



SMF EVENT THEMES: MANIFESTO 2010

December 2009

*The **Social Market Foundation** is an independent public policy think-tank, developing and advancing innovative solutions across a broad range of economic and social policy. We publish original research, hold seminars and debates in Westminster and beyond, and run a diverse programme of events at the three main party conferences.*

Since its foundation in 1989, the work of the SMF has been principally devoted to promoting the social market philosophy, which seeks to marry markets and social justice. It neither sees the market as a necessary evil nor as an end in itself but as a means to improve people's lives. It is underpinned by adherence to two key principles: first, a positive preference for market mechanisms, while recognising that a truly pro-market approach is often not a free-market one; and second, a belief that a sustainable market economy rests on social and political foundations that are widely regarded as fair. Our work aims to elucidate these ideas and to explain why the social market is a fruitful source of solutions to public policy problems.

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The run up to an election is always an interesting time in public policy, when new ideas are most important and potentially influential. This is true of 2009/10 perhaps more than most electoral cycles. The financial crisis and the recession have prompted a re-examination of the role of government and the market in many different sectors. The Social Market Foundation's ideas programme identifies the key political issues that will dominate debate over the next few months – generating ideas that can help to shape the political landscape.

Throughout the year the Social Market Foundation manages a busy schedule of events in Westminster and around the UK. We use our events to explore fledgling ideas on social market themes, ask provocative questions and provide an important forum for debate between leading thinkers and policymakers.

This document details the key themes that will form the basis of our work in the lead up to the next election, as well as providing an overview of meetings we have already held in Autumn 2009 and those that are upcoming. The programme is not exhaustive and as other issues arise we will adapt the programme to incorporate new ideas and new debates. As we plan our ongoing programme of debates, we are interested to work with potential sponsors to develop events in areas of mutual interest.

THE SOCIAL MARKET TODAY

Twenty years ago, the collapse of state socialism confirmed the pre-eminence of the market economy. Today, global economic turbulence has brought us to another fork in the road. New challenges lie ahead. The relationship between the market and the state will be redefined.

The failure of financial markets and rising unemployment will increase social exclusion, leading to a growing sense of unfairness. Unless addressed, this disaffection threatens to undermine the legitimacy of the market economy and foster a contagious distrust of markets, reversing the progress of recent decades.

Public spending is also set to come under significant pressure as the Government seeks to balance the budget after a protracted recession. This provides stronger impetus for improved efficiency in the delivery of public services than at any time in the last fifteen years.

Whatever world emerges from the current hiatus, public policy must continue to recognise the power of markets, embedded in a cohesive and fair society, to improve our lives. The Social Market Foundation will be at the forefront of that debate over the coming years.

Our speakers

Recent speakers at our high-profile Westminster events have included:

- Rt Hon Stephen Timms MP, Financial Secretary to the Treasury
- Lord David Freud - Shadow Minister for Work and Pensions
- Mark Simmonds MP – Shadow Minister for Health
- Lord Bill McKenzie, Parliamentary Under Secretary of State for Work and Pensions
- David Willetts MP - Shadow Secretary of State for Innovation, Universities and Skills
- Philip Hammond MP – Shadow Chief Secretary to the Treasury
- Professor Robert Shiller, Yale University, author of *The Subprime Solution* and *Animal Spirits*
- Martin Lewis - moneysavingexpert.com
- Gavyn Davies OBE - former BBC Chairman
- Professor Roger Boyle – National Director for Heart Disease and Stroke, Department of Health
- Professor Julian Le Grand, Professor of Social Policy, London School of Economics

“Happiness is a pile of papers from the Social Market Foundation and a cup of Ovaltine.”
Michael Gove MP

Speakers during the SMF party conference fringe programme included:

- Rt Hon Lord Peter Mandelson – Secretary of State for Business, Innovation and Skills
- Rt Hon Oliver Letwin MP – Chairman of Conservative Policy Review
- Dr Vince Cable MP – Liberal Democrat Shadow Chancellor of the Exchequer
- Rt Hon Lord Adonis – Secretary of State for Transport
- Theresa Villiers MP – Shadow Secretary of State for Transport
- Rt Hon Theresa May MP – Shadow Secretary of State for Work and Pensions
- Michael Gove MP – Shadow Secretary of State for Children, Schools and Families
- Chris Pond – Director of Financial Capability, Financial Services Authority
- Will Hutton – Executive Vice Chair, Work Foundation
- Brendan Barber – General Secretary, Trade Union Congress

Our sponsors

We work with our event sponsors to raise the profile of important issues and make significant contributions to the current policy debates. Sponsors of recent Westminster events with us have included:

- PricewaterhouseCoopers LLP
- BUPA
- Remploy
- Equality and Human Rights Commission
- BBC
- Home Office
- Novartis Vaccines
- Economic and Social Research Council
- AEGON UK
- B&CE Benefit Schemes

*“Very well organised
and attended events
with excellent
panellists stimulating
an interesting
discussion.”
John Jory, B&CE*

Our sponsors benefit from ongoing involvement in discussions about the subject matter and the overall design of the Westminster events, input into the speaker line-up and branding at the event itself

The SMF takes responsibility for overall event management including: securing speakers; booking venues, event promotion, booking of audio-visual equipment and catering and on-the-day management of the event. Each event is coordinated by a senior member of the SMF’s events team, with input from the Director.

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RECENT AND UPCOMING EVENTS

SMF EVENTS IN AUTUMN 2009

The New Finance - Leaning into the wind: how will regulators restrain the economic cycle?

September 2009

The first event in the New Finance series explored key the issue of macro-prudential regulation that has dominated so much of post-Turner Review regulatory reform discussion. Speakers at the event included Professor Charles Goodhart, Paul Sharma – Director of Prudential Policy at the FSA, and John McFall MP, Chair of the Treasury Select Committee. Attendees at this fully-subscribed event were drawn from HM Treasury, Bank of England and the wider policy and financial community.

Can we get Britain working? Welfare reform under the Conservatives

October 2009

The recent Social Market Foundation event on welfare to work focused on conservative policy proposals in the area. Lord Freud presented the main conservative proposals, based on the recent Conservative report “Get Britain Working”. The event debated three of the cornerstones of the Conservative welfare policy – differential pricing, aligning incentives and sustainability - with differing views on how to achieve the best for the unemployed individual as well as value for money for the taxpayer. The event was addressed by Lord David Freud. Attendees included representatives of HM Treasury, leading welfare-to-work providers, third sector and other policy makers and was reported in the specialist press.

Commissioning, pharmacy and general practice: What does the future hold?

October 2009

This discussion focused on the future of health service commissioning. With health budgets ever tighter, the challenge for commissioners to shape service design and improve efficiency is ever greater. Shadow Minister for Health Mark Simmonds MP set out Conservative policy to strengthen practice based commissioning, giving more responsibility to GPs to secure a range of services suitable for local people. Responding was David Stout, Director of the PCT Network, who gave an insight into the frontline challenges faced by commissioners, including the impediments to moving care from the GP surgery into community pharmacy. This roundtable debate was attended by civil servants from HM Treasury, the Royal College of GPs and other key stakeholders.

Evaluating Options for funding Long-Term Care

October 2009

Despite the challenging economic and fiscal environment for reform, several points of consensus are emerging in relation to providing long-term care in the UK. In particular, a universal free system of care is increasingly recognised as unaffordable in the context of an ageing population, and unfair in the context of the unprecedented household wealth accumulated by the baby-boomer generation. This meeting, chaired by David Brindle of The Guardian and including contributions from Lord David Lipsey, Chair of the SMF, James Lloyd also of SMF, Dr José-Luis Fernández of LSE and Andy Harrop of Age Concern/Help the Aged discussed these issues in front of an audience of policy-makers.

Expert Seminar: Bridging Social Capital

November 2009

This roundtable meeting focused on an SMF research project which analyses under which circumstances people with different histories, nationalities and ethnicities get together and build networks amongst them, the role community organisations can play in this and what the state should do to support them. Attendees at the event were drawn from the Department for Communities and Local Government, the Home Office, the third sector and other think-tanks.

UPCOMING EVENTS

Increasing Take-up of Child Trust Funds among Low-Income Households

November 2009

This roundtable seminar will explore the ways in which behavioural economics theory may both explain non take-up of CTFs by parents, and provide potential pointers toward increasing parental engagement. With contributions from leading academic Dr Rajiv Prabhakar and Brian Pomeroy, Chair of the Financial Inclusion Taskforce and member of the SMF Board the seminar will explore issues of inertia, advice and information, and draw upon focus groups with parents that explored barriers to the usage of CTFs. Already confirmed are participants from government departments, leading charities and regulators.

The New Finance - Socially useless? Financial Innovation and the Real Economy

November 2009

Lending and deposit taking by banks - credit intermediation - is clearly essential for the functioning of the economy but in the analysis of the credit bubble that exploded in 2007, a growing number of stakeholders across the banking sector now believe that a significant proportion of the activities of major banking institutions make negligible or limited contribution to the "real economy". This debate will feature contributions from Financial Times columnist John Kay, Anthony Belchambers of Chief Executive of Futures and Options Association and SMF Board member Gavyn Davies.

SMF EVENT THEMES: MANIFESTO 2010

THE NEW FINANCE

The time is right to discuss what new approaches should be taken to make sure that markets are stable and effective in future

The core 'social market' message - "pro-market but not free-market" – has never seemed so appropriate for the policy and political debates of the day as it does now. A belief that a sustainable market economy rests on social and political foundations is observable right across the political and intellectual spectrum, even among previous proponents of free and self-correcting markets. Given the intellectual shift that has occurred, and the universal recognition that financial markets cannot self-regulate, it is no exaggeration to state: "we are all social marketeers now."

The credit crunch has seen regulators and banks rediscover what academics have long known: the "efficient markets hypothesis" is false. Market prices do not reflect all known information. Instead, markets can behave irrationally, are subject to herd behaviour and can malfunction if all investors seek to liquidate their assets simultaneously. Market failure has led to a deep recession and punched a large hole in the public finances. As the economy begins the long process of recovery, the time is right to discuss what new approaches should be taken to ensure that markets are stable and effective in the future.

These debates respond to the detail of current regulatory debates regarding the financial sector, but also seek to explore wider issues which are not currently receiving sufficient discussion among regulators, policymakers and politicians.

Topics that we intend to discuss include:

What is the future for securitisation?

During the boom years, banks sliced and diced debt from all sorts of places - some safe debt and some risky debt. While the good times rolled, both kinds looked safe and were rated as such. Fortified by a belief that financial markets would spread risk to those most able to bear it and that banks would always act in the interests of their shareholders, regulators allowed the securitisation market to balloon, and huge profits were derived from the trade.

The re-pricing of risk that occurred from the summer of 2007 exposed the flaws in the assumptions that underlay securitisation. Banks' employees had incentives to close deals in the short-run that might, in the long-run, turn out to be catastrophic for their employer. And it became rapidly clear that risk was held not by those most able to bear it but by those least able to understand it

- Should policymakers impose transparency and simplicity on securitisation products, as well as requiring lenders to keep some 'skin in the game'?
- Must transparency in securitisation products always raise the cost of capital?
- Does securitisation ever create legitimate value or are its profits always derived from obscuring the worth of the underlying assets? Can investor understanding of lending risks ever really match that of the banks?
- Will securitisation ever return as a major part of the market without government guarantee?
- How can ratings agencies be regulated to ensure that conflicts of interest, leading to over-optimistic ratings, do not occur again?

*If the future is
unknowable, is all
financial sector
regulation ultimately
futile?*

Risk, uncertainty and the use of quantitative projection

The economist Frank Knight (1885-1972) gave the world 'Knightian uncertainty': the proposition that while some risks are quantifiable, some risks are so uncertain as to be unmeasurable. The implications of this proposition for the quantitative models used by financial sector institutions are devastating. But recent events have arguably proved Knight's thesis: despite the immense complexity and sophistication of modelling used by financial companies such as investment banks and hedge funds, these models have proved useless in the context of so-called 'fat tail' or 'black swan' events.

- Even before considerations of Knightian uncertainty, is the world just too complex and interrelated for quantitative models to be effective?
- If the future is really is unknowable, does this mean that all financial sector regulation is ultimately futile, and that all risk is potentially socialisable? What does this mean for the stringency of future financial regulation?
- Given the limits to quantifying future risks, should any institution that is 'too big to fail' be allowed to exist? How should policymakers define what is 'too big to fail'?
- Are the implications of unquantifiable risk – so-called Knightian uncertainty - overstated? Given uncertainties and risk exist across all aspects of society, should we just accept such risks and quantifiable modelling as the best way to incorporate these risks in decision-making?

Too big to fail: Glass-Steagall redux?

In the wake of the Great Crash of 1929, legislation was introduced in the USA to separate the activities of deposit taking banks and investment banks involved in underwriting securities. The Glass-Steagall Act was repealed in 1999 by the Clinton administration, not least because the separation was perceived to put US banks at a competitive disadvantage to foreign banks that combined the two activities.

The repeal paved the way for the emergence of super-banks such as Citigroup. With access to lender of last resort facilities, the benefits of being a deposit-taking institution and being too big to ever be allowed to fail, these large and complex banks were difficult to regulate and arguably prone to moral hazard. Ultimately, Citi's near collapse and reliance on US taxpayer support was, for many, a compelling argument for a move back to the separation of banking activity into utility deposit banking and casino investment banking.

- Could a separation of banking activities be achieved today? Should it be attempted?
- What is the point of arguing for smaller banks or separated activities when small 'narrow banks' such as Northern Rock were at the heart of the financial crisis, and failed casino banks like Lehman threatened the entire system?
- Are capital requirement and gross leverage ratio regulations sufficient to prevent large and complex banks presenting a systemic risk?
- Is Turner right that limiting risk-taking within institutions will tend to lead institutions to focus more on their retail banking activities?

What will be the role of the EU in the new financial architecture?

The conundrum that banks are 'global in life but national in death' has been recognised across the board, but is a particular headache for those aspiring to a single European market in financial services. The problem of identifying lenders of last resort for cross-border banks revealed a glaring regulatory omission, for which a clear solution is yet to emerge. Although developing a European deposit insurance scheme will represent a major political challenge for policymakers, it is far from clear that national taxpayers will ever accede to bailing out the operations of a foreign bank.

However, the potential for regulatory reform at the European level is not just limited to banking supervision. Across a swathe of regulatory issues now being discussed, the scope for regulatory arbitrage by banks means that policymakers must look upwards to international coordinating institutions including, given its enormous imprint, the European Commission.

- Are national debates on financial sector regulation ignoring the role of cross-border institutions, particularly those of the EU?
- Given the deeply political nature of decisions to use taxpayer money to rescue banks, will lenders of last resort facilities always have to be national? Will UK taxpayers ever accept their money being used to rescue a French or German bank?
- Is the Single Market principle of market access coherent with nationally-organised prudential regulation?
- What will be the role of the EU in coordinating macro-prudential regulation? Can hugely divergent economic models (e.g. UK and Germany), as well as cultural attitudes to debt and risk, be reconciled?
- Since some sort of pan-European regulatory institution seems inevitable, what should be the scope of its powers and regulatory remit?

WHERE NOW FOR REGULATION?

Markets encourage innovation, diversity, efficiency and help to create wealth. Regulation is often needed to make markets work, most obviously by correcting market failures. In other words, a pro-market approach is often very different from a free-market one. But the social market approach also recognises that, as well as making markets work, it is sometimes necessary to limit them in order to achieve important social goals.

In what sectors should different approaches be adopted, and what can be gained from contrasting concepts of regulation?

But who determines what these goals are and how they should be measured? How far can and should regulators go in attempting to limit the market in pursuit of socially valuable aims? And should the public be engaged in setting the parameters for regulators to act? These and other questions will be at the heart of what we intend to discuss.

Regulatory values: social goals and legitimacy

Regulation reflects social priorities. This might be stability in the financial sector, safety at work or a more equal society. But who determines these values? Central to this discussion will be the relationship between social values and effective regulation. To ensure support for regulatory approaches how far must public priorities be reflected in the work of regulators?

- Do all types of regulation need to reflect social values?
- Who determines the social goods that regulators hope to achieve?
- Is legitimacy with the public always an important goal for regulators if they want to succeed?
- Must there always be a tension between listening to the public and pandering to populism?

Getting round the rules: the cognitive and technical capacity of regulators

Regulators must not only be legitimate, they must also be effective. Influencing and limiting markets to achieve social goals is a complex task. However there are some sectors in which regulation is relatively straightforward – food safety, for example. But in other parts of the economy, regulation is a much more difficult. This is particularly true of the financial sector where innovation and complexity often go hand in hand. When complexity represents a competitive edge how can regulators be expected to operate effectively?

- Does complexity render regulators ineffective?
- Can regulators ever be a match for companies with incentives to circumvent the rules?
- What should be done to strengthen regulators as organisations?

Tied up in knots by their own red tape: do regulatory rules undermine regulatory discretion?

The key dividing line in regulation is about the relative merits of rules and discretion. In what regulatory spheres is a rules-based approach more effective than a discretion-based one? Could a raised eyebrow from the regulator ever change company behaviour when it comes to achieving socially desirable goals? Beneath this question is an under-explored issue of tremendous importance. Does rules based regulation actually undermine the ability of regulators to take a discretionary approach?

- What are the merits of rules and discretion based approaches to regulation?
- In what sectors can different approaches be most successfully applied?
- What are the best ways of affecting the behaviour of companies in different sectors?
- Can command and control regulation actually undermine the moral case for regulating for social ends and thereby set back their cause?

Self-regulation: when and where?

While regulation is often pictured as a top-down exercise of control and oversight by an external agency, there are also many successful examples of self-regulation throughout the economy. But it is not clear in what contexts self-regulation can be successful, and what challenges lie ahead for self-regulated industries.

- Is self-regulation an outdated model?
- Can companies really be held to account if they are required to release more information about their actions?
- What is the role of external regulators in setting the framework for self-regulation?
- Can transparency and information availability be harnessed as a tool to deliver light-touch regulation for social goals in a way that reduces the burden on businesses?

INFORMATION AND THE DIGITAL WORLD

In June 2009 the Government published Digital Britain – a plan to realise the opportunity of a digital economy, revolutionise public services and ensure that the UK is well placed to take advantage of changes in communication technology.

The SMF will be discussing the issues emerging from this report, and taking a broader overview of the policy framework that will be required to achieve a Digital Britain. Central to this is a discussion about how consumers relate to digital technology – through work, in public services, and through information about the world around them. There is also an important debate about the possibility for digital technology both to narrow and to widen inequalities in society. How can we ensure that there is a digital divide is not entrenched in the years to come?

Key issues that we hope to discuss include:

Super-fast Broadband

The government has set a target of 2mbps broadband for all by 2012. To achieve this, substantial investment in infrastructure has been promised but the details of this have yet to be determined. Are these targets the right ones, and how can they be achieved?

- Is a 2mbps target ambitious enough or should we go further?
- Should consumers or providers bear the costs of upgrading the network?
- Should broadband be considered a public utility like electricity or water, with implications for regulation and the extent to which market forces are permitted free rein?
- Who is in danger of losing out in the broadband revolution?

Competition and regulation in the communications sector

The government proposes to give Ofcom the responsibility to ‘encourage investment [in the communications sector] as a means of furthering the interests of consumers’ and also to report to the government any significant problems with the UK’s communications infrastructure. How the regulator exercises these powers will be a key area of interest for business and consumers.

- What would an effective model for competition in the communications sector look like?
- Will simply increasing levels of competition necessarily ensure better service for consumers?

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Moving public services online

'Digital Britain' sets out an ambition for the internet to be the primary method of delivery for appropriate services. This offers the potential both for improved services to consumers, and greater efficiency in delivery. The goal is the right one, but the practical challenges are considerable. The technological difficulties of moving public services online are large – the NHS IT system has been beset by problems. And large organisations are not always good at reacting quickly to the opportunities of online technologies.

- What are the appropriate public services that could be moved online?
- Do online services simply save money or is there capacity for improvement using new forms of communication?
- How can the public sector ensure it makes the best use of innovations such as social networking?
- How can large public sector organisations change their cultures to take advantage of the opportunities of the internet?
- Is there a need for a wider debate about government, trust and online provision?

Digital technology and the world of work

As technologies improve there is ever greater potential for what is variously known as distance working, telecommuting and tele-presence. The impacts of increased numbers of workers doing their jobs from home are wide-ranging; from reducing the environmental impact of transport and easing peak-time pressure on the public transport network, to a need for new 'hotdesking' and meeting facilities as businesses cut down on expensive permanent space they no longer use.

- Is increased telecommuting a realistic possibility in coming years?
- Could telecommuting form a major part of the plan to reduce the UK's carbon emissions?
- Is the market well equipped to increase telecommuting or will it involve government intervention?
- How could telecommuting change the way we work?

Local news, the license fee and digital technologies

Can a true market in local broadcast news be established?

Recent reform, particularly of the “Contained Contestable Element” of the license fee, has sought to bolster the provision of local broadcast news. The decline of traditional local broadcast news has occurred at the same time as an explosion of new sources of information, through digital television and the internet. Can a true market in local broadcast news be established or does the rise of digital technologies indicate that the chances of success are slim?

- What is the root cause of the current market failure in local news provision?
- Will cost-sharing between BBC and ITV mitigate the impact of rising costs?
- Are market mechanisms likely to be successful in attracting new players into local broadcast news?
- Is local broadcast news rendered obsolete by the advance of new digital media?

HEALTH & EDUCATION

There is a dual challenge in public service policy. The first is the crisis in public finances. Public services are facing the real possibility of cuts in investment, with years of austerity inevitable. Providers in health and education must find ways of saving huge amounts of money. The second challenge is to continue to improve, despite the impact of the downturn. Discussions about how to run public services cannot solely be about where to wield the axe. In fact, one of the impacts of the crisis of public finances has been to make more urgent debates about how to improve public services without recourse to the public purse. The two public services on which we intend to focus are health and education.

Health

The SMF has just concluded its major Health Project. Over two years the project investigated how the NHS should adapt in the face of demographic, technological and now economic change. In the context of what NHS chief executive David Nicholson says will need to be £20bn of savings, the project concluded that a radical programme of decentralisation is required. Local commissioners should be empowered to design a range of services appropriate to local need. Alongside this, the project concluded that charges for demand management should be considered to mitigate the impact of the downturn.

Key topics for discussion include:

- **Efficiency and the downturn:** Who should take responsibility for improving efficiency? Where are the 'quick wins' that can help the NHS with a rapid transition from feast to famine?
- **Demand management – what works?** Can anything be done to curb the seemingly inexorable rise in demand for healthcare, and could charges play a role?
- **NICE appraisals in an economic crisis:** Can NICE play a role in managing costs through the crisis in finances, and should the appraisal process be reformed to strike a difference balance?
- **Future of commissioning:** Is there a policy alternative to investing in existing commissioning structures? How can commissioning play a role in improving quality and saving money?
- **Encouraging innovation:** Can the case be made that the NHS will need to 'spend to save'? How can barriers to innovation be broken down?
- **Rights, responsibilities and entitlements:** With the move from targets to rights in public services, what are the opportunities and challenges of this approach?
- **Is this the end of the 1948 settlement?** Given the undoubtedly difficult times ahead, is there a threat to public support for the consensus established at the birth of the welfare state?

Where are the 'quick wins' that can help the NHS with a rapid transition from feast to famine?

Education

The education system has been radically reformed in recent years. School providers, examinations and regulation have all been overhauled. However there is still room for substantial progress, particularly with moves to make schools ever more independent of government control. We intend to explore what policies should be put in place to make sure that every child has a high quality education.

Is choice in education only possible in a time of plenty?

Key topics for discussion include:

- **To whom are teachers responsible?** Where should the balance be struck between accountability to parents, pupils, community and government?
- **Choice and the downturn:** A great deal of attention has been paid to ensuring that parents have a choice of school. But is choice only possible in a time of plenty, when excess capacity can be afforded?
- **School independence:** Just how much independence should schools have, and in what areas? Are academies the model for future development, and what is the future for the national curriculum?
- **Leadership in schools:** What role does leadership play in making sure a school is successful? Can good practice be shared, possibly through a takeover model?
- **Teaching and professionalism:** How much independence should teachers have as a profession to set their own limits on entry and quality?
- **Teaching 'soft' skills:** How can schools help to improve so-called 'soft' skills, and prepare children better for future employment?

A FAIR SOCIETY, FAMILY AND SOCIAL WELL-BEING

This section of our work includes issues related to family and wider social well-being, including the environment. It incorporates those debates that relate primarily to the social goals of government. The SMF is committed to exploring how market mechanisms can be used, and how markets should be controlled to achieve socially desirable aims. These principles apply to the work, family and wider issues of justice.

Equality, gender and employment

Equality has once again become a key political battleground

Equality has once again become a key political battleground. Not only has political attention been focused on the gap between the salaries of chief executives and average workers, the government has recently announced plans to make employment more equal. In doing this, it is attempting to use market mechanisms to achieve social goals. Companies with more than 250 employees will be required to report on the gender pay differential. This reflects the limits of a legislative approach, and instead relies on market forces to encourage equality.

- How far is equality a desirable social good in employment?
- What are the limitations of market mechanisms in encouraging companies to treat employees equally?
- Will government proposals be effective given the challenging economic conditions for employers and employees?
- Will the exemption of smaller firms from reporting requirements on the gender pay gap render these proposals ineffective?

*'[The SMF] wrote the blueprint for the welfare-to-work policy that the Conservatives have taken up...'
Regeneration and
Renewal Magazine*

Access to justice

Public confidence in the Legal Aid system is at an all time low, amid concern that too much is spent on a handful of expensive criminal cases, with a second class service available for others. It seems that the balance between investing in the social good of fair access to justice, and minimising costs has swung too far towards financial considerations. The market in legal aid has also not functioned in allocating resources across all categories of legal cases – civil, criminal and family. Advice on civil and family matters suffers from a relative lack of investment, with consequences both for individual people and also state spending on welfare payments.

- How can the balance of resources between civil, family and criminal law be made fair?
- Should access to justice be considered a primary social good, with less attention paid to minimizing costs in Legal Aid?
- How can public confidence in the legal aid system be rebuilt?
- What incentives can be offered to recruit and retain high quality legal aid lawyers?
- What are the wider social benefits of improving legal advice in civil and family cases?

Reducing youth offending

There are two primary objectives in policy on crime committed by young people i) to prevent offending ii) to prevent re-offending. To achieve these aims there is a Youth Offending Team in every local authority in England and Wales. They are made up of representatives from the police, Probation Service, social services, health, education, drugs and alcohol misuse and housing officers. The Youth Justice Board for England and Wales monitors the success or failure of the Youth Offending Team. Like many public services, performance is patchy. Examples of good practice can easily be found, but there is concern that some Youth Offending Teams are not effective. In response to these perceived failings, the government intends to introduce intervention powers to manage poor performance of Youth Offending Teams.

- Why are some Youth Offending Teams failing?
- How is performance measured across a range of areas?
- How can the relative contribution of different agencies to Youth Offending Teams be properly addressed?
- Is better commissioning of offender management services the answer to poor performance?
- What is the right performance management approach to Youth Offending Teams?

Families, marriage and parental leave

The three parties have very different policies towards the family, particularly when it comes to marriage and paternity leave. For example the Conservatives argue that marriage is the foundation of stable families, and intend to recognise this in the tax and benefits system. The Liberal Democrats have proposed a radical extension of parental leave, whether couples are married or not. Under their proposals, both mothers and fathers would be entitled to six months leave – putting the UK ahead of traditionally supportive Scandinavian countries. Attitudes towards the family will be a key election issue, with topics for discussion including:

- Which family benefits should be universally available and which should be means-tested?
- What is the right approach to parental leave, especially when the economy is in poor shape?
- What is a legitimate approach for government to take to promoting particular family models?

Money guidance

The world of financial advice is undergoing a transformation. Financial advisers are to be banned from receiving commission for selling investment, pension and life assurance products from 2012. Simultaneously, the government has committed to pressing ahead with pilots of its Money Guidance scheme, and to ensuring that every adult in the UK will be able to access impartial financial guidance. These developments represent massive changes in the way that financial advice is delivered across the population.

- How will IFAs respond to this changing environment?
- Is financial advice set to become a universal, state-funded service?
- How much of the cost of financial advice provided in the UK will be paid by consumers or by the financial industry?
- Will the reorganisation of financial advice have a positive or adverse effect on quality?
- How can the quality of financial advice be measured?

The world of financial advice is undergoing a transformation

OTHER TOPICS

The SMF is also keen to explore the following topics in the months ahead.

The Future of Flood Management

The government is committed to policies to encourage sustainable drainage, better drought management and flood preparation, but at some point, is likely to look once again at what costs can be transferred to private households and companies. This provides a clear example of the intersection of the state and the market. Can a private market in flood preparation ever be a substitute for co-ordinated government action?

- As an increasing number of areas are subject to flood risk, what is the role of the private sector providing insurance against floods?
- Is the risk of flooding actually a social risk that should be borne by the state, especially given most flood protection is funded by taxpayers?
- Given pressures on public spending, who will ensure that flood and water management remains a priority?
- What barriers exist to a functioning market in flood insurance?
- Will consumer attitude to the risk of flooding be a barrier to effective insurance markets?

Information and accountability

In a recent speech, David Cameron MP said that “Information is power - because information allows people to hold the powerful to account”. In an era of communication made simple by technology, the role of information in holding people and companies to account has never been more crucial. In public services too, information plays a crucial role in strengthening accountability. But there is a long way to go. Information about public sector commissioners and providers can be difficult to obtain, and hard to understand. There is clearly a need to provide much better information about public services. However there are real challenges in making sure that people are given the information they need to hold the powerful to account.

- How can the impact of releasing more information be measured in different sectors?
- What are the challenges in making sure that available information is fair and intelligible?
- What are the practical challenges of making information more readily available, and what role should the private sector play?
- What other powers do individuals need to hold the powerful to account?

The role of information in holding people and companies to account has never been more crucial

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