation’s Deputy Director and Cedric Dennis, its long-serving Director of Housing and Care Services.

The unique link between JRF and its operational housing and care services arm, the Joseph Rowntree Housing Trust (JRHT), has meant



that some policy and practice innovations, like Hartrigg and Lifetime Homes, can be implemented independently and regardless of the prevailing political climate. In other areas, notably the Foundation's core concern with poverty and disadvantage, the bridge between research and social change could only be built through a positive response from policy makers. The Foundation is determinedly non-partisan, but the election in 1997 of a 'New Labour' government committed to tackling poverty and social exclusion produced an unparalleled chance to influence policy and contribute to change.

Richard, supported by the trustees, seized the opportunities with relish. According to Peter Barclay: "He was tremendously in demand; moving like an honoured guest from government department to department. The fact that he was needed in so many places, at the highest level, was a measure of how much ministers and senior civil servants valued and relied upon the Foundation's independent, factual evidence as a contribution to policy making."

As Sir William Utting (a trustee from 1991) and Kenneth Dixon (who joined the board in 1996) concur, there have been numerous other areas of research and of policy and practice development where JRF has made its mark under Richard's leadership. These have extended from work on support services for families to programmes for preventing anti-social behaviour among young people, and from far-sighted proposals for the reform of care services for older and disabled people to studies exposing the long-term social danger of national housing shortages.

Ken Dixon, Chair from 2001 to the end of 2004, considers the Foundation has not only become more enterprising and exciting as Richard's 18 years have progressed, but also more courageous.

*"The current Drug and Alcohol programme is an example of JRF taking a more adventurous approach to getting to grips with real problems. Richard is very good at converting vague aspirations and a sense that we must 'do something' into action and a structure from which a programme can be extracted. He also has an organised moral position. Like me he is not a Quaker, but there's no doubt that the way he*

*thinks fits in easily with the Quaker tradition of modesty and informality and of looking for the best in people. I think that is why the Foundation has always felt like a place where those values apply.”*

On a list of recent landmarks, Ken Dixon includes the Centenary Year, when the hundredth anniversary of Joseph Rowntree’s deed of trust was commemorated with a summer event addressed by Gordon Brown, the Chancellor of the Exchequer, and a two-day winter conference at the University of York. He also cites the reorganisation of research committees that has created flexibility to explore topical issues, while reinforcing JRF’s core interests in social disadvantage (‘poverty’) and housing and neighbourhoods (‘place’). He was impressed by Richard’s calm response to the steep stock market decline in the first three years of the 21st century that significantly lowered the value of the JRF’s endowment, requiring the judicious use of reserves to prevent an equivalent slump in spending on research and other projects. “It was helpful to both of us that we were not discomfited by what many other people perceived as a very disadvantageous situation. Richard didn’t get into any sort of flap and was content to agree with the line taken by the investment committee. Clearly the views of Michael Sturge, as Deputy Director and Director of Finance, were very important to him and that does underline my view that Richard benefited from having a good ‘Chief of Staff’ to enable him to work the way that he does.”

Bill Utting, a trustee for 13 years before assuming the Chair, likewise insists that Richard ticks the box for ‘creative leadership’, rather than ‘bureaucratic management’:

*“I think the outstanding thing about Richard, which marks him out from most charity leaders – and other chief executives I have known – is that he is so fertile of ideas and creative solutions. Every time you meet him he has a new suggestion to make. They aren’t all winners, but he has a very high strike rate. Indeed, a lot of things for which JRF is now distinguished began their lives through his*

*personal inspiration or entrepreneurial shaping of other people's ideas. The entrepreneurial side of him arises from a consummate ability to network with different groups and bring them together with people of influence.*

*“He is assisted in this by what appears to be an unusual degree of self-belief, both in his own ability and in the purposes of the Foundation. Publicly, his persona is to appear relaxed and laid back, but that is a bit deceptive: it tends to conceal an extraordinary sense of commitment. He is sought after, but not a self-seeker. He is in the business of promoting poor people, people who need housing, and the Joseph Rowntree Foundation, not Richard Best.”*

Although they might not have cared to mention it at the time, the Foundation's trustees in the mid-1990s were concerned that their Director might go looking for a new post to fulfil his need for quests and challenges in the decade before he retired. He chose to stay. But in 2001 he also found a new sphere of influence as a non-partisan 'crossbencher' in the House of Lords, to which he was nominated by an independent commission, not government (in media-speak, a 'People's Peer').

Since the four former chairs commend Richard's genuine humility and his conscious avoidance of an 'executive lifestyle', some might wonder what possible attraction the red benches in Parliament held for him. Peter Barclay is convinced that one overriding reason was the forum and opportunities it provided to further the interests of the Foundation. Ken Dixon, who was Chair when the peerage was conferred, agrees: “Richard's standing has made a crucial contribution to the success and influence of the Foundation and he is, in many ways, the model of a life peer. He has been disciplined enough to only express an opinion about things he knows about, and he's persuasive and articulate. I have no doubt that JRF has gained from his closer involvement with the political world.”

If they still serve Battenburg in the Lords tearrooms, it is now Richard's to command. But with or without cake, no one anticipates

that his energy levels or influencing activities will diminish following retirement. As Bill Utting puts it: “Richard has always shown an instinctive grasp of social policy issues in a way that transcends his background in housing. The House of Lords now seems the ideal setting for the next, creative decade of his life.”

*“The first impression I had of Richard was a strict disciplinarian. I got off to a bad start as a trustee; absenting myself from the first meeting on the flimsy grounds that my wife and I were taking a retirement holiday...” (WBU)*

*“He was always very conscious of his obligation to the JRF trustees, without allowing their opinions in any way to dominate his thinking. Sometimes he does give way, but ideas have a habit of returning and being re-presented in a modified way.” (KHMD)*

*“His wife, Lindy, is absolutely wonderful. One of the reasons he is able to do all the things he does is the support he has at home.” (PMB)*

*“An important piece of his administrative mechanism is being the fastest dictator of documents I have ever seen. He is incredibly fluent. He is also an acronym fiend! Some of them are rather clever, though.” (KHMD)*

*“It is the greatest good fortune for the Foundation that Richard Best and Michael Sturge complement each other so well. For their colleagues, it made The Homestead a very satisfying and happy place to work.” (DJB)*

*“It’s very hard to be cross with Richard. He doesn’t really apologise, but he’s always aware of any awkward situation and will retract gracefully if necessary.” (PMB)*

CHAIRS OF THE TRUSTEES

*“I think he sees himself as a public servant really – and that’s certainly where I relate most closely to him.” (WBU)*

*“You can’t have a less than absorbing conversation with Richard and I remember one night on the train back from London when we were so deep in conversation that we missed York station completely and ended up in Darlington.” (DJB)*



Taking Joseph's vision  
into a new century





## Richard Best at work

### *Michael Sturge, Deputy Director of the Joseph Rowntree Foundation, looks back on their long working association*

#### **Arrival**

Richard started his employment as Director of the Joseph Rowntree Memorial Trust (JRMT) on 1 September 1988. This was a propitious time in the Trust's history. The trustees made the appointment in April 1988, and during the intervening five-month period, the market value of the Trust's assets almost doubled as a result of the takeover of Rowntree plc by the Swiss multinational company Nestlé. The additional resources arising from the takeover provided an almost perfect backdrop for Richard's tenure: they created the scope for taking forward what seemed to be his never-ending supply of ideas for initiatives and new developments.

Some of these ideas had started to flow even before 1 September 1988. Each year, Richard has written an end-of-term report presented to the September meeting of trustees. This usually consists of a masterful overview of the organisation, together with tentative ideas and proposals for possible new activity in the following year. His first report, written before he even joined the payroll, set out his initial impressions and insights:

*This paper is presented a couple of weeks before I take up my post as Director of the Trust. The ideas it contains, therefore, are probably superficial and simplistic.*

*The Trust, viewed at close quarters, is an impressive institution:*

- *the trustees bring a unique body of experience and authority to the Trust's decision-making; they share a*

*sense of commitment and purpose deeply rooted in the inspiration of the Trust's founder;*

- *the staff at all levels are highly motivated and devoted to the organization;*
- *in the realms where the Trust is providing a direct service – ie in relation to the Family Fund and in the provision of housing and related amenities – the evidence on the ground is of a very high-quality product;*
- *in terms of administration, the Trust is an extremely well-oiled machine;*
- *the research projects that absorb a large part of the Trust's income appear to be well selected and the chosen researchers seem to accomplish their work properly.*

*Suggested changes:*

- *Two research committees to be established.*
- *Greater emphasis on the presentation of findings from research projects.*
- *Provision of some new rented housing in New Earswick and to create a wider social and economic mix within that village community.*

Far from being “superficial and simplistic”, Richard had identified the agenda for his early years.

I recall a discussion fairly soon after he started when he mentioned that he thought the staff were “rather comfortable”. I was troubled by this perception since my image was of a committed team, which pushed itself hard. He explained that we were very fortunate in terms of being financially secure, working in attractive offices, and free from many of the external pressures experienced by those in the commercial and public sectors. The Joseph Rowntree Foundation (JRF) also had a very supportive governing body. We agreed that these benefits represented a privilege, and if they made us ‘comfortable’ in his sense of the word, they also represented a responsibility to use the opportunities available to take forward, unremittingly, Joseph Rowntree’s vision for a better world.

Another of Richard's early concerns was the organisation's name. Being called the Joseph Rowntree Memorial Trust conveyed an image of the past, possibly an old-fashioned body, and certainly not a dynamic, forward-looking organisation. After helpful support from the two sister trusts, the Joseph Rowntree Charitable Trust and the Joseph Rowntree Social Service Trust (which changed its name to the Joseph Rowntree Reform Trust at the same time), his proposal for a new name – the Joseph Rowntree Foundation – was adopted. This was effected on 1 July 1990, which was also the day headquarters staff transferred across the Homestead Park, from Beverley House to The Homestead, which was no longer required by the Rowntree Company following the Nestlé takeover.

### **External communications**

One of Richard's priorities – which he pursued relentlessly throughout his 18 years of service – and indeed one of the major themes of his 2005 end-of-term report – was to ensure that the results of JRF-funded research reached the key people who were best placed to do something about them. Trustees readily agreed to establish a new department of information services, and Roland Hurst was appointed as its first Director. This proved an outstanding appointment. Roland quickly introduced 'Findings', a four-page summary of the key results from research projects, and the JRF magazine *Search*, which highlighted recent work through externally written commentaries. The success of these products is illustrated by the fact that they both continue today, and have been widely copied by other organisations.

Sadly, Roland's tenure was cut short by his death from cancer in October 1991. As well as a very gifted communicator, we lost a good friend and colleague. A sense of Richard's feelings at the time may be gained from his words in the November 1991 issue of *Search*:

*Returning late one night this week from a day in London, to collect my car from the office, I walked up the drive to The Homestead. On these occasions I have so often found Roland hard at work and we have talked over the issues of the day.*

*Knowing that I would not see his office light when turning the corner, I had pangs of the sharpest sadness. But these gave way, quite quickly, to a feeling of immense gratitude: Roland has created the framework and the systems will continue to carry forward the lessons from our programme of Research and Development, giving words the power to change things for the better. I hope the example set by the JRF, through Roland's good work, will help many others who have important messages which deserve to be heard.*

### **Policy and practice development**

Another of Richard's priorities was to ensure that research findings not only found their target audiences, but also contributed to change. He recalled Joseph Rowntree's memorandum written in 1904 when setting up his three trusts that he wished to "search out the underlying causes of weakness or evil in the community" with a view "to changing the face of England". This represented a formidable challenge, and a source of frustration to Richard. For example he wrote in his 1996 report that:

*As always, the underlying anxieties in acting as chief executive of the JRF relate to whether all our hard work in-house, and all our expenditure on talented and intelligent people outside, actually achieves JR's objectives. Since my arrival eight years ago, the Foundation has spent some £50m (in addition to a similar figure for our housing operations over the same period). Have we achieved the social reforms – 'changed the face of England' – as our founder hoped?*

*Almost all my end-of-term reports have agonised over this question and concluded that we have not been able to follow through the outcomes from our programmes of research/pioneering developments as we should have done. We have left too many important ideas in the air, without it leading to improved policies and practices. We have rushed to the next pile of proposals, and devoted most of our resources to*

*them, rather than staying with the messages of completed work.*

In response to this concern, a new department was formed in 1998, and a number of Policy and Practice Development programmes were set up. These did not have the standard JRF objective of seeking out further knowledge, but rather were designed to use existing knowledge as a basis for focused activity to achieve specific targets for change. Programmes were successfully launched, for example on Neighbourhoods, Easing Shortages of Housing, Mixed-Income Communities and Continuing Care Retirement Communities.

### **The Joseph Rowntree Housing Trust**

The Director of JRF is also the Chief Executive of the Joseph Rowntree Housing Trust (JRHT). Richard quickly identified the special role of JRHT in terms of the opportunities it provided to supplement and support the activities of JRF. Research could inform practice, and practice could highlight new issues for research. New development proposals were, consequently, subjected to the 'Richard test'. Building new homes for people in need was no longer, of itself, sufficient. There had to be something special – in terms of design, tenure or finance – to justify JRHT's involvement.

One of the first initiatives after Richard's appointment was the Three Cities programme agreed with the Housing Corporation. JRHT supported the Hull Churches Housing Association and the Sadeh Lok Housing Association in Kirklees by undertaking new developments in the two areas. Ownership was handed over on completion, together with an innovative equity-linked form of loan finance from JRF. The third city of the title was York, where the development consisted of a JRHT mixed-tenure development of 113 homes at the Victoria/Geldof Estate.

Tenure was a recurring theme. Richard became increasingly concerned about the concentration of anti-social behaviour and other problems on mono-tenure rented estates of social housing. A programme of selling on the open market alternate properties that fell vacant (the SAVE scheme) was instituted in New Earswick, with

the money raised going to create new social housing. Schemes to assist existing residents to purchase their home were also introduced. On new JRHT developments, a firm line was taken that there had to be a mix of tenures, and that the rented properties should be pepper-potted among those for shared ownership and full ownership. Richard also encouraged JRHT's flexible tenure initiatives whereby residents could not only 'staircase up' to full home ownership as their financial circumstances improved, but also 'staircase down' to a lower level of ownership or full rent if their financial circumstances deteriorated (in the late 1980s and early 1990s when recession and 'negative equity' still stalked the land, the latter was a real and widespread concern).

JRHT's largest development during Richard's directorship was Hartrigg Oaks, the UK's first continuing care retirement community. This consists of 152 bungalows, a 42-unit care home and substantial communal facilities, and was built on JRHT land at the north end of New Earswick. It opened in 1998. The scheme was based on retirement communities in the US, especially the financial arrangements. These include the option for residents to pay a 'standard community fee', based on actuarial factors, which does not change as a resident's need for care support increases. Richard skilfully chaired meetings of a shadow residents association, which operated for 12 months after completion until all the properties had been occupied, when residents formed their own committee. All sorts of mundane teething problems had to be covered, from the type of baths to be installed, to the poor flushing arrangements of some toilets. Richard thus acquired an additional and unexpected fund of knowledge! Hartrigg Oaks has since proved highly successful, as evidenced by the very positive assessment by University of York researchers in 2003 following a survey and other feedback from residents. Another measure of success is the Department of Health's award of a £9.7 million grant in 2005 for JRHT to undertake a comparable 'Extra Care' development in Hartlepool in conjunction with Hartlepool Borough Council and the local primary care and NHS trusts.

Richard will be disappointed that building work on a model, mixed-tenure development at Derwenthorpe on the east side of York

did not commence before his retirement from JRF. The scheme for 540 new homes is a partnership with the City of York Council and on vacant land owned by the council that has long been designated for housing. Discussions started in 1999 to realise the vision of 'a 21st century New Earswick' into reality. The master plan approved in 2000 indicates a development that will be 60-65 per cent for full ownership, and the balance for rent and low-cost ownership. All the homes will be built to Lifetime Homes standards, and the scheme includes other innovative features, such as Home Zones to reduce the impact of the motor vehicle. Unfortunately, the unclear planning status of the site proved a major hurdle, and contributed to vociferous opposition from local residents; this included some very unfortunate abusive comments about Richard himself, all of which he responded to in a calm and measured manner. After extensive delays – in part caused by the miraculous appearance of two female great-crested newts on the site – the City of York Council approved the proposals in early 2005. However, the Secretary of State subsequently indicated that a public inquiry should be held before planning permission could be granted. This took place in the summer of 2006 and the Secretary of State's decision is expected in early 2007. The great need for additional houses, particularly for affordable homes, in York makes it seem likely that building on the site will take place at some stage, and that the fruits of Richard's long labours will fall to be garnered in future years.

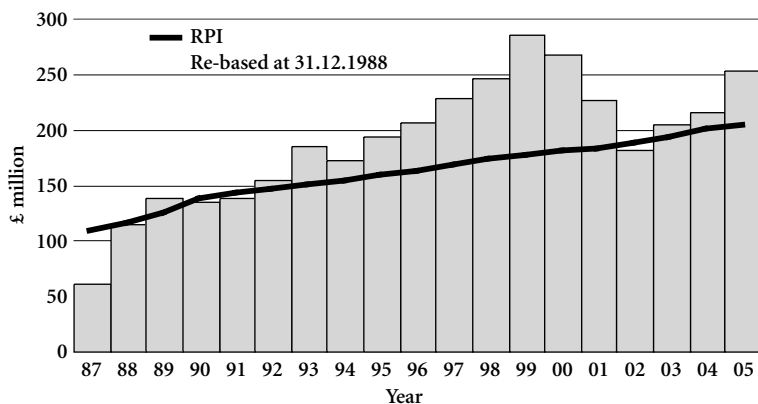
Mention should also be made of Richard's input to resident involvement. He was keenly aware of Joseph Rowntree's wish that the communities he created should not bear the 'stamp of charity' but should be 'rightly ordered self-governing communities'. Richard promoted the concept of 'partnership' where residents and Trust staff jointly shared responsibility for the well-being of the community, including ways of tackling anti-social behaviour, which became an increasing scourge to residents over the period.

## **Finance**

JRF has remained financially strong throughout Richard's time as Director. As illustrated in Figure 1, the JRF investments, which had

a market value of £112 million at 31 December 1988, grew steadily during the 1990s and reached £285 million at 31 December 1999, only to fall sharply following the bursting of the technology bubble, and the impact of 11 September 2001. They reached a low of around £150 million shortly before the Iraq war in March 2003, but have staged a strong recovery over the past three years and currently stand at around £270 million.

**Figure 1: JRF Investment Portfolio 1988–2005**



Note: £270m at 31 October 2006

Richard was a warm supporter of the JRF Financial Strategy that was established in 1989 and was the brainchild of Sir Donald Barron, who chaired the Finance Committee at the time. The objectives were to maintain the real level (defined as 70% linked to increases in national average earnings, and 30% to increases in the index of retail prices) of the JRF endowment at its 1989 value, and also to maintain the real level of expenditure on the Research and Development programme. Two internal reserves were established to assist the achievement of the objectives, a Capital Maintenance Reserve and an Expenditure Equalisation Reserve. While the considerable volatility of the market value of the investment portfolio over the years caused



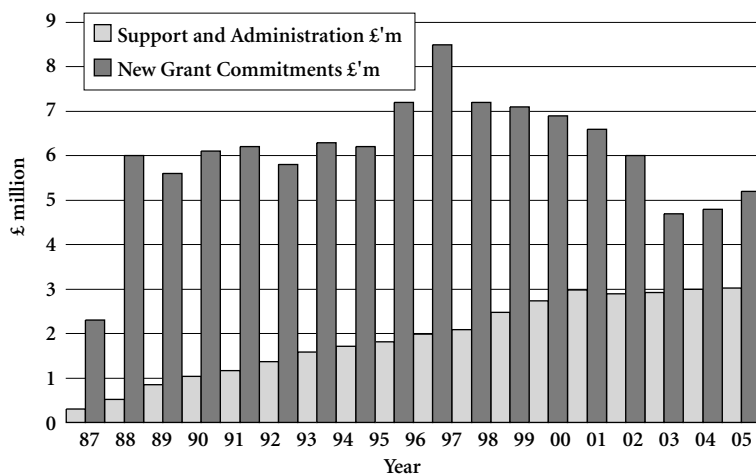
strains to the Strategy, it provided a very useful basis for monitoring JRF's finances, and emerged over the years largely unscathed.

One of the financial policies that Richard found attractive was the decision to 'score' the whole cost of new grant commitments at the point at which expenditure was approved by trustees, rather than when expenditure was actually incurred. This policy has the advantage that trustees and staff need not be concerned about past decisions in a financial sense; they start each new year with a *clean sheet* in the knowledge that all past commitments have already been accounted for. This accounting treatment became standard practice in the Charity Commission's SORP (Statement of Recommended Practice), which was introduced in 2000.

The JRF trustees have maintained a clear distinction over the years between the Foundation's investment policy and its grants policy. The only occasion when there was a danger that this might be breached came in relation to Richard's wish for JRF to build market-rented properties in run-down city centres. As ever, the objective was about much more than achieving a successful investment for JRF. Richard wanted to show the way to others – in this case institutional investors – demonstrating that their involvement in affordable commercial renting would not only be beneficial in the social sense, but also deliver a good return on their capital. The acronym CASPAR was chosen – city centre apartments for single people at affordable rents – and two developments, each of around 45 flats, were undertaken in Birmingham and Leeds, and completed in 2000 and 2001 respectively. Both proved successful investments, at a time when JRF's equity portfolio was suffering a significant decline in value. It was a matter of considerable disappointment when, several years later, structural problems emerged with the building at Leeds, associated with the innovative, pre-fabricated methods of construction that had been used. The wider JRF objective was, meanwhile, only achieved in part. Although the private rented sector has grown rapidly on the back of the expansion of the buy-to-let market, institutional investors still mostly shun the rented sector, in contrast to the position in other European countries.

An important feature of JRF accounts over Richard's 18 years has been the increased proportion of the annual expenditure on internal costs. This is illustrated in Figure 2. Richard actively supported this shift, recognising that the crucial issue for JRF was to find the best way to achieve its objective of securing improvements in social policy and practice. While trustees closely monitored the position, they accepted his proposals for more staff – including the establishment of new departments for Communications and Policy and Practice Development.

**Figure 2: JRF Expenditure 1988 – 2005**



JRHT's financial position also remained strong over Richard's 'watch'. The open market value of JRHT's properties increased from some £40 million to over £200 million today. Its annual income, consisting of rents, residential care fees, Hartrigg Oaks fees, and sales of properties, increased from £1 million in 1988 to an estimated £11 million in 2006.

## **Personal**

This chapter would not be complete without a few reflections on RSB as a colleague. His commitment and dedication to the tasks in hand, and to taking forward JR's vision, has had no bounds. His work rate has been prodigious. He is always positive and enthusiastic; never slow to give praise, but also ready to be challenging and occasionally critical (in the nicest possible way). His capacity seems limitless; and if he has had a difficulty, it has been in saying 'no'. After his peerage in 2001 his time at The Homestead became less frequent, but whenever he was in residence, his office door was open. He has invariably been the last one to leave the building in the evening. Tape after tape has been dictated each day and the output has always been well-structured, thoughtful correspondence and papers, presented in an engaging and effective style.

One of Richard's great skills is his presentations – conferences, seminars and annual meetings. Because he is a master of it, he is in great demand. He is able to speak on a diverse range of subjects for whatever period of time he is allocated with the benefit of a few scribbles on the back of an envelope. It is galling for us lesser mortals who agonise for days over what we are going to say, but the results of our labours are rarely in the same league as Richard.

Another skill is his ability to bring coherence to diverse and wide-ranging discussions, summarising the key points and identifying the resulting action plan. No better was this demonstrated than at the trustees' away day, which was held at Woodstock in Oxfordshire in 2002. After 24 hours of intensive discussion – embracing topics such as JRF governance, public profile, concentration of research effort, the forthcoming Centenary – both trustees and fellow directors sat in amazement as Richard pulled the different threads together, and listed precisely 29 points for action.

It is a mark of the Foundation's reputation secured under Richard's leadership that in the summer of 2006 the Prime Minister should ask the JRF to host his lecture on social exclusion; this was held at the Folk Hall in New Earswick on 5 September 2006. On the preceding afternoon, Mr Blair visited The Homestead and met with staff. In his subsequent letter of thanks to Richard, he commented "You should

be very proud of what you have achieved; it is a real credit to your dedication and professionalism”.

As has been commented on a number of occasions in this volume, one of Richard's little pastimes is the creation of acronyms. His reports over the years are full of them – ETHOS, SAVE, HOC, CASPAR, HANC, PAD, DOC, POM, PARC, SMOG, SPRING, FRESH, MINCS etc, etc. Whenever a new group or committee has been suggested, his eyes have lit up as his brain clicks into gear to think up a suitable acronym. Another little peculiarity has been his regular reference to a fictitious 'everywoman' called Mabel, used to illustrate any issue relating to staff, residents or – in latter years – the occasional Baroness. Rarely has a directorate meeting been held without Mabel making an appearance at some point, and when this occurs, there is usually a wistful and silent exchange of glances between the other directors. Fortunately, no one ever joined The Homestead staff called Mabel. She will, therefore, now take her place in JRF folklore. But as a final contribution before her retirement, alongside her parent, she might be fondly remembered as the following acronym of Richard's service to JRF:

**Monumental**  
**Articulate**  
**Brilliant**  
**Energised**  
**Lord.**

‘Assume nothing’



## **An expert guide to working with Richard**

***Ruth Sheppard, Richard Best's Personal Assistant from 1988 to 2006, looks back affectionately at the daily struggle to stay one step ahead***

I'VE WORKED FOR Richard for so long I can barely recollect my initial impressions, other than that my first thought was very much that I would not stay with the organisation for long! I was interviewed before Richard had even started at the Joseph Rowntree Foundation (JRF) by Janet Lewis (Research Director) and Cath Hollingsworth (PA to the Director of Housing) who were obviously keen to 'vet' whoever was brought in to provide support. I asked questions about Richard's personality and ways of working, but they were unable to provide any insights. All rather odd and unprepossessing, I thought.

Richard and I joined at August Bank Holiday time 1988 and by Christmas he was in full swing, at this stage creating committees. Having invented the concept of a Housing Research and a Social Research Committee I remember him whizzing off to Dorset on Christmas Eve with express instructions for what needed to be done that very day. Personalised letters of invitation were to be sent to a whole range of potential committee members I'd never heard of together with a number of specially created enclosures. Little did I know then that this was to become a way of life – ideas taken forward at relatively short notice, private detective work required for the gathering of appropriate background information, and high-quality presentational standards demanded all round.

A friend I shared the office with in the early days was asked to investigate the possibility of holding an event in the Folk Hall. Late one Friday evening Richard surprised her by asking for a progress report, then moving into detail mode and asking what colour the chairs were. Rather than present him with the negative scenario of not knowing, a random neutral colour was invented and an anxious

weekend followed hoping it was the correct choice. Even a seemingly straightforward liaison with Richard can prove to be challenging; only he can quiz you about colour, size, weight, comfort and portability of a plastic chair.

Lessons were quickly learnt and rules were created, the prime one being to leave no stone unturned. Office mottos have been to ‘assume nothing’ and ‘confirm everything’. The ultimate aim has been not to be outwitted. Developing a healthy, enquiring mind has proved a good discipline all round – even if it really irritates others from time to time. Friends and family have noticed that over the years I just don’t seem able to stop adding layers of queries and speculation to every conversation.

Another colleague from my early days remembers being caught off balance while I was away on holiday by a ‘phone call from Richard demanding to know why he was on a train to Basingstoke. (I seem to remember that the reason eventually turned out to be that he’d caught the right train but in the wrong direction.) Another memory is of an occasion when he fell asleep on a train and ended up shunted into sidings somewhere.

Although we’ve taken enormous pride in maintaining high standards there have been a few mishaps along the way. The only real embarrassment was when Richard ‘forgot’ to go to a local speaking engagement one evening. Sitting quietly working in the office he did eventually remember and drove off at speed only to find an empty conference room awaiting him. A member of the hotel’s staff greeted him with the words: “They’ve all gone, their speaker never turned up”. With typical kindness the error was rectified by inviting the same group to visit his home on another occasion for a discussion with drinks and supper to follow.

Thinking on your feet and running to keep up have been key elements of working as Richard’s PA. Never knowing what might come your way next means change has always been the name of the game – new committees or inquiries (usually with their own acronyms), special events, new partnerships with other organisations, new contacts and, in recent years, a whole voyage of discovery concerning the workings of the House of Lords.



Over the years he and I will have spent many hours on the phone with one another – the digital timer on the phone often declaring incoming calls from Richard of an hour or more. Needless to say, each call generated far more than an hour's work in the office afterwards. Snatched telephone conversations with Richard about an immediate priority might then switch to finding myself being quizzed about something six months into the future. Being ready for anything, multi-tasking and multi-thinking all paid dividends.

Some of Richard's recognisable attributes are:

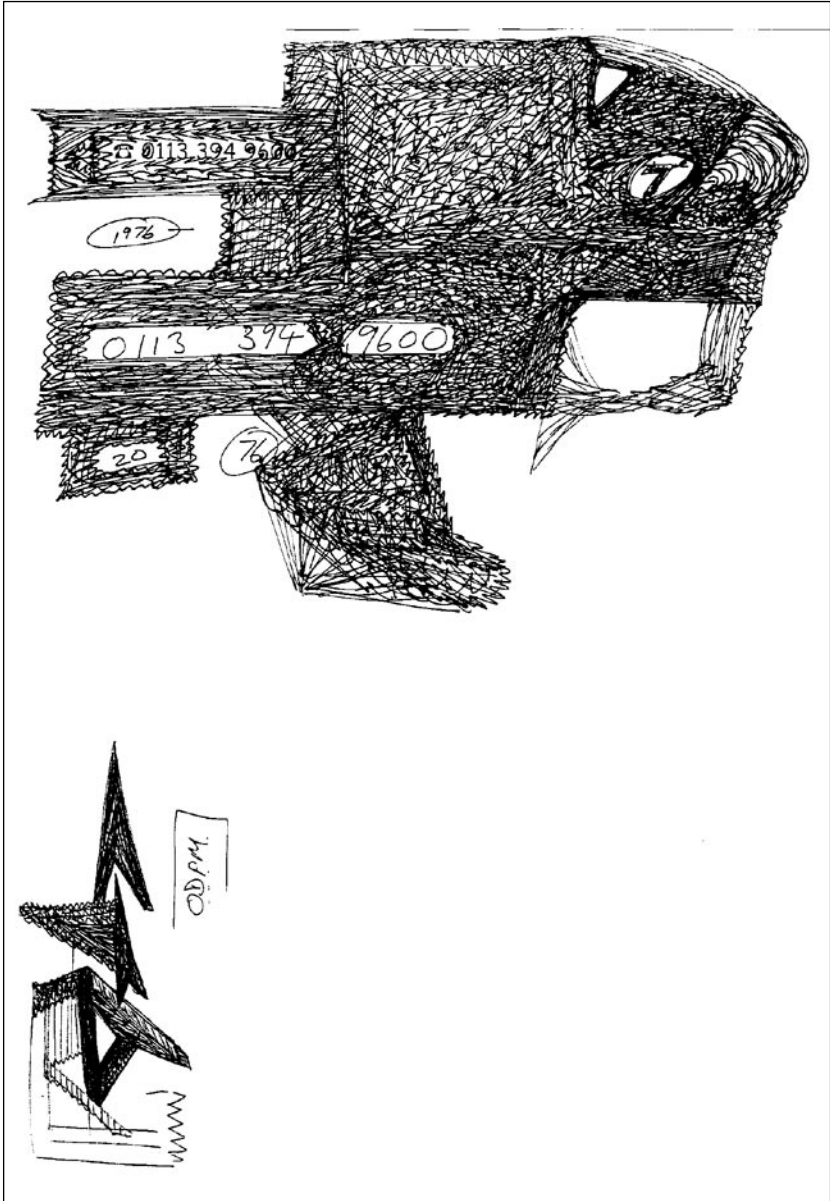
- *his eloquence*: written material is always readable with proposals well presented and clearly outlined. Headings, bullet points, bold and italic print abound, summaries and conclusions are essential ingredients. Endless audio dictation is well structured and free flowing;
- *his attention to detail*: working alongside Richard the benefits of paying attention to every detail have been obvious. Planning for meetings, events or dinners he leaves no stone unturned. The concept of checklists and the idea of creating a dedicated Events Office began with Richard and largely echoes his *modus operandi*;
- *his memory*: Richard can remember names of people, organisations, venues, events, facts and figures, dates and financial nuances – and has rarely been proved wrong in relation to any point of detail. He can scan an invitation list of hundreds and spot an incorrect spelling, the omission of an Honour for someone or a duplicate entry;
- I could add *bullet points* as an item in their own right since almost everything we do includes them. Indeed I find I almost think in bullet points nowadays;
- Richard's *doodles* also warrant a mention. Alongside bullet points we've become rather keen on Annexes over the years. So in true Richard style a particularly intense doodle that I kept for the record can be found in Annex A.

Another significant Richard attribute is that he cares. His passion and commitment to JRF has been there for all to see. But there is also a caring personal side of him that not everyone knows about, but which some of us who’ve encountered personal traumas along the way have witnessed. Amidst all his other work priorities he can find time to make a deeply personal phone call to follow up on something upsetting or significant for someone else.

It has been fantastically hard work providing support for Richard but enormously rewarding at the same time. We’ve barely paused for breath along the way and there’s never been a dull moment. I will miss his energy and relentless pursuit of perfection, although I am sure both traits will follow him to pastures new in other contexts post retirement. And hopefully both will haunt me in the nicest possible way for my own continuing future with JRF.

Although we never chose one another I’ve often wondered how I would have fared in an interview scenario. Would Richard have selected me and would I have taken to him? Who knows, perhaps the ‘best’ things sometimes come to pass by default rather than design.

Annex A





The long and  
winding road



# How JRF influenced policy for children, young people and families

David Utting

I FIRST WORKED with Richard Best in sad circumstances: it was 1991 and Roland Hurst, the Joseph Rowntree Foundation's (JRF's) Director of Information Services was very ill. Richard urgently needed help in press releasing and launching the second report of the Duke of Edinburgh's Inquiry into British Housing. As a freelance journalist whose short-lived newspaper, *The Sunday Correspondent*, had recently gone under, I was glad to oblige. A series of other commissions followed and I became responsible for an increasing share of the Foundation's relations with the media.

Around the same time my career turned in a more scholarly direction, co-authoring a well-received report for the Family Policy Studies Centre on *Crime and the family* (Utting et al., 1993). Richard, having seen me do battle with a fearsome audience assembled by the Institute of Economic Affairs and JRF (under the improbable banner of 'consensus seminar'), invited me to serve as secretary to a series of consultations with experts on families. The resulting report on *Family and parenthood* (Utting, 1995) set me more firmly on twin tracks combining media work with policy-focused reviews of research. Many employers would have regarded one or other track as a distraction. Richard and the Foundation not only tolerated, but positively encouraged me to pursue both. My role as JRF's press adviser continued, but I was also given the task of investigating and adapting the Communities that Care (CtC) initiative for use in the UK. The Foundation also supported my secondment to help establish the government's Sure Start pre-school programme.

Drawn by degrees into the Foundation's administration – becoming full-time Associate Director of Public Affairs from 2003 to 2006 – I came to appreciate other facets of Richard's leadership. Not

least was his ability to communicate and persuade on JRF's behalf through a combination of carefully planned strategy, personal charm and principled opportunism. As his years at the helm progressed it was commonplace for journalists to preface references to JRF with the word 'influential'. This chapter considers one small area of JRF's research and development work to describe some of the many ways that influence has been achieved.

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WHILE JRF'S CONTRIBUTION to contemporary social policy is indisputable, it is not always easy to explain with great precision where its influence is most often felt or sustained. This is partly inherent in the way that Joseph Rowntree's intentions have been respected and interpreted a century after he expressed them in his founding memorandum. JR famously wanted to search out the underlying causes of social problems as a means of achieving social advancement; but he also insisted that where others were best placed to secure change, then action to 'strengthen their hands' was preferable to duplication of effort. In Richard Best's time this has typically required the Foundation to instigate and disseminate the messages from new research and to refine and reinforce the policy and practice implications of existing findings. To that end, the Foundation has invested to an increasing degree in communications, including accessible publications, media relations work and carefully planned and coordinated public affairs activities designed to reach target audiences and stimulate debate. What Richard has typically not demanded is a dominant or strongly-branded JRF presence from start to finish of the reform process: least of all to claim the corporate glory at times when significant change has been achieved. This might be seen as merely diplomatic since governments of all shades have an understandable predilection for claiming any available credit for policy innovations for themselves. But it is also realistic since, even on the many occasions when JRF has made a distinctive contribution to policy or practice formation, it has rarely been the only influence and would not, in all modesty, pretend otherwise.

This is certainly true of the way the Foundation has exerted its



not inconsiderable impact on policy and services for children, young people and families. The past 15 years have seen a series of new ideas being investigated and then championed by JRF – not least those concerning the prevention of social exclusion. A process of drip-feeding has seen evidence and advice concerning the most promising approaches being progressively absorbed into policy and practice. Yet, as this chapter will attempt to demonstrate, there has been no single channel through which new thinking has reached government or public service providers. Nor, in most cases, can the policies and initiatives that have drawn on that thinking be said to represent more than a partial application of the ideas and approaches as they were originally conceived. Policy formation in government is frequently an eclectic ‘mix and match’ process and that is one reason why even proposals that are strongly ‘evidence-based’ have frequently been adapted, further modified and, some would say, diluted in practice. Furthermore, as demonstrated by the Foundation’s direct experience of support for preventive services through the CtC initiative (see below), even undiluted concepts are wont to depend for their successes and failures on the effectiveness with which they can be faithfully replicated and implemented by others.

### **Family and parenthood**

In 1993, as JRF prepared the ground for what grew into a major research programme dedicated to children, young people and families, a ferocious debate was being waged among politicians, church leaders and media commentators concerning a supposed disintegration of family life. While the then Prime Minister, John Major, struggled to impose an uneasy truce in the Conservative Party’s ‘war’ on lone-parent families, the *Sunday Times*, through a splendidly fallacious misreading of statistics, apocalyptically pronounced that ‘the abnormal family’ had become ‘the norm’ (Utting and Pugh, 2004). The Foundation’s own investigation of trends, prefacing the new research programme, took a more measured view. Britain was experiencing a rapid period of change for families: rises in cohabitation, childbearing outside marriage and divorce rates were all radical departures from circumstances 30 years

earlier. Likewise in an altered labour market where an increasing proportion of mothers of dependent children were in paid work. But while the experience of growing up was undeniably different for young people compared with that of their parents or grandparents, the JRF report maintained it was in no one's interest – least of all children's – to exaggerate the damage to society. Nor was it realistic for policy makers to think in terms of turning back the clock. In place of unhelpful, stigmatising rhetoric, government should concern itself with constructive economic and social policies that would enable families to thrive and better protect children against the worst consequences of family conflict and ill-treatment (Utting, 1995).

Looking back 10 years, two action points identified by the report stand out especially:

- a need for policies to reverse the erosion under successive governments of tax and benefit advantages enjoyed by families with children;
- a call for investment in parenting education and a range of family support services to prevent breakdown and the need for more costly 'crisis' services when it occurs.

These and other proposals were duly publicised and presented, both publicly and privately, to policy makers in government and opposition. But while both have been followed by important changes in the desired direction, it is safe to say that neither gave rise to any Damascene moments in Whitehall at the time. Rather, the report contributed to a useful public debate and an accelerated 'dripping on the stone' where the arguments reinforced by major children's charities, anti-poverty campaigners, researchers and others proved increasingly compelling.

The same holds true of a subsequent report reviewing international evidence about the impact of divorce and separation on children. Researchers based in Australia and New Zealand were commissioned by JRF to carry out this task because they stood outside the fray concerning family breakdown in Britain (Rodgers and Pryor, 1998).

Their considered conclusion – that there is no simple or direct relationship between parental separation and children’s adjustment, and that the poor outcomes experienced by a minority are far from inevitable – failed to delight dogmatists on either side of the debate. But the frequency with which its good sense and authority have since been acknowledged by social and political commentators has succeeded over time in introducing calm and proportion to a debate that previously generated more heat than light.

When the JRF trustees, in the same fertile period, commissioned a succinct review of youth crime and its prevention from David Farrington of the University of Cambridge, they were intent on improving their own understanding of a topic that was relevant, but somewhat peripheral, to the Foundation’s mainstream interest in strengthening disadvantaged neighbourhoods. Yet the report, once written, demanded wider publication: not just for delivering a plain-English overview of a politically ‘hot’ topic, but also for highlighting the scope for ‘risk-reduction’ strategies to tackle offending and other adolescent problems associated with long-term social exclusion (Farrington, 1996). By taking a ‘public health’ approach to prevention, such strategies would target the clusters of background risk factors that consistently distinguish children who become involved in crime and other problem behaviour from those who do not. To demonstrate how an impressive array of research evidence could be applied in practice, Farrington pointed to the Communities That Care (CtC) programme in the US, recently devised by David Hawkins and Richard Catalano at the University of Washington, which was being promoted by the US government. Such a programme, he concluded, could be usefully developed, implemented and evaluated in the UK.

An important part of CtC’s appeal was its recognition that factors relating to individuals, families, peers, schools and neighbourhoods increased the risk of young people experiencing a range of different problems, including drug misuse, school-age pregnancy and leaving school without qualifications, as well as persistent, serious and violent offending (Hawkins and Catalano, 1992; Hawkins et al, 1995). But instead of advocating a ‘deficit model’ of targeting individual, high-risk children, it argued that a community approach was required,

designed to raise the aggregate level of positive, protective factors that are known to buffer children at risk, in their homes, their schools and their neighbourhoods. Just as heart disease prevention programmes seek to reduce known risk factors and enhance protection across whole communities, so CtC was seeking to use knowledge of protective and risk factors to reduce the instance of known problems and problem behaviour among young people. Following a year-long investigation of CtC's potential and relevance in the UK, the JRF trustees were sufficiently impressed to invest more than £1 million to establish Communities that Care in Britain (a lower case 'that' helped distinguish CtC in Britain from the Cyclists' Touring Club!), funding its own central organisation, as well as three demonstration projects and an evaluation. It was, and remains, the Foundation's biggest single investment in a development programme.

Thus by 1997, when 'New' Labour came to power, JRF was already identified with the concepts of prevention based on risk and protective factors and of offering families early support to prevent problems from flaring into crises. So much so that within months of the election, JRF became actively involved in policy discussions preceding creation of the Sure Start programme for pre-school children in disadvantaged areas. The Foundation not only hosted the ministerial seminar that concluded the consultation (Utting, 1998), but also agreed to this author's secondment to a cross-departmental unit created to plan the new early years initiative.

Hard on the heels of this valuable 'influencing' opportunity came another: Pat Kneen, a JRF Deputy Director (and CtC board member), was invited to sit on a policy action team (PAT 12) recruited by the government's new Social Exclusion Unit to consider policy in relation to young people. With her support, the CtC concept of tackling social problems through underlying risk factors was not only embraced, but also extended and amplified in the action team's report (Social Exclusion Unit, 2000). Since then, family support focused on risk and protective factors has continued as a discernable thread through a skein of subsequent consultation and policy papers, including the Green Paper *Every Child Matters* (DfES, 2003) that preceded the reform of family support services in the 2004 Children Act.

Even so, anyone looking through the legislation and accompanying guidance would find it hard to distinguish JRF's influence from that of others. Indeed, it would be quite wrong to credit JRF any more strongly than other organisations that contributed directly or indirectly to the philosophy underlying the legislation. The same, notwithstanding JRF's direct input in its early stages, holds true for Sure Start. The Foundation undoubtedly played a useful part in signposting important research evidence and models of effective practice, both in Britain and America. But it was government, led unusually by HM Treasury, and government alone that constructed the policy and a steering group of cross-departmental ministers who set its parameters (Glass, 1999). The Foundation's privileged access during the planning phase permitted further injections of 'JRF thinking', including support for community involvement in the management of local programmes and an emphasis on outreach and on non-stigmatising services. But even then, there were other practical and conceptual influences in play. Nor could it be pretended that every suggestion made from a JRF perspective found favour. For example, a view inspired by CtC that the content of local programmes should be chosen, where possible, from menus of convincingly evaluated approaches was deemed too rigid. A purely advisory *Guide to evidence-based practice* (Sure Start Unit, 2002), setting a relatively low threshold for evidence of effectiveness, proved to be the best approximation that could be agreed (an emphasis on altogether stricter criteria for research evidence in the government's latest action plan on social exclusion [Social Exclusion Task Force, 2006] suggests that some ideas take time to mature). Whether a more prescriptive approach would have delivered better results at an earlier stage is an interesting question, but one that even hindsight cannot answer satisfactorily. What does seem clear, however, from an interim evaluation report on Sure Start (National Evaluation of Sure Start, 2005) is that the 500 local programmes – while offering welcome support to disadvantaged families – have been less successful in reaching out to the most excluded and vulnerable in their neighbourhoods. The interim report is nowhere near the last word on Sure Start's long-term effectiveness in improving children's

health and well-being in disadvantaged areas. The story so far seems to be that some aspects have worked remarkably well; others have not; yet others were modified when it was too soon to establish their effectiveness; and others still are hard to assess because they have never been implemented in the way originally intended. Neither optimists nor cynics should be rushing to say ‘I told you so’. But the evaluation does provide a salutary reminder that even well-conceived policies are seldom a total success, or failure – at least, to begin with.

Closer to home, JRF has drawn out important lessons concerning implementation through the application and evaluation of CtC itself (Crow et al, 2004). It is an oversimplification to suggest that, out of three ‘demonstration’ areas funded by the Foundation, one completed an action plan and achieved good implementation, one failed to implement its carefully prepared plan and the third achieved implementation in some areas, but not others. But the caricature is useful as a framework for explaining how a host of different factors locally – including community divisions, unfilled coordinator posts and unsuccessful funding bids – combined to divert an otherwise welcome initiative from its intended course. Conversely, it helps to explain how background factors like community cohesion, positive previous experiences of partnership working between communities and local professionals, and good communication between different agencies can help ensure that implementation takes place the way it was planned (Crow et al, 2004). The angelic in implementation as well as the diabolic often lies in the shifting detail of local circumstances. But it is also fair to say that some negative factors, like inconsistencies and delays brought about by changes of leadership in partner agencies, are also depressingly common. To that extent, a key question is often less ‘what goes wrong?’ than ‘why does it keep on going wrong even when the potential problem has been understood for years?’.

The capacity of government to compromise its own evaluations (and those of others) by moving the policy goal posts is another familiar stumbling block (Ghate, 2001). This and a reluctance in Whitehall to seem to be endorsing particular ‘brands’ of service

provision in the voluntary sector, are additional reasons why efforts to achieve a stronger core of publicly funded 'evidence-based' children's services have continued to be frustrated despite the rhetoric.

It is, meanwhile, interesting to note that while CtC has been adopted in more than 30 areas around the UK, nearly all those supported by central (as opposed to local) government funds are located in the devolved contexts of Scotland and Wales. Recently, this has given rise to an example of policy 'influence' by an exceptionally circuitous route. It takes in the Welsh Assembly Government's new Flying Start initiative for pre-school children in low-income areas. The accompanying guidance on parenting programmes was commissioned from CtC and is explicit in advocating the use of evidence-based components, including The Incredible Years, an approach that has been positively evaluated in Wales, England and the US (Welsh Assembly Government, 2006). The devolved government's bolder approach to evidence appears, during the course of discussions in Whitehall, to have strengthened the resolve of government at Westminster to take a more robust approach to 'evidence' in future (Social Exclusion Task Force, 2006). A line of policy influence can, therefore, be traced from JRF in York, through the offices of CtC in London and Swansea and then back to London, via the Welsh Assembly Government in Cardiff. In normal circumstances the line might have become weak and indistinguishable by the time it reached Whitehall. However, it arrived by the back door of government just as the Foundation and Richard Best were being ushered – metaphorically – through the front. On this occasion JRF acted as hosts for a lecture given in York by the Prime Minister. So when Tony Blair met research managers at The Homestead and addressed an invited audience at the Folk Hall in New Earswick, there was a further opportunity to reinforce key research messages on tackling poverty and disadvantage; not least the case for non-stigmatising family support and evidence-based prevention. The government policy document that followed the Prime Minister's lecture – *Reaching out: An action plan on social exclusion* (Social Exclusion Task Force, 2006) – reflected many influences beside those of JRF. But it was also apparent that the policy stone had been dripped

on to some effect and that the Foundation's voice, distinguishable among others, had once again been heard.

This chapter has taken just one segment of the Foundation's wider-ranging work as a case study. The focus here on family support and 'early intervention and prevention' services does not mean that other work in the JRF Children Young People and Families research programme has not been influential. On the contrary, pioneering studies of young women at risk of prostitution (Pearce, 2003) and black and minority ethnic care leavers (Barn et al, 2005) have both helped to change perceptions, policies and practice. Likewise, ground-breaking evaluations of mentoring (Shiner et al, 2004) and restorative cautioning (Hoyle et al, 2002). Other chapters in this volume point to further examples of JRF influence, including its important contributions to anti-poverty strategies, to the nationwide introduction of Lifetime Homes standards and to housing policies under successive governments. The influencing routes have sometimes been relatively straightforward (as with Lifetime Homes) and sometimes at least as Byzantine as those described in this chapter. Whether planned, opportunistic or (quite often) both, they have contributed to JRF's accumulated reputation for independence and authority. In that sense, the Prime Minister's recent visit was not only a striking reversal of the customary direction of travel, but also a fitting culmination to the Foundation's dynamic years under Richard Best's direction.

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Income, wealth, poverty  
and progress



## John Hills

I FIRST HEARD of the idea of the Foundation sponsoring a review of what had been dramatic, but at the time underappreciated, changes in the distribution of income at the end of 1991. Richard Best and Janet Lewis, Director of Research, asked if I would review existing evidence and oversee a new research programme. The target was to be a major report by the autumn of 1994 (this eventually took the form of the second volume of the Inquiry Group's report (Hills 1995)). Taking this on involved balancing Richard's priorities – a hard-hitting, short report and summary – with those of academic life for a book and journal articles.

Richard reluctantly accepted the book (Hills, 1996) was “part of the academics' remuneration package”, and let it happen, but on condition that he didn't see us writing it.

As the programme got underway, another idea emerged from Richard. Unaccountably, he seemed to feel that a research review by academics might not quite have the impact that the material deserved. What was needed was a 'Great and Good Group' to review the evidence and say what should be done about it. Its name transmuted into the Income and Wealth Inquiry Group, chaired by Sir Peter Barclay (with members who managed to be both great and good, rather than just one or the other).

Richard's instincts were right: a group containing both the General Secretary of the Trades Union Congress (TUC) (John Monks) and the Director General of the Confederation of British Industry (CBI) (Howard Davies) could not easily be ignored. When the Inquiry's report was published in early 1995 it had an immediate impact, not just in Parliament and through extensive media coverage, but on public opinion. As Figure 1 shows, the proportion of the public agreeing that “the gap between those with high income and those with low incomes” was too large peaked at 87 per cent a few months after the report came out.

THIS CHAPTER LOOKS at how things have changed since the Inquiry report came out, in terms of both inequality and policy. It draws, among other things, on the recent books *One hundred years of poverty and policy* (Glennerster et al, 2004) and *A more equal society? New Labour, poverty, inequality and exclusion* (co-edited with Kitty Stewart, 2005). Both were supported by the Foundation (despite the outputs being books).

### **Joseph Rowntree Foundation Inquiry into Income and Wealth**

The Inquiry did not pull its punches. As Sir Peter Barclay (1995) put it in his introduction,

*Taken together, [the] findings paint a picture of a dramatic social and economic change in Britain over the 1980s, the scale and consequences of which are probably not yet fully appreciated by policy-makers or by the population at large.*

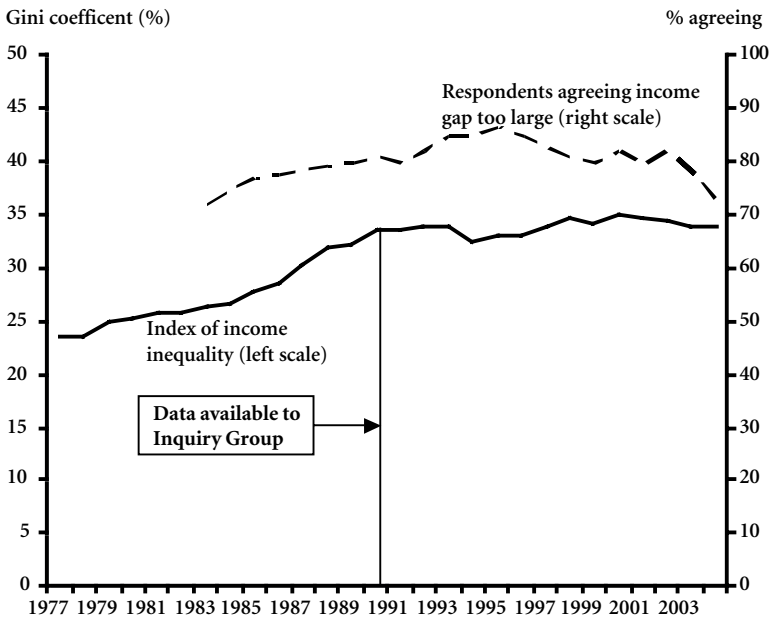
It is worth recalling the main findings:

- Income inequality in the UK grew rapidly between 1977 and 1990, reaching a higher level than recorded since the Second World War (as shown in the Gini coefficient index of inequality, illustrated in Figure 1).
- The pace at which inequality increased was faster than in any other industrialised country, apart from New Zealand.
- Between 1979 and 1992 the poorest 20–30 per cent of the population failed to benefit from economic growth, in contrast to the rest of the post-war period.
- This increase in inequality was driven by causes that included the way low wages had hardly risen at all in real terms since 1978, while high wages grew by 50 per cent; the polarisation between two-earner and no-earner couples; and inequality within the self-employed population.
- Up to 1984, social security benefits served to slow inequality growth compared to market incomes. But between 1984 and 1990

they did not, as price-linked benefit levels fell behind the incomes of the working population.

- The tax system, which might have been expected to slow inequality growth, did not do so. This was due to discretionary tax changes that shifted the burden of taxation from higher to lower and middle-income groups.
- Particular groups – such as certain minority ethnic groups – and particular parts of the country were hardest hit by these changes. The polarisation of income groups by housing tenure showed up on the ground as concentrations of people with low incomes in particular neighbourhoods.
- Until the 1980s wealth inequalities had narrowed rapidly, but they then levelled out, with wealth remaining much more unequally distributed than income.

**Figure 1: Inequality and attitudes to income gap, 1977 to 2004**



Source: DWP (2006); Park et al. (2005) and earlier equivalents.

The Inquiry argued that the growing gap between rich and poor was “damaging the social fabric” and that increasing inequality could damage the economy, rather than helping economic growth. It expressed particular concern for children being brought up in low-income families, particularly those in neighbourhoods where most other families were poor.

In the words of the report:

*Regardless of any moral arguments or feelings of altruism, everyone shares an interest in the cohesiveness of society. As the gaps between rich and poor grow, the problems of the marginalised groups that are being left behind rebound on the more comfortable majority.*

### **What has happened since?**

In the 11 years since the Inquiry reported, many things have changed. Not least among these is the election in 1997 of a new government, one of whose leading strategists declared that Britain would become “a more equal society” (Mandelson, 1997), and whose Prime Minister set a 20-year target to “end child poverty forever” (Blair, 1999).

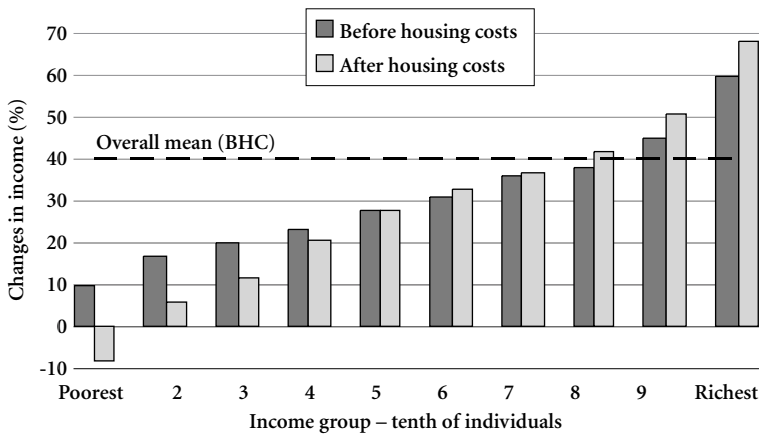
Examining the ‘New Labour’ record there can be no doubt that different income groups have benefited from economic growth and rising living standards. The upper panel of Figure 2 shows the pattern of income growth for each tenth of the income distribution between 1979 and 1994/95 (the average of the two financial years, 1994–95 and 1995–96). This was the comparison on which the Inquiry based many of its central conclusions (although the data available then only ran until 1991/92). We can see that – depending on whether the net income measure included or excluded housing costs – people in the middle of the poorest tenth (decile group) of incomes were only slightly better off, or even slightly worse off than their predecessors 16 years earlier. By contrast, the higher up the income distribution you went, the faster incomes had grown. Near the top, in the middle of the highest tenth of incomes, there had been an increase of around two thirds. Moving higher still, the top one per



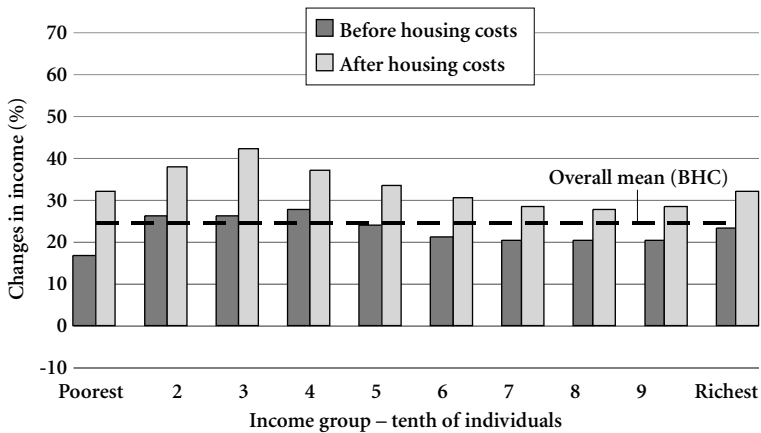
cent of taxpayers accounted for nearly half the gain for their decile group. Indeed, most of this went to the top half per cent (Hills, 2004, table 2.6, based on Atkinson and Salverda, 2003).

**Figure 2: Changes in real net income by income group**

(a) 1979 to 1994/95, UK



(b) 1994-95 to 2004-05, GB



Source: DWP (2006) and earlier equivalents.

The lower panel of Figure 2 shows what happened in the 10 years after the report was published. The picture is very different. Income growth has been much more widely spread with, if anything, slightly faster growth *near* the bottom of the distribution than *near* the top. Even so, more detailed figures show that the very bottom of the income distribution has continued to fall behind and incomes at the very top have grown faster.

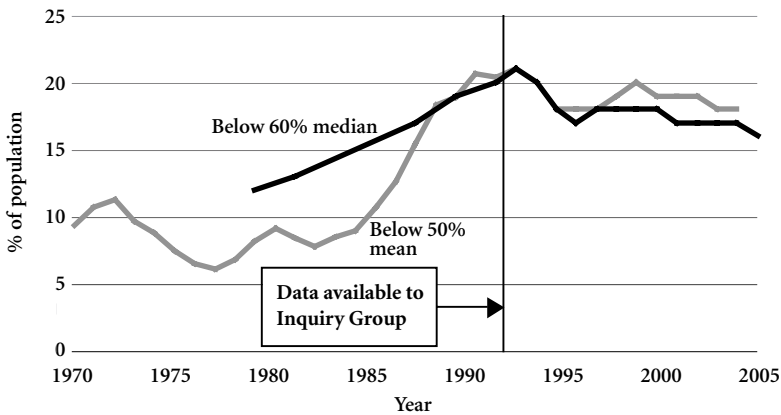
Whichever way one looks at it, the very rapid growth of income inequality has been halted. On the other hand, there has been little reduction in the level that had taken the UK towards the top of the international income inequality league by the early 1990s. On measures that put a lot of weight on the very top and very bottom of the distribution, the distribution is slightly *more* unequal than it was in the mid-1990s. For instance, the Gini coefficient index shown in Figure 1 reached nearly 34 per cent by 1990 – up by more than 10 percentage points since 1977 – and has since fluctuated around this level. However, on measures that compare those near the top with those near the bottom, the distribution has become slightly *less* unequal (Brewer et al, 2006, figure 2.9; Sefton and Sutherland, 2005, figure 11.1, comparing those a tenth of the way up the distribution with those nine tenths of the way up).

One of the impacts of this change has been a slow reduction in the proportion of the population defined as living in poverty, using the ‘moving target’ measurement of incomes (adjusted for household size) below particular percentages of mean or median income. Figure 3 illustrates two such measures. Data available to the Inquiry for the proportion of the population with less than half of the *mean* income suggested that about a tenth of the population were ‘poor’ in the 1960s, falling to 6 per cent in 1977, but rising to more than 20 per cent by 1990 (incomes before deducting housing costs). As the figure shows there was temporary reduction in the mid-1990s. Abolition of the Poll Tax and the progressive impact of tax rises after the 1992 election meant that there was a small growth in living standards at the bottom while average living standards grew little in the mid-1990s. This reduction in poverty rates was reversed in the late 1990s, taking the level back to 20 per cent, before a drop back again to 18

per cent in 2003–04 (the last year for which figures in this form have been published).

The second series in Figure 3 shows the measure on which the government's own monitoring of progress is focused: the proportion of the population with incomes below 60 per cent of the *median* – in other words, a measurement that relates poverty to the living standards of the mainstream of the population. Poverty on this measure also grew rapidly in the 1980s. By 1991, it also showed 20 per cent of the population as poor, falling to a plateau of 18 per cent in the late 1990s, and 16 per cent by 2004–05.

**Figure 3: Numbers in relative poverty, 1970 to 2004–05**



Source: DWP (2006); Goodman and Webb (1994). Figures are before housing costs.

This last figure marked the lowest rate of poverty on this measure since before 1987. It reflected a reduction of 1 million in the number counted as poor since 1996–97. Measured by the alternative official measure – calculated after deducting housing costs – the fall was as much as 2.4 million (a decline in the poverty rate from 25 per cent to 20 per cent). Yet the publication of these figures in March 2006 was not greeted by headlines hailing the achievement. Rather, the emphasis was on failure to achieve the more impressive target that

the government had set itself of a reduction in child poverty by a quarter between 1998–99 and 2004–05.

As highlighted by the Inquiry, families with dependent children were disproportionately affected by the increase in poverty in the 1980s. Numbers of children in households with less than 60 per cent of median income peaked at 27 per cent (before housing costs) and 33 per cent (after housing costs) in 1992/93. By 1996–97, the first measure had fallen to 25 per cent, but the latter was still at 33 per cent. Despite being the lowest figures since the late 1980s, the 2004–05 figures of 19 and 27 per cent respectively represented falls of ‘only’ 700,000 children lifted out of poverty since 1998–99, rather than the target of more than a million.

A North American commentator would find the description of these figures as ‘failure’ somewhat bizarre. Using something equivalent to the official poverty line in the US, which is fixed in real terms and does not move with contemporary living standards, the UK figures would show a dramatic fall in poverty, halved for the population as a whole between 1996–97 and 2004–05, and more than halved for children.

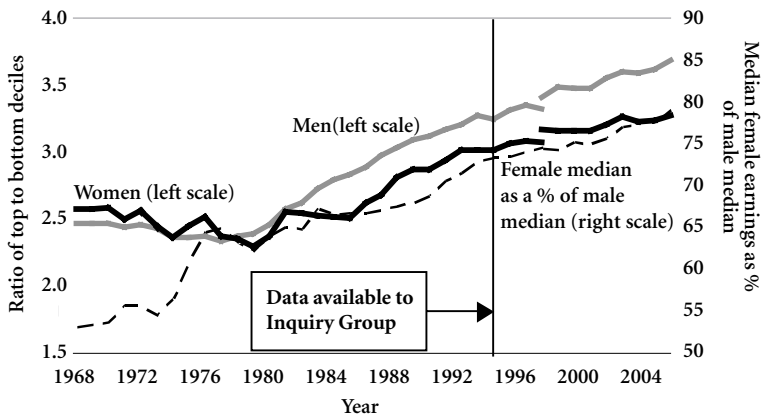
However, the use of a relative poverty measurement in the UK does seem to reflect the way the population as a whole thinks of ‘acceptable’ level of minimum incomes or what it takes to pay for the ‘necessities’ for modern life (Gordon et al, 2000; Hills, 2004, chapter 3). As society has become richer, so our view of what constitutes ‘poverty’ has shifted. With strong growth in typical living standards since 1997, this has made poverty reduction harder, although it has also created more resources with which to achieve it. In this respect, UK views appear more European than transatlantic; yet against European standards, our performance on poverty and inequality remains poor, albeit improving. In 1997, European Union figures put the UK’s (relative) child poverty rate at 27 per cent, the worst among the, then, 15 members of the EU (Hills and Stewart, 2005, Ch. 14). (The EU figures involve different ways of comparing household incomes, in particular using an adjustment for household size that puts more weight in the needs of children than those lying behind the Department for Work and Pensions figures shown in

Figure 3. This produces a higher level of child poverty, but with similar trends over time.) The most recent figures, for 2004, put the UK at 22 per cent, marking the largest reduction in any EU country (HM Treasury, 2006, box 5.1). Nonetheless, the rate is still well above the EU 15 average of 19 per cent, and more than double the single-figure rate that would allow the government to achieve its target of being ‘among the best in Europe’ by 2020.

### Why has the picture changed?

Just as the growth in poverty and income inequality up to the early 1990s had multiple causes, so their reduction or halting have occurred for a mixture of reasons. First and foremost, it is important to realise that the pressures from inequalities in the labour market have relented little. One of the drivers of growing inequality in income has been the increasing dispersion of earnings. As Figure 4 shows, the ratio between the cut-off points for the best and worst-paid tenths of men rose from 2.4 in 1979 to 3.2 to the time of the JRF Inquiry. But since then this measure has continued to rise – reaching 3.7 in the most recent figures (calculated in a slightly different way) for 2005.

Figure 4: Dispersion of full-time weekly earnings, 1968 to 2005



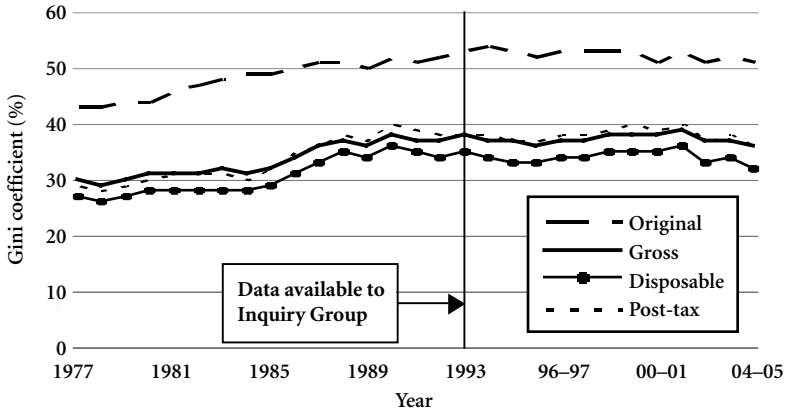
Source: ONS (2006) and earlier equivalents.

For women, the increase in earnings dispersion started later, but has also continued since the mid-1990s. Interestingly, too, it is only among women workers that some effect from the introduction of a National Minimum Wage in 1999 can be seen. This is because it was set at too low a level to affect men even only a tenth of the way up the wage distribution. The ‘cut-off’ for the worst paid tenth of women working full time was 58.3 per cent of the median in 1999, and still only 58.4 per cent of it in 2005. However, the best-paid tenth of women have continued to pull away from the median. At the same time, women working full time have continued their painfully slow catch-up in average wages with men. The deficit fell from 36 per cent in the mid-1970s, to 27 per cent in 1994 and 21 per cent in 2005. Hourly earnings of women in part-time paid work remain far lower than men working full time.

While wage inequality has grown wider *within* the employed population, it is important to recognise the change of context brought about by a major reduction in unemployment since the mid-1990s. This has fallen from over 10 per cent in 1993 to under 5 per cent in 2005 (on the International Labour Organization measure). The overall employment rate has increased from 70.5 to 74.5 per cent in the same period (HM Treasury, 2006, chart 4.1). Moreover, for lone parents, who are at particularly high risk of poverty, the employment rate has risen from 41 to 57 per cent (HM Treasury, 2006, chart 4.7). More generally, 19 per cent of children were living in a family without income from paid work in 2004–05, compared to 24 per cent in 1994–95 (DWP, 2006, table B3).

In contrast with the 1980s, when nearly all pressures were towards more unequal incomes, these factors – and others, such as the growing importance of private pensions for some retirees, but not others – have pushed the distribution of market incomes in different ways. Figure 5 suggests that there has been something of a stalemate in the distribution of market incomes (in this case between households, rather than individuals as in earlier figures). The inequality index for market incomes rose from 43 per cent in 1977 to 52 per cent in 1992. In the 10 years since then, this figure has fluctuated closely around this level.

**Figure 5: Trends in distribution of income between households, 1977 to 2004–05**



Source: Jones (2006) and earlier equivalents

Adding in social security benefits (to give ‘gross incomes’) and deducting direct taxes (to give ‘disposable incomes’) serves to reduce inequality by comparison with market incomes. But the influence of both these factors has also fluctuated since the early-1990s, as the figure shows. Again, the picture for most of the decade is something of a stalemate (as it is for ‘post-tax’ income, which adjusts for the impact of indirect taxes), although the 2004–05 single-year figure for disposable income in this series is, at 32 per cent, the lowest since 1986.

### Policy influences

The tide of rising income inequality and poverty has been halted in the 11 years since the Inquiry, but progress in reducing them has been patchy. As an overall characterisation, *some* parts of the bottom have caught up with the middle – hence notable falls in child and also in pensioner poverty. Those *near* the top have ceased to pull away from the middle. However, some of those at the very bottom – notably working-age adults without children who are dependent on social security benefits – have continued to fall behind the middle.

Meanwhile, those at the *very* top have continued to accelerate away from the rest.

This picture, and the difficulty of reducing it to a single index or description, is perhaps unsurprising given the policy mix since Labour came to power in 1997. An instructive comparison can be made between the government's record and the policy recommendations of the Income and Wealth Inquiry in 1995. More than half the 46 specific measures proposed by the Inquiry were adopted, and only six have clearly not been followed (Glennister et al, 2004, chapter 7, updated for the policy changes announced in the 2006 pensions White Paper, that were in line with the Inquiry). Notable developments include: the 'New Deal' employment measures; more generous tax credits for those in work and for families with children; the National Minimum Wage; measures to ease the transition into work for those on benefits; more generous treatment for the poorest pensioners; restructuring of National Insurance to help the low paid; and a series of measures aimed at helping the prospects of those living in marginalised areas. All of these would have been welcomed by the Inquiry.

Policy has also recognised the multifaceted and interlinked nature of poverty, exclusion and disadvantage, and action has been taken across a broad front. Moreover, the evidence we have on the impact of initiatives taken since 1997 is that they have tended to have positive effects (Hills and Stewart, 2005). So why have there not been clearer signs of progress?

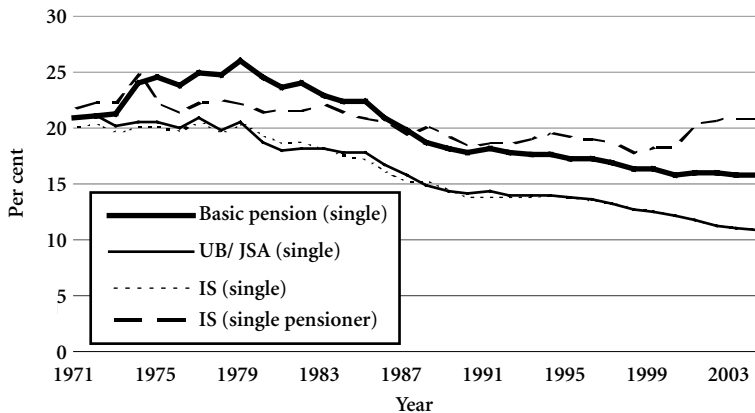
One reason is that some of the polarising pressures have continued unabated (as Figure 4 illustrated for wage inequality). Indeed some of them have become even more entrenched. For instance, educational achievements continue to matter more in the labour market, and those achievements depend even more than in the past on how successful people's parents were. Secondly, while continuous economic growth for more than a decade has helped relieve some pressures – in particular, unemployment – it has continuously raised the living standards and aspirations of the mainstream. With them, the income levels required to prevent people being left behind or excluded have also risen. As a result, huge efforts have been needed



simply to stand still. Put another way, without the positive policy impacts of the past nine years, things would have got even worse.

But it is also important to recognise the importance of one of the Inquiry's recommendations that has *not* been followed. In the Inquiry's view, indefinite price indexation of social security benefits for those depending on them was not acceptable, and it argued that benefits should rise by more than inflation at a time when living standards in general were rising (Barclay, 1995, p 46). By contrast, the default policy since 1997 was to follow the government's Conservative predecessors in leaving the value of social security benefits fixed in real terms. Only for favoured groups – such as low-income pensioners and families with children – have benefits been increased in real terms. The consequences can be seen in Figure 6, which shows the value of particular benefits as a percentage of average earnings. Back in the 1970s, a single person received Supplementary Benefit (now Income Support) or flat rate Unemployment Benefit (now Jobseeker's Allowance) worth around 20 per cent of average earnings. By 2004, the equivalent was worth only 11 per cent of average earnings. In the early 1980s, the basic pension was worth a quarter of average earnings, now its (generally) price-linked value has fallen below 16 per cent of average earnings. Of those shown,

**Figure 6: Benefit values in relation to average earnings, 1971 to 2004**



Source: DWP (2005).

only Income Support (now the Guarantee Credit) for pensioners has (nearly) regained its relative value of the late 1970s.

Putting this together, what appears to be little change in poverty and inequality in the past decade is in fact the result of a collision of factors pushing hard in opposing directions. Macro-economic success and targeted employment programmes have helped reduce worklessness. Particular initiatives such as the new tax credits or the Pension Credit have meant that low-income families with children and pensioners have gained ground on the population as a whole. Low-income neighbourhoods have benefited from both targeted programmes and from overall economic growth. But at the same time, many of the fundamental drivers of inequality have continued pushing the other way. So, unless they are the beneficiaries of particular changes each year, those who rely on state transfers for large parts of their income will continue to be left behind.

This pattern is set to continue. When constructing its long-term projections of public spending over the coming decades as the population ages, the Treasury has assumed that – with the exception of the Guarantee Credit means-tested minimum for pensioners – all social security benefits will remain price-linked indefinitely, even as earnings are assumed to grow by 2.5 per cent in real terms each year – which would represent a doubling in 28 years (HM Treasury, 2005).

The problems caused by indefinite price indexation of the basic pension were highlighted by the Pensions Commission (2005), of which the author was a member. In response the government's pensions White Paper promises to return to earnings indexation from 2012 (assuming 'resources allow', but in any case in the next Parliament). But the problems extend to the rest of the social security system and the implications for poverty are even stronger. For a single person aged under 25, Income Support rates are currently £45.50 per week. This could be the income (after rent) that a single woman receives through a pregnancy. The assumption built into public spending planning is that this will have reduced to the equivalent, relative to contemporary living standards, of £35.50 by 2016, and just £23 by 2034. Yet the (after housing costs) poverty line for a single person is currently around £110 per week.

For low-income families with children, the government's medium-term target of halving child poverty by 2010 compared with 1998–99 has led to a promise that the *child* element of Child Tax Credit will be increased at least in line with earnings until the end of the current Parliament. But other parts of the system of support for low-income families remain price-linked at best – and recently the ‘family element’ of Child Tax Credit has been frozen in cash terms. This means that total family incomes from transfers will continue to slip behind other incomes.

For instance, a couple with two children receiving Income Support would have a total weekly income in 2006–07 of £197.40, of which only a third, £67.70 is earnings-linked. This total is already only about 68 per cent of the (after housing costs) poverty line for a family of this kind, but can be expected to fall to 64 per cent or less by 2010 on current policies. For a couple with low earnings entitled to the maximum Child Tax Credit, current support including Child Benefit would be £107.30 per week – about 37 per cent of what they need to get above the poverty line. By 2010 current policies suggest this help would fall to 35 per cent of what would be needed to escape poverty.

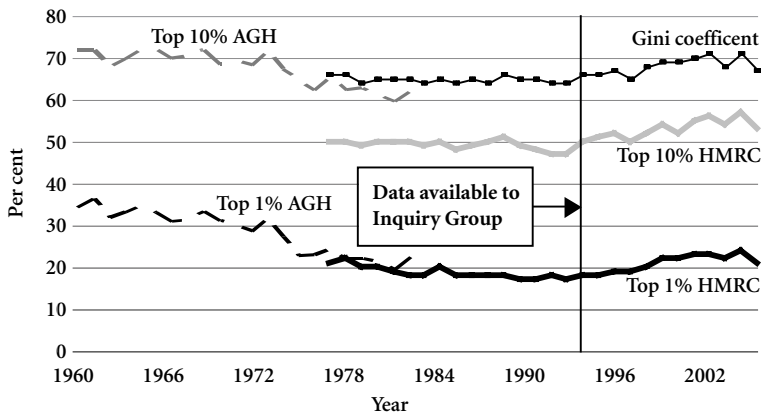
Short of a complete transformation in employment rates, it is a little hard, in these circumstances, to see how poverty rates will be held at their current levels, let alone reduced substantially to meet the government's target. Indeed, in his review for the Foundation, Donald Hirsch (2006, p 54) concludes that current tax and benefit policies, even combined with welfare to work changes, “are only just enough to prevent [child] poverty from rising again, and not nearly enough to cut it by around a million by 2010” (as required by the government's next target). On the other hand, a feasible package of measures involving faster increases in the value of Child Tax Credits, particularly for larger families, could achieve this, at an annual cost rising to £4.3 billion compared to current policies (increasing its cost by 0.1 per cent of GDP compared to what would happen with simple earnings indexation).

## Wealth

Despite its name, the distribution of wealth featured less than prominently in the Income and Wealth Inquiry’s final report. This was partly because there were fewer data and research findings available, and less to say about them. It was also because, on the surface, what had happened to the distribution of wealth was relatively dull. Figure 7 shows that after a dramatic reduction in wealth inequality since the first part of the 20th century, the overall distribution of wealth changed little between the mid-1970s and the early 1990s. However, this was a much higher level of inequality than existed for income. For instance, the top tenth of wealth owners accounted for half of all marketable wealth in both 1976 and 1992, compared with just over a quarter of disposable income (Hills, 2004, table 2.5). The Gini coefficient for marketable wealth – 66 per cent in 1992 – was twice the inequality index for income, but had changed little since 1976.

However, the figure shows that this stable pattern ended just as the data available to the Inquiry finished. By 2002, the share of the top tenth had risen from 50 to 57 per cent of marketable wealth, and that of the top one per cent by a third from 18 per cent to 24 per

**Figure 7: Distribution of marketable wealth, 1960 to 2003**



Source: HMRC (statistics, table 13.5, March 2006); Atkinson, Gordon and Harrison (AGH) (1986). 2003 figures are provisional.

cent (although provisional single-year estimates for 2003, after the falls in the stock market, suggest sharp falls to 53 and 21 per cent respectively).

One explanation is that the stable pattern through the 1980s disguised two different effects. As in previous decades, 'old' wealth inequality may have continued to decline, but this was offset by an accumulation of 'new' wealth by those with massively increased incomes (and savings potential) at the top of the income distribution. Since the early 1990s, the latter effect has dominated – not surprisingly, since those whose incomes increased after 1980 have had 20 years to convert their gains into assets.

Looking to the future, inequalities in wealth may be one of the crucial factors making it harder to equalise life chances. As one example of the advantages conferred by wealth holdings, Gibbons and Machin (2006) have demonstrated how proximity to a well-performing state primary school in London and the South East can add £61,000 to the price of a typical house.

## **Conclusion**

Looking back to the mid-1990s, there are several things about today's situation that would have seemed remarkable 10 years ago. Not least among them is the seriousness with which government has taken problems of poverty, deprivation, and the concept of 'social exclusion'. The sheer range of policy initiatives taken to tackle them is striking, as are the halting of the dramatic growth of income inequality and the reduction of child poverty by between 20–30 per cent (depending on the measure used) from its peak of the early 1990s. There has been the huge reduction in the level of unemployment (although not of economic inactivity) and a sustained increase in the real incomes of many of those at the bottom of the distribution for the first time since the early 1970s.

But other things would be less surprising: including the continued growth in the gap between those with high earnings and others and the way in which the value of many social security benefits continues to lag behind the living standards of the rest of the population. For those who looked for a fairer, less divided society a decade ago, the fact

that the positive efforts of the past 10 years have only been enough to stem the *growth* of income inequality, and slowly to reduce poverty, is sobering. The forces pushing towards widening inequality are as strong as ever, making the Joseph Rowntree Foundation's mission to search out the causes of poverty and social disadvantage as urgent as ever.

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Multiculturalism  
and its discontents



## Gerard Lemos

THE FIRST TIME I met Richard Best he lost his temper. That was in 1983. I have never seen that happen again. The occasion was a seminar about a National Federation of Housing Associations (NFHA) report called *Race and housing* (1983). It was the first time that race had surfaced in public as an issue for housing associations. David Page, already a senior figure in housing even in 1983 (and later seen as something of a visionary for his work on developing communities) had masterminded the report – and got nothing but trouble for his efforts. The assembled hotheads at the seminar roundly condemned the report, not having read it. The critique, in a nutshell, was ‘too little, too late’. The criticisms of the report did not especially bother Richard, but the rudeness and churlishness towards David did. Richard’s rather formal demeanour – in those days he wore exactly the same kind of suits that he wears now – momentarily slipped. After a period of silence, during which his blood was presumably boiling, he raised his voice and told everyone to behave better.

Behaving better is something I have come to associate with Richard ever since, not because of his exhortations on that day, but because of the example he has set. I have since worked with him and others at the Joseph Rowntree Foundation (JRF) on a host of issues, not just race. Mostly I have been on the side of arguing that people in housing are recalcitrant and complacent and should do whatever I have been arguing for better and faster. Richard has been an unfailing ally in these endeavours, although he may privately have thought I should behave better!

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THERE ARE TWO governing orthodoxies on race in Britain. At first sight they seem mutually exclusive, or at least highly contradictory. The first is that racial discrimination at school and work, and racial harassment in the streets is intractable and pernicious. As a result many black and minority ethnic people, particularly people with their origins in Pakistan and Bangladesh and to a lesser extent, people from the Caribbean, are locked in a cycle of exclusion. They experience poor education in monocultural schools that have suffered 'white flight' in the name of parental choice; few work opportunities, all of them badly paid; lousy housing, both rented and owned, in failing, segregated neighbourhoods, prey to crime and violence and enduring endemic health problems in the first generation. Some would go even further and suggest that this cycle of exclusion is fuelling extremism. Discrimination, inequality and exclusion is not just a failure of social policy, but has also incubated a security threat.

The alternative view is that the UK is one of the best examples of successful multiculturalism in the world. We are an open society where people can come and go freely from all parts of the world. A vast expansion in those attending higher education has greatly benefited the children of immigrants and they are making their way in a meritocratic world. Meanwhile most white people welcome cultural diversity in music, literature, theatre, food and fashion as an enlivening and energising fillip to staid, drab old British life. Diversity has been, it is argued, a big factor in making London one of the most vibrant and exciting cities in the world. As a result of this cultural diversity and the historical forces that led to it, being 'British' no longer resides in ethnicity or heritage. Instead it means subscribing to liberal values of tolerance and openness, which embrace diversity, and respecting the institutions that enshrine those values. The most compelling evidence offered to illustrate this easygoing tolerance is the rapid increase in marriages between people of different races. Children of mixed heritage are the fastest growing minority ethnic group in Britain.

A modern rendering of JRF's founding purpose might be that facts behind easy headlines should be uncovered. And the facts on

race in Britain tend to confirm both these views to a degree, although the evidence tends to strengthen the former view rather than the latter. The 10-yearly survey by the Policy Studies Institute (Modood, 1997) has drawn attention to the heterogeneity of economic outcomes for different racial groups. There is no universal 'black' or 'minority ethnic' experience, or, for that matter, any universal 'white' experience. The educational, employment and income trajectory of the second generation of children of immigrants is encouraging for people from most minority ethnic communities, notably Chinese, Indian and African people. But for others, the poor quality of schools remains a factor in hampering attainment and social mobility. And there are persistent and long-standing concerns about poor attainment by African Caribbean boys. In fact, the evidence suggests that this may be as much a locational effect as an ethnic effect. Many black communities live in poor neighbourhoods without many good schools and they suffer the consequences. Suggesting ethnicity is the problem may be reversing cause and effect. After all, white boys do pretty badly too in the same schools and they are arguably as disaffected and criminalised by these poor quality educational experiences.

Gender also appears to be a factor deserving more attention and weight. As far as labour market participation is concerned, Pakistani and Bangladeshi women have one of the lowest rates of participation of any group in British society. This may not all be the result of discrimination in the labour market. The low level of skills may also be an impediment. Many Pakistani and Bangladeshi women are 'imported spouses' with little or no command of English, perhaps married to a man rather older than themselves, often with health problems and many children to look after. Their opportunities for gaining language and other skills to increase their opportunities in the labour market are few. 'Cultural factors' are also said to be behind this exclusion from the labour market. It is argued that it is not so much that they have not got the skills, more that their culture does not permit women working outside the home (although working in the home is very much encouraged). They have apparently chosen not to work, and have not been constrained. There is no evidence

to support this 'cultural' proposition. Even though our knowledge of informal labour markets is woeful (perhaps by definition; they wouldn't be 'informal' otherwise), there is more than anecdotal evidence that many Pakistani and Bangladeshi women work for money at home, making garments or packing small goods for example. In addition, if there is a resistance to women's labour market ambitions in some Muslim communities, patriarchy may be a more accurate explanation than culture or religion.

Higher achievement in education and skills will almost certainly deliver a better quality of life for young people than their parents, but it does not always lead smoothly to equal treatment in employment. A comprehensive Cabinet Office study (Prime Minister's Strategy Unit, 2003) shows a continuing ethnic penalty for practically all minority groups in the wider labour market. 'Like for like' qualifications do not lead to 'like for like' employment outcomes, suggesting that discrimination in recruitment remains a factor. Since legislation has existed to prevent this for 30 years and an industry has grown up of monitoring, targets, promotional schemes and the rest, this is not an encouraging finding. Indeed the evidence in housing, as well as employment, is that the great bureaucratic effort that has gone into equal opportunities has produced little by way of transforming opportunity from people from minority ethnic backgrounds. The benefits of equal opportunities approaches (which may be 'a good thing' in themselves; after all one should not be in favour of unequal opportunities) have tended to accrue to the well-qualified, the confident and those from a more aspirational background, while discrimination and exclusion is experienced by other groups who gain little. Equal opportunities approaches have done little for those who, for the exclusionary reasons already mentioned, have not made it to the educational and cultural start line for the race to the best opportunities and jobs. Campaigners explain this failure as 'institutional racism'. This slippery concept suggests that, regardless of individual intentions, discriminatory effects arise elsewhere. Unfortunately the idea of institutional racism casts little light on why or how this happens. In the absence of that insight specific corrective actions are difficult to specify, so advocates and campaigners fall back

on demanding greater 'commitment' and 'energy'. This argument has a certain hermetic circularity. As bad intentions are said not to be the cause of institutional racism, good intentions are unlikely to be the cure even when these good intentions materialise in a panoply of command and control targets, performance indicators, and so on.

In some senses social exclusion is almost always borne of market failures: failure in labour markets and failure in the price of assets in micro-economies, particularly housing. Doing something to combat those twin failures is likely to be of greater benefit to all poor people, including those from black and minority ethnic communities, than all the race equality schemes combined. The equal opportunities effort and investment would have been better spent in improving capability through education, skills and access to cheap ways of forming capital, in the ways that have been promoted by people like Amartya Sen in international development. Transferring lessons learnt from the developing world to the developed world has yet to become fashionable. For the moment such an idea would seem to defy gravity.

My research supported by JRF has enquired into the extent of racially motivated prejudice and harassment, and, by contrast, the extent of tolerance particularly among children and young people (Lemos, 2005). Despite the persistent protests of campaigners against institutional and other forms of racism the British Crime Survey does appear to suggest that, in the aftermath of the collective nervous breakdown that followed the murder of Stephen Lawrence, there are now fewer racist incidents and crimes, although more are reported (Home Office, 2006). Similarly the speed and success of particularly the police and the Crown Prosecution Service in dealing with racist incidents when they do occur has greatly improved. The *British Social Attitudes* Survey also tends to show growing tolerance among young people (Rothon and Heath, 2003). But old racists don't change their mind; they just die. And there are still young racists, even if much diminished in number. My own survey of children in schools showed a greater tendency towards intolerance (as admitted to) among children living in multicultural areas and attending multicultural schools (Lemos, 2005). That initially

dispiriting finding, on reflection, stands to reason. Proximity to the unfamiliar is almost certain to produce suspicion and uncertainty. Extolling the benefits of diversity does not cut much ice with 12-year-olds. They learn not that they should like different people, but that adults do not like talking about the fact that some people don't like different people. So complacency about the imminent demise of intolerance would be unwise, while a great deal more innovation would be welcome in citizenship education.

Taking this picture in sum, two cheers might be raised for race in Britain. The first for improving educational and economic opportunities for a substantial proportion of black and minority ethnic people, particularly those in the generation after the immigrants. The second for building a fairly tolerant society, although with more still to be done. Integration, as we know from the work of Saskia Sassen (Eade et al, 2004), will have to wait until the next third generation pretty much whatever institutions do. A third cheer would go up if something lasting was done about structural inequalities; although, as already suggested, these might be the result of wider failures to address poverty and social exclusion. The ethnic variable in the causes and effects of social exclusion may have been overstated because it is visible, emotive and divisive. For example, it is at least arguable that Pakistani boys in Oldham, economically and socially speaking, have more in common with white boys in Oldham than they do with Pakistani boys in Tooting.

But perhaps the most persistent challenge of race in the UK is a conceptual one. Just when we think we have started to understand race, some new crisis blows up which fundamentally shifts the paradigm. Race is never far from the headlines in one way or another. The backdrop to the launch of the NFHA's report on race and housing in 1983 was civil disorder in Brixton and Liverpool and the Scarman Report that followed. This acted as a counterweight to the Thatcherite momentum that was then building and galvanised much of the thinking about race in Britain, giving rise, for example, to black-led housing associations. Those who had misgivings at the time about 'separatism' kept those views quiet, but those misgivings have re-surfaced now that the talk, once more, is all of 'integration'.



In the 1990s, the MacPherson Report, following the death of Stephen Lawrence, created another set of concerns and approaches leading, as I have noted, to many benefits alongside some conceptual dead ends (MacPherson, 1993). And in the years since the millennium the spotlight has been cast on Muslim communities. As was the case for black communities in the 1980s, they are seen in part as the perpetrators of unrest (as borne out by the rising number of police stops and searches) and in part as the victims of exclusion. The disorders in Oldham, Rochdale and Bradford in the summer of 2002 drew attention to residential and educational segregation by racial origin, something from which the UK had previously thought itself exempt. Our self-delusion may have been borne of a feeling that segregation in other countries, for example the US and France, is much more marked than it is here. Flowing out of those concerns about segregation were more significant concerns about mistrust and the absence of cohesion. And this was not confined to poor folks in Northern towns. The former editor of the *Daily Telegraph*, Max Hastings, in a bout of public soul-searching, was moved to admit to feelings of guilt and shame that he had never had a Muslim at his dining table. The search is on for a cure for these ills lest, as Trevor Phillips has suggested, we should “sleepwalk to segregation” (Phillips, 2005). It would seem we have a new, or at least previously unheralded, ‘race problem’, rebranded as community cohesion. My own research into the nature and extent of community conflict has suggested that it is not only some white folks who are bothered and upset by the presence and behaviour of immigrants (Lemos, 2004). Many long established minority ethnic communities are in local conflicts with newer arrivals, such as Bangladeshi young people in conflict with Somalis in Tower Hamlets. We need to understand this phenomenon better. Are the ‘older’ immigrants pulling the ladder up behind them or are those left behind fighting among themselves for the ‘victim’ status that confers the right to demand special treatment?

This debate about trust and cohesion is no longer solely domestic: unrest has morphed into the more organised and dangerous variant of domestic and international terrorism. The security threat posed by Islamic extremists in the US, the UK, in many European

countries, in Australia, in parts of Asia and, of course, in the Middle East has polarised opinion. Many of the things they are angry about are international. But the feature that has perhaps been most alarming about the recent wave of terrorism, as far as the UK and the Netherlands are concerned, is that the perpetrators are not from Saudi Arabia, Afghanistan, Iraq or Palestine, as we have repeatedly been warned by police and politicians, but from Bradford and Amsterdam. This has inevitably intertwined international security and policing priorities with domestic concerns of integration, cohesion and racial equality. Politicians and senior police officers do their best to keep these issues separate, but they inevitably sound like they are dancing on the head of a pin. Security responses to terrorism will, it is feared, do collateral damage to social trust and cohesion, much as they did for many years in Northern Ireland and South Africa, making people in Muslim communities feel institutionally harassed and bureaucratically oppressed.

Religion as a source of discrimination and intolerance is another new variant in the discourse about race in this country. Rather hastily and controversially, legislation has been introduced to combat religious discrimination and hatred, despite considerable misgivings, not least from the Director of Public Prosecutions, about whether these laws can realistically be enforced. Church and state have a long history of interdependency and overlap in the UK, but British people, along with their Northern European and Scandinavian Protestant counterparts, espouse more secular attitudes than those in almost any other part of the world; not just the Muslim world but the Christian world too. Strong feelings about religion seem genuinely perplexing to many white British people, while those who do hold strong religious feelings are driven wild with frustration by the apparently godless, materialist and decadent indifference of the white Brits. There may not be a clash of civilisations yet, but there certainly seems to be a clash of religious and secular values that research has yet to wholly capture.

If international relations and religion are increasing in significance in the domestic discourse about race, colour as the principal signifier of difference and discrimination is receding. Since it was immigration

in the post-colonial, post-war era that put colour on the agenda, it is ironic that a new wave of immigration should be one of the reasons, alongside those already mentioned, that is reducing its importance. For those who are long-standing sceptics about multiculturalism, immigration is a by word for British social and cultural decline. Despite these oft-repeated anxieties about being ‘swamped’ by the immigrants, for many post-war decades Britain has been a country of net emigration – something often associated with long periods of economic decline as Italy and Spain can testify. However, a buoyant domestic labour market after long-sustained economic growth in the 1990s is combining with a more mobile international labour market and an ageing demographic to move Britain towards the economic migration model of Australia and Canada. Canada, particularly, points the way to a society of much higher immigration than the UK has ever seen which, nevertheless, remains broadly tolerant and harmonious. The relative success of ‘new’ countries like Canada and, to a lesser extent, Australia, in integrating immigrants compared with the relative failure of France, Germany, and, to a lesser extent, the Netherlands and the UK, suggests that ‘old Europe’ still finds it hard to see itself as a place of mobility and change. But if it continues to define its identity through a lens of tradition and certainty many would argue that is not necessarily a bad thing. The trick will be to make new arrivals, along with those long-standing residents who see themselves outside the cultural mainstream, feel part of a lasting, durable tradition, while subtly altering and developing those traditions to make them more relevant and inclusive. Identity, while rooted in tradition, is also multiple and situational. Human rights, with roots in the struggle against Nazi Germany, is a good case in point. Although those historical origins are clearly recognisable, legal and culturally the idea of human rights is being mutated for a more contemporary condition.

The question of identity and its underpinning values has prompted a search to articulate British values that everyone, regardless of ethnicity or religion, can espouse. As far as most British people are concerned, these are the liberal values of ‘live and let live’ and the protection of the state from those who seek to stop others

living their own harmless and blameless lives. But that pragmatic Enlightenment formulation implies a limit on multiculturalism. Action that compromises that fundamental commitment to freedom, the highest British value even if not always achieved, cannot be defended on cultural grounds. Forced marriage or female genital surgery would never be regarded as acceptable cultural practices by the UK courts. The underpinning and universal ethos is therefore not multiculturalism but human rights.

Race in Britain is the subject of endless animated and controversial chat in bars and taxis. Debating race has itself become part of British culture. Human rights, on the other hand, is seen as an arcane, legalistic form of ‘political correctness’ only of serious interest to the most committed enthusiasts. That, in my view, is set to change. Alongside the continuing intractability of social exclusion, human rights as a cultural as well as a legal form will be at the centre of debate about race, religion, gender and children over the coming years. Largely as a result of the work of JRF under Richard Best’s leadership, we know a great deal about the causes and consequences of social exclusion. But we still know much less about contemporary attitudes to human rights and citizenship. That may seem a long way from searching out the causes of poverty, but it will be a poor world economically, socially and culturally – and most likely in others ways too – if we cannot make more sense of what it means to be ‘British’ in the 21st century and how we value it.

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Neighbourhood renewal,  
mixed communities and  
social integration





## Anne Power

I FIRST MET Richard Best in 1972 when Chris Holmes (who later became the Director of Shelter) and I were struggling to found the Holloway Tenant Cooperative in Islington. We wanted to provide an alternative to demolition for tenants who wished to stay in the area. We were also seeking an alternative to insecure furnished renting for the incoming families, usually from minority ethnic groups, which were forced to crowd into multi-occupied terraced housing. We needed a housing association prepared to sponsor the cooperative work and sign up to a path-breaking management arrangement between a professionally organised housing charity and a group of disadvantaged residents in the most multiracial part of inner London. We were arguing for community control within a framework of regeneration backed by the powers that be.

Richard was instrumental in securing the support of the Circle 33 Housing Trust, which continues to work with the Holloway Tenant Cooperative today. Our work together since then has involved many dynamic discussions. These have ranged across many policy areas, including open questions as to whether cities are 'dying' or 'reviving'; still an unresolved issue at the turn of the millennium. We have also, as a consequence of delays to the Joseph Rowntree Foundation's (JRF's) proposed Derwenthorpe development in York, been moved to weigh the merits of conserving great crested newts against the creation of much-needed homes for people!

Richard's unique contribution to the world of urban neighbourhoods and renewal lies in a combination of community understanding, housing management experience, a commitment to greater equality and a belief in social integration. In recent years, our work for the Independent Housing Commission into the Future of Council Housing in Birmingham, led us to conclude that England's second city, with the largest council stock in the country and many decayed estates, was well placed to adopt community-based housing options. Sadly our proposals for more diverse and mixed

solutions to the legacy of council housing were eventually put on ice by the authority (Independent Commission of Inquiry into the Future of Council Housing in Birmingham, 2003) following a change of control in May 2004.

But, meanwhile, support from JRF has enabled me and colleagues at the London School of Economics and Political Science (LSE) to embark on an exciting new programme about Weak Market Cities across Europe and the US (<http://sticerd.lse.ac.uk/case/research/weakmarketcities/default.asp>). Extending the search for underlying causes that lies at the heart of Richard's and the Foundation's approach, we are seeking to understand what happens to cities experiencing the harsh economic shock of de-industrialisation and how they recover through the emergence of new urban dynamism.

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### **Old and new challenges in low-income neighbourhoods**

This chapter draws on several long-running studies about low-income areas and their prospects. For the past eight years, the Centre for Analysis of Social Exclusion (CASE) at the LSE has been tracking 12 highly disadvantaged areas, representing different types of deprived neighbourhoods across the country. The government's Neighbourhood Renewal Unit is trying to help in the recovery of up to 3,000 such areas, and our work feeds directly into this process. It has been our task to see what is happening to policy on the ground (Lupton, 2003).

We have conducted a parallel eight-year study, tracking the lives of 200 families in four of the 12 areas, two in East London and two in Northern cities. These families are living in some of the most difficult conditions anywhere in Britain. We have been trying to establish just what impact neighbourhood conditions have on families and children (Mumford and Power, 2003). We argue that families should be able to survive and flourish in these neighbourhoods as a litmus test of the 'humane city'. Our findings, soon to appear in a book entitled *City survivors* (Power, 2007: forthcoming), show just how tough it can be.

We have also, from 1980 to 2005, tracked 20 of the most ‘unpopular’ estates in the country. This study began under a Conservative government when awareness was emerging of the immense problems of ‘difficult-to-let’ council estates (Power, 1987). We revisited the estates in 1987, in 1995 and, again, in 2005. JRF funded the last two rounds of this work, showing that the estates have greatly improved over a generation of concerted effort, albeit within a context of decline in the status of council housing (Power and Tunstall, 1995; Tunstall and Coulter, 2006). Most are no longer entirely council owned. We have also carried out research, since 1987, on high-poverty estates in five European countries, comparing and contrasting approaches to policy, management and regeneration. This work, including the 1997 publication *Estates on the edge* (Power, 1993, 1997) has, in turn, informed the latest JRF-funded programme on Weak Market Cities.

A fourth major strand of work has examined those areas in the North where, in contrast to the South of England, demand for housing is low. Starting in 1997, we tracked four neighbourhoods, two in Newcastle and two in Manchester, describing the extreme decline and semi-abandonment we found, and revealing pockets of intense deprivation and social disorder (Power and Mumford, 1999; Mumford and Power, 2003). We searched for the roots of these problems in the communities that seemed to have lost their purpose, leaving young people stranded with no apparent future (Tunstall and Power, 1997). Since then, we have followed up low-demand areas through the government’s Housing Market Renewal Pathfinder programme. Over the past few years, conditions have changed rapidly and there is now some evidence of real market renewal. There are about 40 community groups across the North and the Midlands fighting against plans to demolish their ‘officially devalued’ communities, on the grounds that house prices have risen, people are moving in, and many residents want to stay. Our firm conclusion is that with equal treatment of refurbishment and demolition, their communities could recover (ODPM, 2006a).

The other great, contemporary housing challenge facing Britain is, of course, the intensifying need for affordable housing in the

booming South East. Over the past three years we have carried out work in the Thames Gateway on the east side of London, looking at housing needs, demand and the potential for creating more socially mixed communities. In a sea of intense racial and income polarisation, we have proposed a framework for new housing within the existing built-up structure of the Thames Gateway as a way of regenerating the low-income neighbourhoods that already exist. We have demonstrated how higher-density developments, as well as more compact and mixed developments, could help meet the predicted housing needs of the future, without creating unsustainable communities that sprawl across an unsustainable floodplain in the Thames Estuary (Power et al, 2004).

### **Introducing mixed communities**

The rest of this chapter focuses on the value of mixed communities and how they can be created through neighbourhood renewal. 'Mixed communities' are talked about in so many different ways that an agreed definition has remained elusive. It helps to start with what they are *not*. Thus, the main type of neighbourhood that mixed communities are designed to counter is socially isolated housing with poor environmental conditions. A mixed community implies not just mixed uses and services and the opposite of a monofunctional housing estate; it also implies mixed tenure to include owner-occupation, private renting, housing associations and sometimes council housing. In order to ensure a variety of housing types and income groups, a mixed tenure housing area will include people in work, and will attract people from diverse social backgrounds, incomes and ages. Efforts should be made to include people from different ethnic backgrounds. It is also important for mixed-income communities to offer a mixture of styles, sizes of homes and types of building with diverse spaces and functions. It will not just comprise streets and gardens, but also courtyards, shared gardens, patios and balconies within blocks of flats; parks, play areas, clusters of shops and cafes, places where people can meet. The Urban Task Force, led by Lord Richard Rogers at the turn of the century, made an eloquent

case for the merits of this type of neighbourhood renewal (Rogers and Power, 2000).

There are many different ways of putting together these different facets of mixed communities. Certainly the present Labour government's embrace of mixed communities implies better, more stable, more attractive places with a working population, preventing the social isolation of ghettos. If better-off people in work can be attracted to neighbourhoods that are improving, then the theory goes that people who already live there will welcome the change because it brings benefits to them – a form of 'low-level gentrification'. However if 'mixed communities' are taken to mean the creation of more new-build schemes that are liable to draw away more ambitious households from disadvantaged neighbourhoods, there is a risk that poorer families will be stranded and some ethnic groups will be left behind. It follows that the tasks of building and integrating new homes and upgrading existing homes need to go hand in hand within neighbourhoods in need of renewal (Power, A. in Bill, 2005).

### **Critical issues**

In well-planned mixed communities, residents in work who like the area will support local services and help create 'neighbourhood magnets' that people come to recognise and value. These are points of attraction that draw people in and hold people together. They include facilities like a local bus stop, shops, a well cared-for park, small supervised local play areas, a doctor's surgery and all the other types of public place that people need to help them feel at home in their area, and not alone. Isolation in lonely households is becoming a bigger problem as we splinter into smaller and smaller social units.

Proximity and interconnectedness, meanwhile, link to another crucial but controversial topic: density. Mixed neighbourhoods must have a critical mass of people to support neighbourhood magnets and keep them working. Given the shrinkage of household size from four people per household just half a century ago to just over two per household, a community requires nearly twice the number of households to be viable, otherwise it is simply impossible to keep the

local shop or bus going. This means a *minimum* density of 50 homes per hectare. Cornish traditional villages, Victorian semi-detached houses, and other popular forms are built at this density and it is part of their appeal. They are not crowded, but in harmony with each other and their surroundings (Power, 2004).

A third critical issue is mixed income. It is easier and more sensible to think of mixed communities as housing people with overlapping bands of income rather than supposing that mixed communities should somehow combine the most extreme luxury with extreme concentrations of deprivation in subsidised social housing. Unfortunately, there are some recent examples in London of developments where the social housing is of vastly inferior quality and has been placed on the edge of the development. Developers have been permitted to meet their obligations under planning agreements by building very high density luxury flats completely segregated from the social housing in their supposedly 'mixed' community. But there are also more promising examples of mixed developments, like the Greenwich Millennium Village, where the social housing is of as high a quality as the rest and more integrated (Silverman et al, 2006).

### **Historic and continuing barriers**

Logic tells us that we should try and make existing communities more mixed. To do this we ought to make them more attractive and modernise them to incorporate the features we have set out. Yet, if we need to build more homes in high demand parts of the country, we should also be seeking to use spaces available within existing communities to integrate them into the existing urban frame, and to strengthen and upgrade existing services and conditions. Capacity studies show there are small infill sites scattered all over our inner cities and towns, including London, in need of attractive recycling to strengthen our decayed urban structures and provide much needed affordable housing (London Development Research, 2005).

But there are still many barriers to the development of mixed communities within existing housing structures. Among the most important:

- High-demand housing areas create an affordability problem for poor people. They cannot gain access to market-cost homes without accepting crowded, low-quality living conditions. Consequently, publicly subsidised social housing has to be carefully targeted to the people in greatest need. This inevitably generates both polarisation by income and resentment among those who cannot get in. It can also lead to greater ethnic separation (Dench et al, 2006).
- In low-demand areas there is a problem of over-supply and a constant exodus of people from seriously declining areas, creating another kind of marginal neighbourhood. This literally drives up demand for more and better quality housing outside the existing built-up area because people try to leave declining areas. Neighbourhood decline thus directly drives sprawl building and polarisation (Power and Mumford, 1999).

Under both these scenarios, neighbourhood conditions decline. Unattractive neighbourhoods send out a negative signal through their environmental conditions, persuading owners that it is better to leave than to invest in the area. Thus, run-down neighbourhoods and low-demand housing fuel each other in a constant spiral even in high-demand regions, if social problems abound. Importantly, this helps to explain why such estates are at least as common in high-pressure London as they are in low-pressure Northern cities.

All homes deteriorate year by year bit by bit – and the same applies to neighbourhoods. Over time there is a need to reinvest in both. ‘Wear and tear’ feeds into the problem of declining neighbourhoods and in turn helps create low demand (Power, 2006). Unless we adopt a continuous process of neighbourhood renewal, backed by reinvestment incentives, existing communities will continue to polarise and new, supposedly ‘mixed’ communities will draw out the more fortunate and more ambitious. Yet we spend very little on major improvement of our existing stock despite long experience that it is considerably cheaper than new build.

Low-income owner-occupiers, including many older people, find it difficult to afford necessary investment in their properties without

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financial assistance. The VAT charged on virtually all repairs and improvements creates a further barrier to reinvestment. This tax of 17.5 per cent on work to existing homes contrasts sharply with the indirect subsidy to new build. This is not only VAT exempt but also receives new infrastructure, effectively free of charge, courtesy of the Treasury. The Treasury does not know how to reduce the perverse incentives that VAT on repairs creates, while retaining the large revenues it generates. One suggestion is to reduce VAT to 5 per cent in regeneration and neighbourhood renewal areas. This seems a goal worth pursuing since it would, practically overnight, generate inward investment in homes, attract inward movers and create more mixed communities (Urban Splash, Chimney Pot Park and New Islington schemes, 2006).

Since ownership is still seen as a higher status tenure than renting, extending owner-occupation has been seen as one way to 'upgrade' neighbourhoods and create more mixed communities. Yet this rather ignores that fact that most people, at some time in their lives, need to rent their homes. Progress in tackling current housing shortages requires a more even playing field between owning and renting, with a greater acceptance of the role of private renting in housing people of all incomes at different stages of their life. Students take this for granted and accept sharing and lower quality for a few years on grounds of cost, lifestyle and independence. Encouraging more ad hoc renting is one way of ensuring more and cheaper housing as well as aiding access. The Germans do this well; sadly we in Britain do not.

Meanwhile, the biggest single barrier preventing 20th-century housing from being turned into more attractive, more mixed communities is the 'estate'. Estates have been built as monolithic dormitory areas for particular types of people. Private estates are for families in work; council estates for lower-income, working-class families – and increasingly for the most marginal households, particularly those out of work, newcomers and lone parents. Estates are difficult structures within which to create mixed communities, and the larger they are, the more difficult it becomes. Yet many new developments are being built precisely in this form whether private or social. Calling them 'mixed communities' won't overcome this



problem. Until we adopt a more fine-grained, small-scale, ‘infill’ approach to new building, we will neither succeed in the goal of creating more mixed communities, nor will we revalue and renew existing communities (Urban Task Force, 2005).

One major consequence of neighbourhood decline is the extreme unmanageability of the problems that have accrued in particular areas, creating an almost insuperable barrier to mixed communities. The most deprived council estates, and to a lesser extent, the most run-down private housing areas, have come to experience such intense problems with crime, drugs, poverty and anti-social behaviour that it is hard to see how the physical place can survive the levels of social disorder. This disorder is, in turn, a huge driver of people leaving cities and leaving council housing; likewise of the intense polarisation we see in the poorest areas. Yet even in these extreme circumstances it can still make sense to argue in favour of neighbourhood renewal and integrating new developments within existing communities. A combination of multiple, small efforts sustained in these neighbourhoods over many years could, at a time of increasing land pressures and rapid growth in smaller households, enable the problem to correct itself (Paskell and Power, 2005).

### **Neighbourhood renewal now and in future**

Neighbourhood renewal is of continuing, pivotal importance both for the recovery of cities and for the sustainability of our small crowded country. It is also the only obvious way to meet our expanding housing demand while maintaining social cohesion in the face of acute shortages, high prices and growing physical polarisation. Consensus on the need for renewal has existed and survived several changes of government for more than 30 years. However, the approaches favoured by different policy makers have gone through various upheavals. It wasn’t until 1997 with the ‘New Labour’ government that a decisive stamp was put on this issue under the title of *Bringing Britain together*, a landmark report by the newly formed Social Exclusion Unit (1998). The case made continues to ring true for many reasons. Among the most significant:

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- England is a heavily built-up country with 60 per cent of the population in large cities and at least 25 per cent of the rest in urban settlements of one kind or another. The vast majority live in homes that are already built and in need of constant upgrading. About 70 per cent of the total stock requires significant reinvestment, yet, as already mentioned, the incentives for doing this are low and the barriers are high.
- Even after 25 years of the 'Right to Buy' we still have a large legacy of council-built estates, about 10,000 in all. Councils still own around three million properties in England and Wales with many more in Scotland and Northern Ireland. It is a huge problem for public authorities to maintain and improve this stock, create mixed communities and house the people most in need of low-cost affordable housing. Nevertheless, our long-running research project for JRF on 20 unpopular estates shows how council estates can be renewed through intensive hands-on management, community involvement and a shake-up in ownership.
- The general decline of neighbourhoods is generated not just by disincentives to reinvest in our homes, but also by a withdrawal of street supervision, the decay of street infrastructure and the poor maintenance of urban parks, open spaces and play areas. In general we have allowed urban areas to become traffic prone, run-down and generally unfriendly to children and families. These environmental signals generate high levels of fear in communities, as recent police research indicated. The fear may be harder to combat than the real risk of trouble.
- There is a serious problem around community cohesion and ethnic polarisation. The minority ethnic population has expanded numerically and proportionately far more rapidly than the white population and the areas of original minority ethnic concentration have greatly expanded. This has generated fears of accelerating residential separation and certainly school separation (Power and Lupton, 2004). Many white families are leaving London in search of better schools and better social conditions. As a result large numbers of inner London and particularly east London schools have become overwhelmingly minority schools. This will not

build cohesion in future generations. This problem also occurs in Birmingham, Bradford and other places.

- All building activity creates environmental impact cumulatively over time. Ecological chains can be disrupted that then have serious consequences for the survival of future generations. This carelessness of the future in the face of today's pressing needs cannot be sustained for much longer. While many naturalists worry about the loss of bio-diversity, JRF's proposed development of exemplary, sustainable new homes on the outskirts of York (for more information on the Derwenthorpe development, see Sturge, this volume) is in local conflict with the survival of the great crested newt. The symbolism of this conflict could be replicated all over the country. Government, scientists, planners, builders, insurers and communities are genuinely worried about – to name but a few – the threat of floods, erosion, building on the Green Belt, water stress, power supplies, road building, traffic congestion, infrastructure costs, the development impact of over-growth, the distress of urban decline and the blanket impact of new housing. All of these issues drive the neighbourhood renewal agenda.

### **Finding the way out**

Despite all the barriers and concerns, there is a way out – as evidenced by some striking findings from our recent research studies. To take some key examples:

- *The 20 difficult council estates* that we have tracked since 1980 are now in very different shape from when we started. All of them have diversified their ownership and management structures, although the vast majority are still predominantly council-owned or socially rented. Owner-occupation has risen although it is still under 20 per cent on average. All estates now foster the Right to Buy. Selective demolition has made way for new-build housing association property. Their overall condition has improved through diversification, investment and close attention to detail. However, as management is diluted because the estates have become more 'normal', it will be critical to continue the process of reintegration,

mixing and diversification (Tunstall and Coulter, 2006). Most of the areas are still predominantly low-income rented housing areas.

- *Programmes to tackle low demand* have begun to show real progress but not in the way that government expected or planned. To any objective observer market conditions are radically different from seven years ago when we conducted our study on the *Slow death of great cities* (Power and Mumford, 1999). House prices are now up to ten times higher in the market renewal areas than they were, more in some areas. People are buying into extremely run-down, old terraced housing areas because they want to live there. Community groups all over the North have sprung up to oppose the demolition of very poor areas, precisely because they and incomers value the homes and communities near to city centres with a heritage atmosphere, and many traditional residents want to stay for all these reasons (Beck, 2005). Government policy shifts slowly and some officials still make the case for ongoing large-scale clearance on the grounds of obsolescence. These arguments are no longer borne out by evidence from the ground. It is to be anticipated that the housing market renewal programme will gradually transform itself into a pro-city, pro-neighbourhood renewal agenda.
- *The cities agenda* has risen up the ladder. This has been partly under the aegis of environmental constraints on new building, partly due to the changing shape of the economy, and partly under the beneficial impact of neighbourhood renewal. The example of London is particularly enlightening. Thirty years ago the capital was losing population faster than any other city in the country. It was blighted by slum clearance programmes more than any other city in the country. It was also under greater threat of disorder and ethnic polarisation than anywhere else. Yet thanks to a combination of land constraints, a strict Green Belt policy restricting expansion, the sheer size of the city, and the return of dynamism to the city centre and its economy, these problems have faded even if they have not gone away altogether. Within inner London, the renewal of older terraced property, the diversity of

ethnic minority communities and the mix of available housing tenures are now considered assets rather than liabilities. London's experience will not easily transfer to other major cities in the country, but it is hard to escape the lessons that the capital offers.

Parallel, if not identical, processes are now underway in other cities. There are signs, highlighted in the government's recent *State of the cities* report, that urban renewal is taking root more widely (ODPM, 2006b). Exciting examples include East Manchester; the Dingle and Vauxhall areas of Liverpool; the Jewellery Quarter and eastern regeneration in Birmingham; the Ouseburn and Grainger Town in Newcastle; and the Clydeside revival in Glasgow. These undisputed examples of renewal drive the rebirth of mixed communities elsewhere within cities.

- *Producing an affordable housing supply*, renovating existing homes, and holding on to families within the city's limits remain among the biggest challenges. But bit by bit this is happening. The Thames Gateway provides examples of some of the slightly unexpected ways in which this can be achieved. While the government has been promoting large-scale, new mixed communities on huge brownfield sites, the Mayor of London and relevant boroughs have been persuading smaller developers to build on the myriad small sites within London's deprived and decayed East End. Preparations for the Olympic Games in 2012 have helped to galvanise new thinking about the needs of existing communities, the threat of displacement and the potential for ethnic conflict if we fail to focus on regenerating areas that already exist.
- *Neighbourhood management and community safety* have become big issues as central and local government struggle to come up with simple, affordable, deliverable ideas to tackle long-term problems of neighbourhood renewal and mixed communities. More front-line focus, more face-to-face contact and more family-friendly neighbourhood conditions lead us back to the same place: namely, more integrated, cohesive and harmonious neighbourhoods.

## NEIGHBOURHOOD RENEWAL, MIXED COMMUNITIES AND SOCIAL INTEGRATION

To make neighbourhoods work, to renew communities and to protect the environment, which is patently under increasing stress, we have to treat with care the people and the places that are most vulnerable. So if we do renew low-income neighbourhoods, this will back up into the mainstream of urban society. As Jane Jacobs argued in *The economy of cities* (1987), it is the people at the base of a hierarchy, struggling with the most live and acute problems, who have the strongest motivation to find solutions that work. Neighbourhood management is one such solution. Invented by pioneering rule-breakers who were posted out to the worst estates in the early 1980s, it is obvious, 'do-able' and affordable. It can help everyone in urban areas enjoy more peaceful, more orderly, more productive and more harmonious conditions. This will, of itself, lead to more homes in more mixed communities.

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# Disability and independent living



# Transforming attitudes, policies and lives

Jenny Morris

I DON'T ACTUALLY remember the first time I met Richard Best but I do have a vague memory of getting very cross about a publication, sponsored by the Joseph Rowntree Foundation (JRF), on the future of housing. I wrote him a letter, containing a rather liberal use of the words 'outraged' and 'shocked', complaining that the report's authors had failed to consider that disabled people might be part of 'tomorrow's new communities'. To his credit, he looked beyond my intemperate language to the point I was making – that many households are disabled by the way most housing is designed for the small minority of the population who are young and fit.

Richard has been kind enough to say that I had some influence on his promotion of Lifetime Homes – housing suitable for people over their whole lifetime. In reality both he and I were profoundly influenced by the case that disabled people and their organisations were making about the failure of housing providers to recognise and respond to the housing needs of older and disabled people. Brian Lewis from the Derbyshire Centre for Inclusive Living drew on his and other disabled people's experiences to write about the need for enforceable accessibility standards to be applied to all new housing. At the same time people like Debby Ounsted, now Chair of the JRF trustees and then Chief Executive of the Habinteg Housing Association, and Andrew Rowe at the Helen Hamlyn Foundation, were also making the case for more inclusive housing design. Richard took up the challenge and JRF's subsequent demonstration of both the practicalities and the benefits of Lifetime Homes has had a lasting impact on the design of new housing.

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**KEY FEATURES OF** Lifetime Homes standards, including level access, switches and sockets at a convenient height and doorways wide enough to allow wheelchair users to manoeuvre in and out of rooms, are now part of both Part M Building Regulations and the standards for new social housing schemes set by the Housing Corporation.

However, housing suitable for everyone, at every stage of the life cycle, is just one component of disabled people's aspirations for independent living and it is this broader concept – and the Foundation's role in promoting it – with which this chapter is concerned.

### **1990 NHS and Community Care Act**

In 1988, when Richard Best joined JRF, the social policy issue most exercising the government was the burgeoning cost of residential care for older people. At that time, the cost of care in a residential or nursing home was funded through the social security system and there was a hundred-fold increase in this expenditure between 1979 and 1989. Although 'care in the community' had been a policy aim since the 1960s, increasing numbers of older people were entering residential care. In many cases, this was not because they were making a positive choice. Rather, it was because funding for residential care was available as an entitlement through the social security system while, in contrast, the discretionary provision of local authority homecare services and suitable housing was not sufficient to meet demand. Many people felt forced, therefore, to move into residential homes, because this was the only way to get their housing and care needs met as they developed mobility problems and personal care needs in old age.

The previous 30 years had also exposed the considerable barriers preventing younger people with support needs being able to live in their own homes. The majority of the money spent on people with learning difficulties was still tied up in long-stay hospitals (Collins, 1992, 1993) and the post-war identification of 'younger disabled people' (people with physical impairments below retirement age) as a specific 'welfare group' had resulted in an increase in residential provision for this group (Morris, 1993). This was mainly prompted by an uncovering of the often appalling conditions that some younger disabled people endured on 'chronically sick' hospital wards

and long-stay hospitals and the ensuing replacement of these with Younger Disabled Units in the NHS and residential homes in the local authority and voluntary sector.

During the second half of the 1980s, there was increasing support for policies to enable older people to remain living in their own homes, and increasing concern about the 'perverse incentive' to residential care inherent in the current funding system. At the same time, there was increasing pressure to enable both people with physical impairments and people with learning difficulties to live in the community, rather than in long-stay hospitals, Younger Disabled Units or residential homes.

However, within the policy debates covering all these groups of people, there were also two important assumptions made about any alternative system. Firstly, it was assumed that specially trained professionals (to be called care managers) were required to assess the needs of 'dependent' people, and decide how best such needs could be met; and secondly, there was an assumption that the unpaid care provided by family members was key to the viability of 'community care'. As the Department of Health stated in guidance to local authorities on developing policies to support carers, "the value of the [unpaid work which carers do] saves the State between £15 and £24 billion [at 1987 prices] per year" (DH, 1991, p 13).

The 1990 NHS and Community Care Act placed the funding available for residential and home care in the hands of local authorities, setting up the system of assessment and care management that remains in place today. At the same time, however, disabled people themselves were challenging the assumption that they were 'dependent', in need of 'care' and must rely on the unpaid care of family members. These challenges have had a profound influence on the development of community care policy in the years following the legislation.

### **Research and empowerment**

Throughout the 1970s and 1980s, there were increasing numbers of disabled people who struggled to get out of residential care and to have control over their lives. Associated with these individual

struggles was a growth in local and national organisations run by disabled people, campaigning against the social and economic inequality that was too often a consequence of impairment. It was these developments – with their emphasis on human and civil rights – that influenced JRF's Community Care and Disability Committee and its successor, the current Independent Living Committee.

Three important principles were adopted by the Social Care and Disability Committee:

- the social model of disability
- independent living and
- user involvement.

They guided, and continue to guide, the Foundation's funding of research in the field of social care. These principles have become more and more accepted within central and local government policy and practice over the past 20 years, and the partnership between the Foundation, the disability movement and academics has played a significant part in these developments.

### *Social model of disability*

The social model of disability is a simple idea, providing a theoretical framework, with both methodological and political implications. In essence, the hypothesis is that it is not impairment or illness that determines someone's life chances but the socioeconomic context in which impairment and illness is experienced. The 'problem' to be studied is not, therefore, the functional limitations created by impairment or illness, but the social and economic context in which they are experienced.

Up until the mid-1990s, government policy and the dominant approach to disabled people's lives and needs were couched in terms of impairment or illness as the identified problem. The contrast between this approach and the social model of disability is nicely illustrated by Mike Oliver's recasting of the questions used by the government's major survey of disabled people carried out in the 1980s (OPCS, 1988). Where the survey asked, 'Does your health

problem/disability make it difficult for you to travel by bus?’ Oliver rephrased the question to, ‘Do poorly designed buses make it difficult for someone with your impairment to use them?’ (Oliver, 1992, p 104).

While it is now accepted, and indeed law, that bus companies must make ‘reasonable adjustments’ to their buses and services to enable disabled people to use them, at the time neither the discrimination created by physical (and other) barriers, nor the need to do something about it, was generally accepted. Indeed, the government’s response to Private Members’ Bills on disability discrimination during the 1980s was to say that they did not believe anyone discriminated against disabled people, and that adjustments to the physical environment and public transport would be too expensive. The Foundation funded the British Council of Organisations of Disabled People to examine the evidence – and effects – of discrimination. The resulting publication provided important hard information about the need for legislation (Barnes, 1991), undoubtedly contributing to a change of government policy and the ensuing 1995 Disability Discrimination Act.

JRF’s purpose has always been to seek out the underlying causes of disadvantage. In adopting a social model approach to the lives of disabled and older people at the beginning of the 1990s, the Foundation signaled that research was required to identify disabling barriers and the policies and practice required to tackle them.

### *Independent living*

*The Foundation’s interest in independent living flowed naturally from this emphasis on disabling barriers, and also from the Quaker understanding of the intrinsic value of each human being – an assertion which is also the starting point of the independent living movement.*

*(Morris, 1993, p 21)*

Independent living is essentially a challenge to the place of disabled people in society. Adolf Ratzka, one of the independent living movement’s pioneers, states “Independent Living is a philosophy

and a movement of people ... who work for self-determination, equal opportunities and self respect” (Ratzka, nd). The definition of independent living is made up of three elements:

- an assertion that disabled people should have the same opportunities for choice and control in their lives as non-disabled people;
- a challenge to the usual interpretation of the words ‘independent’ and ‘independence’;
- an aspiration that any assistance required should be under the control of disabled individuals themselves.

As Simon Brisenden, another early pioneer of independent living, wrote:

*Independence is not linked to the physical or intellectual capacity to care for oneself without assistance; independence is created by having assistance when and how one requires it.*  
(Brisenden, 1989, p 9)

Just as the social model of disability asserts that it is disabling barriers that create a poor quality of life and limited opportunities, so the concept of independent living asserts that it is the lack of choice and control over any assistance needed that undermines human and civil rights. It is disabling barriers and a lack of choice and control that create situations where the quality of some people’s lives is seen to be so poor as to be not worth living. During the 1970s and 1980s, increasing numbers of disabled people were struggling to set up situations where they had control over who provided them with the assistance they needed and how it was provided. They did this by persuading local authorities – and sometimes health authorities – to hand over the money that would otherwise have been spent on residential care or homecare services to enable them to employ their own personal assistants. Although providing cash in lieu of services was technically illegal, by 1992 almost 40 per cent of local authorities in England had some kind of scheme for making cash payments while in London eight out of 10 were doing so (Zarb and Nadash,



1994). These payments became known as ‘direct payments’.

A key part of these developments was the assumption that it is the disabled individual who is the expert on what their needs are and how best to meet them. This, and the experience of having choice and control over the assistance needed, was in stark contrast to the two key elements of the 1990 community care reforms: namely the introduction of care managers, to assess and put together ‘care packages’ and the dependence of the entire system on unpaid care provided by family members.

### *User involvement*

It was the third principle adopted by the Social Care and Disability Committee that meant it played a key role in funding research to provide an evidence base that – among other factors – would lead to a change in government policy on direct payments. The Committee not only included disabled academics, but also made it clear it expected researchers to work with disabled people and their organisations. This resulted in a programme of research on independent living, including Gerry Zarb’s work on the costs and benefits of direct payments, a project that paired a traditional research organisation, the Policy Studies Institute, with the British Council of Organisations of Disabled People (Zarb and Nadash, 1994). Such research played a major role in the government’s final acceptance of direct payments and the 1996 Community Care (Direct Payments) Act.

In the field of learning disability, too, most of the research projects that were funded involved organisations or individuals representing the research ‘subjects’ throughout the process. For example, a number of JRF-funded projects carried out by the Norah Fry Research Centre took the ideas of local people with learning disabilities as their starting point, subsequently involving them in various aspects of the research (see Ward, 1997). People with learning disabilities from the People First organisation were provided with training and support to carry out evaluations of the experiences of people with learning disabilities who moved from institutional care to living in the community (People First, 1994). This and other projects had a significant impact on the 2001 national strategy on learning disability, *Valuing People*.

In addition, the JRF research programme on disabled children was largely responsible for the inclusion of children within the national strategy and has had a significant influence on the development of services in recent years.

The desire that research should make a difference led to, among other things, a JRF Task Force on the disincentives to paid employment among disabled people created by community care charging policies. The evidence assembled (Howard, 2001), and the involvement in the Task Force of civil servants, from the Department of Health and the Treasury, together with some judicious political lobbying by prominent disabled individuals, persuaded the government in 2001 to disallow earned income in the means test for direct payments, Independent Living Fund grants and community care services. At a time when the government's general approach was characterised by increased 'targeting' of resources – that is, means testing – this was an important victory for the universalist principle.

### **Influencing community care policy**

JRF's programme implicitly recognised that social research is not a value-free activity. Indeed, it is at its most harmful when it does not make explicit its underlying assumptions. One example of this is the research on 'young carers' – children of disabled or ill parents who take on inappropriate roles and responsibilities within their family. From the late 1980s, research resulted in the construction of a whole new 'care category' and the development of policies and services to address the needs of 'young carers'. Much, although not all, of the studies were based on a deficit model of parenting applied to disabled parents. It was associated with a media representation (in newspapers and television documentaries) of how "Children suffer as they care for disabled parents" (*Independent*, 8.5.1992). Instead of focusing central and local government's attention on implementing disabled parents' existing entitlements to support under community care legislation, money was channelled into 'Young Carers' projects that initially did little to help parents avoid having to rely on their children.

The principle of working with disabled people and their organisations, and a focus on disabling barriers rather than impairment

and illness, led the JRF to set up a Task Force on Supporting Disabled Adults in their Parenting Role. This Task Force brought together disabled parents and those researchers and organisations associated with the ‘young carer’ lobby. A joint submission to the government’s national service framework for children, young people and maternity services (Stone, 2002) argued that policy and practice had sustained young people in inappropriate caring roles, rather than promoting the provision of assistance to the parent to prevent their children becoming ‘young carers’. At the launch of the Task Force’s report (Morris, 2003), the government announced its commitment to a national protocol on support services to disabled parents and this is currently being developed by the Social Care Institute for Excellence.

The wealth of research funded by JRF on disabled people’s experiences, and the importance of tackling disabling barriers also had a significant impact on the Prime Minister’s Strategy Unit report, *Improving the life chances of disabled people*. Published in January 2005, it adopted the social model of disability and the aim of independent living and committed the government to bring about an improvement in disabled people’s life chances over the next 20 years so that they are “included as equal members in society”. At the heart of these proposals was a commitment to promote independent living for disabled people and to introduce “a new approach”, which:

- addresses all aspects of needs for support and/or equipment or adaptations;
- is personalised according to individual need and circumstances;
- is underpinned by the principle of listening to disabled people and acknowledging their expertise in how to meet their needs;
- maximises the choice and control that people have over how their additional requirements are met;
- provides people with security and certainty about what level of support is available;
- wherever possible, minimises the disincentive to seek paid employment or to move from one locality to another; and
- uses existing resources to maximise social inclusion. (Prime Minister’s Strategy Unit, 2005)

The new system aims to give individuals choice and control over how their support needs are met, and replace the existing fragmentation of needs across different central and local government agencies and departments. Individuals would be allocated a budget, based on eligible, assessed need, and they would choose how to use the money, with advocacy support where needed. It could be taken as a cash payment (the way direct payments operate now) or in the form of services, or as a combination of the two.

Individual budgets would enable a range of support needs to be met: personal care; family roles and responsibilities; access to the community, employment, voluntary work, training and education, and leisure activities. In other words they would enable disabled people to have choice and control over the support they need in order to participate in society.

It is also intended to:

- separate out the assessment of need from the determination of eligibility;
- bring about a cultural shift so that social care professionals are working to promote self-directed support;
- ensure that each locality has a user-controlled organisation, modelled on the existing Centres for Independent Living;
- promote closer working relationships between health and social care organisations and organisations of disabled people.

While the Strategy Unit report only covered disabled children and disabled adults of working age, its proposals on individual budgets were extended to older people in the most recent White Paper, *Our health, our care, our say: A new direction for community services* (DH, 2006).

### **A continuing commitment to independent living**

The Foundation's Independent Living Committee, which now manages its research in this field, continues to be underpinned by the three principles of the social model of disability, independent living and user involvement. A disabled person, Dr Ian Basnett, with

personal experience of independent living, chairs the Committee, which is a partnership of service users, researchers, policy makers and practitioners. It is guided by a Reference Group that includes older people, people with a physical impairment, people with learning difficulties, mental health users, people with a sensory impairment and carers, and has a strong representation of people from black and minority ethnic communities.

Building on the work funded by the Foundation in the 1990s, the Independent Living Committee is now attempting to directly influence what happens 'on the ground'. This is apparent in both its guiding principles, and in its 'change/development' programme announced in 2005. The intention of the two-year programme is to develop "short-term, medium-term and long-term systemic solutions which can support older people, disabled people and a range of service users to have choice and control over their lives" (see [www.jrf.org.uk](http://www.jrf.org.uk)).

The organisation selected to take forward this piece of work is Shaping Our Lives, a national network of people who use services. The project intends to work with a number of local services and service users to identify ways of overcoming specific and general barriers to 'person-centred approaches' (that is, methods of using resources that deliver choice and control to the person who needs support).

## **The future**

While the Foundation has made a significant contribution to the knowledge base for the development of policy and practice over the past 20 years, there is still an urgent need for a firm evidence base in the rapidly changing world of adult social care.

In the past, the construction of disabled people as being 'dependent' and in need of 'care' has:

*... resulted in the generation of a thriving and costly 'disability' industry comprised of state institutions, private businesses, charities and voluntary organisations staffed by vast armies of professional helpers. (Barnes, 2004)*

It has been argued that there is a fundamental conflict between the community care system and the principles of independent living (for example, Zarb et al, 2000). Now that the new system of individual budgets is specifically intended to deliver self-determination, we need to be able to draw on firm evidence to be sure this is indeed the outcome achieved. We need, for example, to examine whether and how the new role created for a 'support planner', 'service broker' or 'care navigator' really will enable choice and control over the support that people need. The new system raises major issues about the entire future of care management and social work and such developments need to be informed by a rigorous research base.

The forthcoming Disability Equality Duty, introduced in the 2005 Disability Discrimination Act and to be implemented in December 2006, requires public bodies responsible for social care to examine the extent to which social care policies and practices promote equality of opportunity for disabled people. This duty applies to all disabled people, including those over retirement age, and potentially has significant implications for the way public resources are used to meet people's support needs. Certainly, policies and practices that separate people from their local communities and create social isolation and dependency are open to challenge under the new legislation. There is a role here for research to evaluate and inform the impact of the Disability Equality Duty on social care.

At the same time, the Disability Rights Commission has adopted the aim of establishing entitlement to independent living. In a Briefing Paper written for Lord Jack Ashley in support of a Bill to deliver the entitlements, the Commission argues that:

*Independent Living ... means securing respect for the human rights of disabled people and encompasses respect for dignity, privacy, family life and indeed life itself.*

However, after 20 years of research on independent living, we still do not have enough evidence as to whether there is an economic case for independent living. And, in the last resort it is this economic, rather than the moral, case which is most likely to influence policy.

Such evidence is crucial to the current and future debates on social care – as it was in the policy debates that led to direct payments. The Foundation is well placed to facilitate such a knowledge base.

A key part of current developments in social and health care is the government's wish to strengthen the role of the voluntary and community sector. Organisations run and controlled by disabled people have played a key part in developing ways of achieving independent living and campaigning for policy changes to increase disabled people's access to equal citizenship. Yet these organisations do not figure in current government policies on the voluntary sector. Indeed, none of these initiatives recognise the particular role, value and needs of user-led organisations. So we also need research on the role of user-led organisations to challenge such invisibility and examine their potential importance in the new social care system.

In sum, there is a continuing, urgent need for research to inform and evaluate the new system of individual budgets, the commitment to user-led organisations and the aim of promoting equal citizenship for disabled people. There is no other organisation funding research in the field of social care whose values have had such an impact on current national policy and local practice. Those of us who face disabling barriers to accessing our human rights owe a debt of gratitude to the role that research funded by JRF has played in the progress towards independent living over the past 20 years, and to the contribution we hope it will continue to make in the future.

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Addressing causes,  
maintaining persistence  
and changing policies



# Future challenges for UK housing

Duncan MacLennan

RICHARD BEST IS Britain's housing policy expert. For two decades his vision has inspired much of the direction and detail of changing UK housing policies. As Director of the National Federation of Housing Associations (now the National Housing Federation), Secretary to the Duke of Edinburgh's Inquiry into British Housing, Director of the Joseph Rowntree Foundation (JRF) and – latterly – a crossbench 'people's peer', he has had the influence and wit to change minds, ideas and, most importantly, the lives of millions of poorer households.

His passion has been for good housing as a fundamental shaper of the well-being of individuals, families and the communities and neighbourhoods they live in. His path has always followed Joseph Rowntree's exhortation to search and root out, not the symptoms, but the causes of poverty. Informed persistence has been the hallmark of his advocacy. His goal has been policy change.

With animated persuasion he has pursued his mission in the House of Lords, conference halls, pubs, clubs and on trains, planes and windswept council estates, from Hull to Glasgow; and, no doubt, he will continue to do so for many years yet. For Richard Best's effort has never been 'work' to him. It is not tied to a job. It is set in his core. They are always with him. He will certainly not retire. He will keep on 'searching' and 'finding'. There is simply no point in writing a eulogistic review of someone whose achievements are so obvious. So, on an assumption of his continuing passion and persistence this essay is written for Lord Best as a challenge, not a memorial.

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## **The challenge**

This is the challenge. The Duke of Edinburgh's Inquiry (NFHA, 1986) and follow-up work within JRF (Maclennan et al, 1990; Hills, 1991; Maclennan, 1994) stimulated an innovative wave of ideas that resulted in substantial improvements in British housing policy. These ideas have secured core political agreement not just for raising public expenditure on housing, but also concerning the meaning, aims and delivery of housing policies. However, time has passed and the wave of innovation has become more diffuse, tending to lead to fragmentation in policy. We pursue new ideas, we commit new resources, we even deliver new homes and communities but we have not yet delivered a coherent new housing *system* for the UK. We have, in other words, begun to lose sight of the integrating aims of the Duke's Inquiry.

The UK now faces a major challenge of bringing greater coherence to systems and ideas and policies rather than embarking on further, piecemeal policy innovation. UK housing policy needs to organise around some clearer principles rather than yet more announcements. A period of good choreography rather than discovery is required to shape a more integrated system that would make more effective use of economic principles when designing policy. This essay explores why and how housing policy thinking in the UK needs to change.

## **From inquiry to action**

### *Evolving a new reform agenda*

Until the later 1980s it was common to refer to housing policies in Britain as being a 'political football'. Many still see a sharp divide in housing policy perspectives between Labour and the Tories, although there are more significant intra-party differences. However, as Jon Rouse (2006) has pointed out, the broad policy system for affordable housing provision in England, albeit changing in detail and fiscal support, has been in place since 1989. Much the same can be said of Scotland, where Scottish Homes piloted what became 'New' Labour's housing policy after 1997.

The Duke of Edinburgh's Inquiry report (the Inquiry first met in 1985 and then reconvened almost a decade later) (NFHA, 1986)

called for better approaches to planning housing, at national and local level. The core of the reform proposals revolved around:

- more coherent pricing of social housing;
- a shift in the balance of subsidy towards needs or income-related allowances, that would be available to renters and owners alike;
- encouraging private investment for the housing association sector;
- giving support to a new, quality and professional private rental sector;
- adopting a more stable and market driven expansion of home ownership, involving the removal of Mortgage Interest Tax Relief.

Two decades ago, to simplify only marginally, the Conservatives supported home owners and Labour supported council housing. No party supported the private rented sector. Neither of the main parties held noticeably negative views of the voluntary/not-for-profit sector, but their views were not exceptionally positive either. (William Waldegrave made wide use of the evidence base from JRF research in the late 1980s and obfuscated brilliantly the difference between association renting and private renting for more market-oriented colleagues while stewarding the 1988 Housing Act through Parliament.) The extent of the shift in attitudes about what housing policy is for and who should deliver support has, since then, been truly fundamental. The Duke of Edinburgh's Inquiry report marked an especially significant step forward in policy debate because:

- The emphasis on better housing outcomes and faster growth was an antidote to the debates of the 1980s that had been about housing tenure (council versus owning, and council versus housing association).
- Economic and financial thinking was applied to social policy concerns about housing (for instance, the proposals for new pricing approaches and a needs-related housing allowance). Anyone who still doubts that reform was needed should look at the

random patterns of social housing rents and subsidies reported in Maclennan et al (1990) and further analysed by Hills (1991).

- The economic arguments moved beyond the simple multiplier/construction effects of housing investment to recognise the much wider, long-term effect of housing on the economy and in neighbourhood and city regeneration.

### **Next steps**

These instruments and ideas reshaped UK housing policy. A major research, dissemination and education effort was launched to persuade political interests and professional bodies to pursue a modernising agenda. As a consequence, beneficial changes have occurred and UK housing policy has, by OECD (Organisation for Economic Co-operation and Development) standards, become diverse, important, creative and well funded. But problems persist. Recently, Kate Barker's review of housing for the Treasury (2004) has highlighted areas of systematic weakness in understanding persistent, problematic features of the UK housing system. At the same time some of the measures needed to promote more diverse, community-driven housing services have stagnated in a churning, muddy pool of ideas within government. In particular, calls for a further significant extension of home ownership seem to lack any clear basis in evidence.

One senses the need, as 20 years earlier, for a radical step forward for the UK housing policy paradigm. That step change can still be along the 'Best' path but first it is important to understand why the positive outcomes that followed the Duke of Edinburgh's Inquiry reforms could be further improved. There are four factors operating:

- In the past decade there have been many policy 'departures', but relatively fewer 'arrivals' and effective 'connections' made (with some initiatives left idling in 'sidings' – Richard Best was very proud of the JRF 'Findings' summaries; but has also remarked on occasions that less successful studies should be quietly parked in 'Sidings'). The post-1988 reform agenda is far from completed. The use of private finance by housing associations illustrates both

the scale of achievement (£27 billion invested in low-risk and low-rate schemes) and the progress yet to be made (the absence of equity finance, the low rate of leverage of association assets; see further below).

- Some of the instruments selected to achieve reform have become less useful over time. For example, the removal of mortgage interest tax relief had important fairness gains and short-term beneficial macroeconomic effects, but its demise does nothing now to address high rates of house price appreciation.
- Some areas that received less attention in the 1990s are more obviously candidates for change today. For example, reform of social housing provision was advocated 15 years ago, but without much attention to the long-term competitiveness of the ownership structures being created, nor to the need to evolve a modern housing management industry. As Barker (2004) noted, reform may have embedded some economic thinking in policy making but it did not seek to change the cultures in housing management and planning that remained resolutely needs focused.
- Times have changed since 1988 and the UK, and its housing systems, face major challenges; globalisation is increasingly about the mobility of human capital, global warming is more and more evident, inequalities and social exclusion are persistent (if reducible) and localisation (devolution) and disaffection have become the hallmarks of modern politics.

How can these non-completions, mis-emphases, omissions and changes in context be turned to better account and used to shape the way forward? In moving towards an answer, it is first necessary to specify some of the key features of current housing outcomes in Britain.

## **Current UK housing policy**

### *Progress: little or large?*

At the start of the summer of 2006, the UK government released a new consultation paper (Dept for Communities and Local Government, 2006) on how housing policies should develop. It claims significant progress and achievements, all with reference to the low point of the

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previous administration's achievements. In particular, it maintains that an inherited, unstable housing market has been stabilised, a £19 billion backlog of repairs in social housing has been largely removed, and that record numbers of vulnerable homeless and roofless people have been reduced substantially. Ruth Kelly, the new Secretary of State responsible for housing policy, meanwhile declared to the 2006 Chartered Institute of Housing Conference her belief that the UK was at the dawn of a golden age for housing policy.

The claims of the consultation paper and the minister must be judged a little overstated. There has, nevertheless, been progress in UK housing in the past five years, including some energetic interest in thinking through the roles of housing in the economy and regeneration. Resource levels for policy have been substantially raised since 2003 and the efforts of the Treasury in sustaining growth with near record low levels of unemployment and interest rates have helped to expand housing choice and quality for all UK households. Indeed much of the abandonment of poor quality housing stock in northern British cities has reflected growth in the well-being of low-income households and their rejection of poor public housing for rent in favour of affordable home ownership options. Thus we can see how economic 'success' is apt to solve some housing issues while creating others.

*How much support?*

Government needs to be tougher in assessing its collection of policies if it is to make more effective progress. (For a recent high-quality review of housing policies in England from 1975 to 2000, see Whitehead et al, 2005.) A good start would be to be frank about the resource levels now supporting policies, and to pay greater attention to the real subsidies available to support housing choice. Ministers, in both Scotland and England, talk about 'unprecedented' levels of public resources being allocated to housing policies. But these claims simply do not stack up, whether one takes direct government expenditure measures or broad, if rather sketchy, totals of tax expenditures and income supports. Consider the following facts, largely drawn from the work of Steve Wilcox (2005a):



- From 1997 until 2005 the share of Total Managed Expenditure spent on housing in England actually ran below the equivalent share for the period from 1987 to 1997; for the UK as a whole real gross spending on social housing fell from £9.1 billion to £6.1 billion. The share of residential investment in the UK has halved since the early 1990s, when it was already low by OECD standards. Even allowing for the fact that the social housing sector has shrunk and that a rising total of investment is now made 'off balance sheet' by associations, including stock transfers, this still suggests that in a period of rising housing costs and prices direct government support for affordable homes has been remarkably low through the decade 1995 to 2005.
- Reductions in worklessness and other benefit reforms have facilitated a real reduction in gross Housing Benefit spending of around a fifth between 1996/97 until 2004.
- The tax take of government from the home owner sector has increased significantly; the removal of MIRAS now saves the government a tax expenditure of close to £10 billion annually and at the same time the rising price of houses has meant that receipts from stamp duty and inheritance taxes have more than tripled to around £5 billion per annum. Wilcox (2005a) has estimated that the non-taxation of capital gains, with equitable rollover arrangements, now constitutes an annual tax expenditure of a similar magnitude.

So resources from government, through the tax system, direct housing programmes and Housing Benefit, are not at an unusually high level of support but are, rather, rising from a low base in the late 1990s.

### *Qualifying claims*

The claims of success made in the government's 2006 consultation paper also need qualification:

- Although the government has largely eliminated rough sleeping and 'rooflessness' in the UK, reducing the most visible and

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vulnerable cases of homelessness, the number of families accepted as 'homeless' by local authorities in the UK has been steadily rising.

- Annual house price increases have stabilised, relative to the previous decade, but there has been a continuing high and problematic trend of 'real' house price appreciation.
- Government has succeeded in improving the quality of low-income housing in the UK, especially in the non-market sector, but this has been largely a consequence of stock transfers that have facilitated progress at a time of scarce fiscal resources.

Generally speaking, the post-1988 system has proved much better at 'fixing' short to medium-term housing problems than at providing more new homes and housing new households. Moreover, the government's fiscal commitment to addressing housing issues has been low at a time when homelessness acceptances (in England) have risen to around 100,000 a year while the total output of new, social housing struggles to reach 25,000 units a year. Meanwhile, output in the market sector has fallen as real house prices have doubled in a decade. The Duke of Edinburgh's Inquiry may have provided the template of a better resourced engine to drive UK housing, but either the 'fuel' of new resources has been in too short supply to meet housing needs, or the engine is in need of further improvement.

### **New goals or new systems?**

The government, encouraged by the Barker Reviews, has come to recognise the importance of greater price stability in housing and that more elastic supply systems and increased output of social housing are essential. But it seems to believe it can achieve better policy outcomes without adequately addressing the systemic failures that Kate Barker identified. The sluggish and low supply elasticity of the UK housing system is a distinctive and long-run phenomenon (Malpezzi and Maclennan, 2001). It represents a national corporate failure in thinking and action at all levels of government and the development sectors. While ostensibly pursuing great goals, policies continue to tinker with an unreconstructed market and inadequate

systems for providing social housing. Yet until the market becomes more elastic there will be obvious conflicts between policies promoting affordability and those seeking higher rates of home ownership. And until the social rental sector is both internally flexible and contestable in supplying homes and their management then unnecessary policy conflicts will persist.

Effective supply and efficient management need to become the clear, core themes of UK housing policy for the next five to ten years. The government needs to build its post-Barker policies by working towards a productive housing system and radically fixing the faulty fragments that now exist. And to make this happen it needs to establish a standing Housing Productivity Commission with a brief to refashion the effective use of resources in the sector.

## **Towards a new system**

### ***Refashioning the market***

The UK has lived with high house price inflation for too long, so one key aim of future policy should be to restrain real growth in prices. This core outcome, and the processes that produce it, should be the first focus for the proposed Housing Productivity Commission. It should consider the entire range of supply-side policies and demand shapers that will be required to produce a coherent, long-term framework for effective, market organisation of housing supply. Sadly, the British have become addicted to real house price inflation. But, even leaving aside the damaging consequences of cyclical instability, house price inflation can have a persistent, corrosive effect on productivity growth and fairness. Governments, aided and abetted by a gung-ho media, have abjectly failed to make successive generations of home owners and voters aware of its downside. It is seldom mentioned that the real gainers from a continuing house price 'boom' are asset holders intending to 'trade down' or 'out' of their asset – and their gains from selling are only realised at the expense of the emerging flow of new households. The disagreeable fact that rising house prices distort tenure choices and raise the cost of housing in the social and private rental sectors is also paid little

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attention by politicians or journalists. Yet Britain needs more efficient markets far more urgently than it needs more home ownership.

The geographical dimension to house price inflation is, thanks in part to the work of Steve Wilcox (2005b) for JRF, better appreciated. The effects of overheating in the South of England's housing markets on young earners unable to afford local house prices and on 'key' public service workers such as firefighters, police, teachers and nurses have been well publicised. But while advocating strategic, spatial development frameworks in many other policy areas, successive governments have been quite unable to produce a coherent vision for national land use, housing and infrastructure. In particular, for almost half a century, they have failed to take coherent infrastructure decisions and in consequence have perpetuated overheating the South as both the spur and the brake to the UK economy.

The time has come for clarity to prevail in Whitehall as well as the town hall. This does not amount to a centralist agenda for local or regional planning to be determined in Whitehall and carved in tablets of stone. Rather it is a plea for informed strategies for developing infrastructure provision across the nation. While regional and metropolitan strategies need to focus on their own scales and hinterlands it is for central government to set the broad framework.

A better national framework would include an even stronger role for the city-regional strategies that are now emerging, linking regional development authorities and cities and regions in their quest for better economic outcomes. The present government has presided over some important steps in linking economic development and housing planning at regional and city scales (MacLennan, 2006). But there is still a 'planning' rather than 'economic' conception of how to deal with housing, land and infrastructure issues. Metropolitan housing supply strategy needs to do more than set the broad parameters for land allocation. For instance, there are skills shortages and labour market constraints on efficient housing production that are likely to become more, rather than less, serious as the population 'ages' in the next 40 years. There also needs to be a clear understanding of the revenue implications and costs of addressing the physical and social infrastructure requirements associated with population growth.

Moreover, within the planning totals set out for future housing demand there have to be better assessments of the likely volume, location, timing and cost of land supply.

How governments, central and local, choose to think about land for housing lies at the heart of the difficulties that house price inflation brings. The government has, for example, acknowledged the 'economic rents' that arise from planning decisions, whereby landowners make significant land value gains without any economic effort (Maclennan and Cowans, 2005). It is, indeed, exploring a 30 per cent tax on value changes that arise from 're-zoning' alterations to local plans. But it is not at all clear that a tax on speculative gains would get to the heart of the two main problems involved: relatively costless speculative holding and policy-induced land value shifts. With minimal taxation of vacant land values there are few incentives for owners to supply land until major schemes come into being. John Muellbauer (2005) has advocated an annual tax on land for property owners, and a reshaping of local taxation to ensure that speculation has a more obvious impact and cost on household cash flows. Both arrangements deserve serious examination.

Local planning agreements with developers under Section 106 have provided an ad hoc, if improving (Monk et al, 2006), means of securing new affordable homes for lower-income households. But governments could do much more to recapture 'planning gain' to pay for public infrastructure and additional social housing. One radical approach would be for regional-metropolitan levels of government to prepare five-year growth and investment master plans that identify the land use possibilities and setting policy aims. But government, as monopoly supplier of benefits to private owners, would then put the rights to develop the final master plan, securing the land and delivering the properties out to tender. Land developers (or more probably consortia) who wished to bid, would have a built-in incentive to pass gain back to the state rather than simply passing it on from consumers to landowners. To support this approach, the use of compulsory purchase powers to deal with laggardly land sellers (trying to extract the maximum 'ransom' before selling) would need much wider use.

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On the demand side of the housing system the imperative is to assess the incidence and effects of the tax system. The theoretical arguments are clear enough: that tax relief should be allowed on the costs of acquiring and maintaining the asset and that income, in the form of rents, imputed rents and capital gains, should be taxed like other forms of income or asset. History and practicalities have created the present inadequate tax arrangements and, in the absence of any real public understanding of the notion of imputed rents, the Duke of Edinburgh's Inquiry call for an end to mortgage interest tax relief made sound sense.

But now MIRAS has gone, action to tax substantial capital gains from housing might seem overdue. And there is little doubt that the current absence of capital gains tax on housing distorts investment patterns and raises the demand for property assets, encouraging owners to occupy larger homes than they really need. However, a tax on capital gains tax on housing would, given the national psyche, be extraordinarily difficult for any government to impose. A more pragmatic strategy would be to reduce future gains by effective supply policies while unashamedly treating housing assets held by people over 50 as a basis for contributing to the costs of care in extended old age. This would be fairer and preferable to continued passing of the costs of care services for older people (as well as higher housing prices) to Britain's dwindling population of younger earners. (As recently as 1998 I argued that it would still make sense to have a capital gains tax on UK housing; see Maclennan et al [1998]. I don't believe that argument was wrong but that the political economy and the general tax context have shifted significantly in the intervening decade.)

Other taxes need to be revisited, too. The difference in VAT rates for new and existing homes is unjustifiable and probably only continues as the perpetuation of an exception agreed with the European Union. Stamp duty is currently fairly crudely structured and it might be improved if the tax were to be paid by sellers (helping new entrant affordability and mildly taxing sellers' gains).

But beyond taxation, British housing markets need a new framework of government thinking. Housing decisions need to be set within a broader vision of infrastructure, land planning and the

economics of real estate and how to use them in the nation's best interests.

### **An effective social housing system**

There has, in recent years, been an emerging undercurrent of thinking in the UK that social or non-market rental (NMR) housing has outlived its purpose and that government action to provide 'affordable' homes should do no more than shape desired market outcomes. Some now argue that the NMR sector attracts the poorest, most residualised households and then enhances their entrapment in social exclusion. But this is really an argument about the current concentration of social housing on poor estates, rather than the merits of NMR as a tenure form. Extensive JRF research suggests that the merits of mixing NMR with owner-occupation on estates, and the associated mix of incomes, results in better homes and stronger communities (JRF, 2006). Any notion that rental markets could provide more effectively for the poor rather ignores some of the failures associated with low-income renting and is blind to the history of housing shortages when it is always the poorest who are displaced. Besides which, such a market system would require a very elastic Housing Benefit system indeed.

Others have argued that as long as subsidies for affordable housing are substantially aimed at renting, then the wealth gap between subsidised renters and those who manage to enter ownership will only widen as house prices rise (Dwelly and Cowans, 2006). Better, it is argued, to pursue an asset-based welfare system by boosting home ownership rates among the poor. However, unless the state and financial institutions are all-knowing or unusually fond of risk, then there will always be households who cannot be expected to sustain a mortgage, even with the most generous subsidies. So unless the state is simply prepared to donate homes to poorer households, there are obvious income limits to stable home ownership for the poor. In which case there are also clear reasons why non-market sectors must continue to play an important role in any housing system.

Thus, the next important element of the challenge for the future is to make non-market housing effective for its purpose. A truly dynamic

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perspective is required, not just for effective provision, but also to identify ways in which transitions between renting and owning can be designed more effectively. The tenure of a household, a particular house and the tenure mix offered by a particular landlord should all be seen as dynamic rather than eternally fixed. The housing system has to be seen as a stock of assets that can be managed flexibly as the stock of users changes in number, income and taste.

The key – and currently missing – themes of radical contestabilities in provision and dynamic asset management are crucial to shaping the development of an effective NMR sector and completing the revolution started in 1988. So unless the Treasury unexpectedly changes the public spending and borrowing rules, it is high time that the rest of government got off the fence and completed the transfer of council and other publicly owned housing stock to non-profit and off balance sheet owners. In late and rather feeble attempts to assuage trade union and old municipal interests, the government has allowed arm's-length management organisations (ALMOs) to emerge and relaxed the rules to permit some municipal borrowing or refurbishment based on prudential borrowing. These measures, albeit individually better than what preceded them, have been inconsistent with the main policy aim of housing stock transfer, and also with the creation of wider community ownership. They have also raised the transaction and persuasion costs of delivering stock transfers to questionable levels.

A number of new rules could be constructed to progress the reform of stock transfers:

- In the spirit of contestability, all council landlords could be asked to ballot their tenants about transfer by, say, 2012.
- Councils that fail to meet the social housing standard or that perform poorly in inspections over, say, a three-year period could be required to transfer their stock to alternative, well-run not-for-profits (the evolution of effectiveness of housing management in England is well presented in More et al, 2005).
- Where councils and tenants reject transfers it could be made clear to them that they cannot expect to be financial beneficiaries from



inaction and that municipal funding programmes will shrink proportionately as the stock transfers.

When a housing transfer takes place government needs to use its imagination to avoid simply perpetuating monopolies in local provision. There is a strong case for the community, perhaps at the level of a single estate, to own their homes as members of not-for-profit collectives. But that does not mean that the housing management and renewal processes need to run to the same, localised scale. Ownership, staffing and control over renewal ought to be unbundled as functions. For example, community-owned estates could be perfectly well served by a single member of staff whose role is to buy in scale-economy provided services from outside. At the same time good governance partnerships could ensure the community organisation was properly represented in wider renewal partnerships than 'housing only' initiatives.

Uncoupling social ownership from council ownership, and community ownership from community level staffing, offers the real possibility of restructuring housing management provision. Why, after all, should services be provided separately to council and association tenants? And why should major service providers stop activities at municipal boundaries? A management sector driven by scale and entrepreneurial economies rather than parochial political interests and committees seems a much needed change. The policy aim should henceforth be less about seeing if stock transfer works and more about the way it might be encouraged: rolling out a process and timetable by which it can be completed.

Among the other areas of unfinished business from the 1988 revolution, the private finance revolution needs some refocusing on equity financing, especially where area renewal explicitly aims to raise property quality and values. Joint not-for-profit and private partnerships in the financing and ownership of housing could be further explored. A new scrutiny is also needed to assess how organisations in the non-profit sector with substantial assets – often initially built from public sector grants – now invest, borrow and provide housing. Coherent pricing principles are needed across

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the sector, not least to allow some innovation in the altered role of Housing Benefit from being an ex-post price subsidy to becoming ex-ante consumer subsidy. The rights of tenants need to be, as in Scotland, converged across the different sectors of the social housing sector. 'Quasi'-markets in housing need to be better organised, and markets in housing management services properly established.

It would be truly revolutionary for the housing management sector to be rethought as a contestable, competitive industry. But that new approach to management not only has to be contestable but also dynamic and fully integrated with the private rental and private ownership sectors. Just as JRF has popularised the notion of Lifetime Homes (see the chapters by Morris and Sturge, both this volume) that can be adapted as the needs of a household change, so there is merit in applying comparable dynamic thinking to housing management and ownership more, so that:

- the tenure requirements of a household can change over the life course;
- dwellings can be switched across tenures as easily as households, including tenure change while the occupants remain in place;
- landlords can sell properties, buy others and switch provision between market and NMR and between renting and sales to home owners.

Self-evidently, this would mean rethinking the role of social landlords as more diverse and dynamic agents in local housing markets, using flexible assets to meet agreed goals in provision. Active asset management by non-market landlords has become typical practice in Australia and Canada. But in Britain, the housing policy system is not generally defined in ways designed to promote such flexibility. For sure, there are many former council tenants that have changed tenure under the Right to Buy but opportunities for tenure switching now need to be extended in every direction across housing provision as a whole (see also the 'Routes to Buy' proposal outlined in Maclennan, 2006).

The UK housing system also needs more sophisticated thinking

about how new households enter the system, how they are counselled, how they are motivated, oriented and supported. An active client management approach, rather than some time-limited tenure, is the way for a modern housing system to develop. It should certainly be geared to helping those who can realistically move into ownership to do so. But, equally, with rising over-consumption of homes by older people and the emerging imperative of using capital gains for long-term care rather than inheritances, it should also provide routes for older people to downsize or rent and extract their capital. There is huge potential for coherent routes into and out of ownership to add substantially not just to home ownership rates but to effective resource use for individuals.

### **Better homes, Best challenges**

This paper has identified four key themes for a new Housing Productivity Commission to sort out, namely:

- stable house prices
- a modern housing taxation system
- effective housing management services and
- a dynamically configured and integrated housing system.

The government is right to believe that Britain would like to move to higher home ownership rates, and that mixed and sustainable communities are key goals for housing policies. But none of these goals will be adequately achieved if the nation does not fix basic systems for planning, building, managing, owning and financing affordable homes. Current policy is too focused on desirable outcomes and not enough on how to reach them. Government needs more hard-edged thinking of why policies fail and problems persist and, at heart, why the system is so sluggish and costly.

Britain since 1997 has become a more affluent and fairer place. But ministers must re-examine their exaggerated claims that public expenditure on housing solutions is historically high, or that the necessary tax and regulatory regimes have been put in place to ease housing supply issues.

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The Barker Reviews have recently brought important new perspectives to policy making. But they need to be linked more effectively to other policy thinking, including a wider assessment of tax policies across sectors and ways that more integrated functioning of the housing sector generally can be achieved. And this is where the radical thinking and economic orientation of the Duke of Edinburgh's Inquiry also needs to be revisited. Thus the personal challenge for Richard Best, the parliamentarian, in the years ahead is this: to persuade his fellow peers and MPs in 'another place' that what Britain urgently needs is a better designed and integrated, as well as a better resourced, housing system.

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