



# Newsletter

## February highlights

*The Social Market Foundation is an independent public policy think tank. It holds seminars and conferences and publishes pamphlets and books, all of which aim to elucidate the idea of the social market and explain why it is a fruitful source of solutions for public policy problems. Market economies must be social in two senses. First, no sophisticated economy can exist without an overlapping network of institutions in the public, private and voluntary sectors. Second, although markets are the most powerful and effective means of allocating resources yet devised, they can have unwanted social consequences which necessitate public action. It is to this question, defining the proper remits of the market and the state, that the work of the Social Market Foundation is principally devoted.*

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### Social Market Foundation

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The coming year will be a busy one for the Social Market Foundation. Our Cabinet Lecture Series will begin in February with a speech by James Purnell, who is followed in the spring by Jacqui Smith and Hazel Blears. The calendar for our 2008 Party Political Conference Programme is already filling up fast.

This edition of the SMF Newsletter has an article from our Director Ann Rossiter on how the goals of public service reform are changing under Gordon Brown, and an essay from Conor Ryan, former advisor to Tony Blair and David Blunkett, which discusses the diverse views presented in a forthcoming SMF publication on 14-19 education *Staying the Course*.

### New staff at the SMF

- **Ian Mulheirn**, our new Chief Economist, joins us from the Treasury, where he worked as an Economic Advisor on Welfare to Work issues and work incentives.
- **Lyndsay Mountford** has been appointed Head of Health. Lyndsay has a civil service background and has worked for the British Government and in Europe on health issues.
- **Tom Richmond** joins our research team, focussing on education projects. He was previously a teacher and prior to joining the SMF worked as an MP's researcher.
- **Will Hoyles** is our new Events Assistant, having worked as a communications intern for the Hansard Society and a research intern for the New Local Government Network.
- Our new Communications Officer is **Robert Sharp**. He previously ran the design and communications consultancy Fifty Nine Productions.

## Note from the Director

*Ann Rossiter*

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### Personalisation: the new goal of public service reform

Whereas “choice” was the Holy Grail for Tony Blair when it came to reforming the public services, for our new Prime Minister, the objective is “personalisation”. What does this mean in practice? The simplest definition is that it means tailoring services to the needs of the individual.

This sounds relatively straightforward, and certainly commentators have taken it as signifying an end to some of the radical proposals associated with the Blair government. Rather than a focus on the structures of public services, it seems to suggest that the Brown government will pay more attention to how services are delivered. But underestimating the degree of change required for personalised services would be a mistake. In fact, delivering this will be hugely challenging for government and may mean changes which are just as radical as those proposed by Tony Blair.

It will demand three highly significant changes

- a change in the relationship between professional and service user including in power-relationships;
- a move from a one-size fits all model to a diversity of provision, based on a close understanding of what users want and where they differ from one another; and
- a system of accountability based on outcomes, or at the very least outputs, rather than top-down management.

On the relationship between the professional and service user, there is a strong imperative for change already, in that service users tend to be less deferential than they were in the past to expert opinion and to established sources of advice. They also want more control over the services they use, and tend to expect better results.

But if the government is serious about personalisation, the “doctor or teacher knows best” approach to services will have to go. We will have to move from an adult-to-child style of engagement to one that is closer to an adult-to-adult model. Although in some parts of the public sector this happens already, in the majority it doesn’t. Getting there will require a major cultural shift.

It will also require a re-thinking of the role of some professionals who act both as adviser and as gate-keeper to services, since these are roles which look increasingly incompatible. This is likely to result in a push for more use of direct payments across public services, perhaps in the treatment of chronic health conditions, use of vouchers or other forms of entitlement in education.

The second factor government will have to consider, if it is serious about delivering personalised services, is a meaningful choice of options. For example, what suits one patient in terms of access to their GP may not suit another, and there will have to be scope for these

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different needs to be met. The obvious way to provide this would be through having a diversity of providers.

At the very least, those responsible for commissioning services will have to have a variety of options to choose from. This suggests that irrespective of whether the providers are from the public sector, the private sector or the third sector, there will need to be a radical improvement in the standards of commissioning by central and local government. It will require a detailed, creative and intelligent analysis of the range of social needs in any given area, and a radical re-examination of existing services and the capacity to commission new services on different models.

Third, personalisation will also require a system of accountability based on outcomes, or at the very least outputs, rather than top-down management. Skilful commissioners should and will be able to map needs effectively in their local area or within a particular service. Allowing the same commissioners to set their own success criteria should not ever be the primary measure of accountability. But it is clear that this kind of model sits uncomfortably with a national system of targets and accountability, suggesting that we will need to move to a system of evaluating outcomes, or at least outputs, in order to achieve accountability, however complex the process.

So will a Brown government be willing to take on these challenges? There are certainly arguments in favour. A personalised system has the advantage of giving people the services they actually need and want, thus maximising people's satisfaction. Second, a critical analysis of the public value of what is currently provided would be very helpful in a tight fiscal situation – although getting rid of legacy services always creates controversy.

But there are also reasons to be sceptical. Standardised services sound as if they ought to be cheaper – even if in practice this doesn't turn out to be the case. And there are strong vested interests at play from the professions, in retaining their gate-keeping role but also because the one-size-fits all model is less challenging.

For more information, please contact Sally Dobson on 020 7227 4401 or e-mail [sdobson@smf.co.uk](mailto:sdobson@smf.co.uk)

## Forthcoming SMF events

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### Cabinet Lecture Series: Rt. Hon. James Purnell MP, Secretary of State for Work and Pensions

**Date:** Wednesday 20<sup>th</sup> February, 12.30pm-2pm  
**Location:** 10 Greycoat Place, Westminster

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### 'Enabling Choice for Retirement' launch

An SMF debate to mark the launch of the Investment Management Association's paper *Enabling Choice for Retirement*

**Date:** Tuesday 11th March, 10am-12pm  
**Speakers:** Richard Saunders Chief Executive, IMA  
Jeannie Drake, Deputy General Secretary, CWU  
Chris Curry, Research Director, Pensions Policy Institute  
Rachel Vahey, Head of Pensions Development, AEGON UK  
**Venue:** John Tudor Room, Methodist Central Hall

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### Cabinet Lecture Series: Rt. Hon. Jacqui Smith MP Home Secretary

**Date:** Wednesday 23<sup>rd</sup> April

More details on this event will be published in our March newsletter

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## Forthcoming SMF publications

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For more information, please contact our Director of Research Natalie Tarry [NTarry@smf.co.uk](mailto:NTarry@smf.co.uk)

### Flexicurity in the UK: Financial protection against the risks of unemployment

**Stephen Evans, Ann Rossiter, Verena Menne and Kurt Mueller**

The continued strength of the UK labour market over the last decade is one of New Labour's undoubted achievements. The employment rate has been sustained at historically high levels and unemployment has remained among the lowest in the advanced nations.

But despite this outward strength, people feel increasingly insecure about their jobs. British workers have among the highest sense of insecurity about their job prospects, compared to other advanced countries. Furthermore, this insecurity has risen over recent decades, despite a strengthening labour market. The publication addresses these issues and argues that the UK suffers from a significant protection gap and that action is required to ensure workers have access to effective support. It also argues that this action must tackle the structural failings of the market.

This publication will be launched in March, and is being published with the kind support of Genworth Financial.

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## Creatures of Habit: Behavioural change and policymakers

**Jessica Prendergrast, Beth Foley, Verena Menne and Alex Karalis Isaac**

Many of the major challenges facing society today require that individuals change their behaviours. However, attempts so far have had mixed results. The proportion of the population classified as obese continues to grow, despite significant provision of information on the health risks this brings and the diet and activity needed to avoid it. People continue to save too little for their old age, although numerous financial incentives have been deployed to promote saving. Despite high-profile campaigns on the harmful effects of human activity on the environment, individual behaviour has not shifted as quickly as policymakers have hoped.

Currently the Government largely relies on policies that presume that people are rational agents making considered decisions based on the information and resources available to them. This view has been challenged not least by the fact that much of recent policy activity has failed to bring about the desired change.

However, people can change their behaviour and successful case studies do exist. Unfortunately, little coordinated effort has been made to apply these insights to policymaking. This study has looked at a wide range of examples from across the international public policy spectrum to better understand the drivers behind people's choices and behaviour, and distilled the messages into a tool for policymakers to improve the future development and design of policy solutions.

*This publication will be launched in March and is being published with the kind support of Ernst and Young.*

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## Staying the Course: Changes to the Participation Age and Qualifications

**Edited by Conor Ryan**

This publication examines current issues in 14-19 education. Overleaf, Conor Ryan, the book's editor and a former education advisor to Tony Blair, gives an overview of the topics that the book will address.

## Essay

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### Staying Power

**By Conor Ryan**

The Brown government has placed teenage education and training at the heart of its reform agenda. With legislation to raise the age of compulsory education from 16 to 18 likely to reach the statute books in 2008 and a big push on new Diplomas to complement – or even replace – A levels, the issue of how to engage young people in learning has never been more topical.

This makes a new SMF book to be published in February all the more timely. For, there is no consensus around these apparently worthy measures. The raising of what the government calls the ‘participation age’ – making clear that this could include training, full or part-time, instead of school or college – has not enjoyed opposition support, and has attracted its critics within the Labour Party, including David Blunkett and Frank Field.

Few doubt that England’s poor record of educational and training participation needs to be addressed – we are close to the bottom of OECD rankings – but there is little appetite among some for fining those who don’t stay on. As Alan Smithers reflects in an essay for the book, it is hard to see how one can force a young person to do something at 17 that is impossible to enforce at 15, where truancy remains a big problem.

But his view is rejected by Michael Barber, who uses his unrivalled knowledge of historical and international educational to place this reform squarely in the pantheon of progressive change, and as a social as well as an economic necessity.

As for fines, Mike Baker, the former BBC Education Editor, makes the telling point in an introductory essay to the volume: “While it is unpalatable to many, compulsion is the only thing that makes the proposal anything more than a vague aspiration or a little-noticed government target,” he writes. “Without it there would have been little media or public attention to the proposed changes. In today’s media, no controversy means no attention. And no attention would have meant, frankly, that it was not much of a priority.”

But if these young people are to stay on, what should they be doing? The government is creating a new breed of qualification – the Diploma – which with the planned addition of academic diplomas has become more like that envisaged by Mike Tomlinson, another contributor to the book, when he presented his review of qualifications to the government in 2004.

While Sir Mike’s proposal to incorporate A levels and GCSEs within a Diploma framework was rejected in favour of a choice of qualifications, I argue that the government should concentrate on ensuring that those choices are clear to young people. Diplomas – ably promoted by Karen Price, whose e-skills sector skills council has developed the Diploma in IT,

widely seen as a standard-bearer for the programme – should be one option. So should A-levels, GCSEs and the International Baccalaureate.

Ed Balls has wisely said that the market will decide, though, perhaps to appease those who would scrap A levels now, he also reflected that Diplomas might become the qualification of choice by 2013, when not only will the leaving age be raised to 17 (rising to 18 two years later) but the full range of different Diplomas should be available.

But the Diploma is not the qualification for everyone, and as an academic-vocational hybrid, it makes the apprenticeship an important alternative for those who would prefer a wholly work-based route. However, Miles Templeman, the Director-General of the Institute of Directors, doubts, despite significant recent improvements, that apprenticeships are yet fit for purpose. He powerfully argues that the programme has actually declined among traditional apprenticeships at level 3 – now called advanced apprenticeships – while the increase has been more at level 2 or GCSE standard.

Our final contributor is Professor Alison Wolf, whose acerbic analysis of our qualifications framework always provides food for thought, not least her contention that there is much to learn from professional qualifications and that there is merit in deregulating the system so that the Qualifications and Curriculum Authority no longer holds the ring hand.

Three years ago, I edited an earlier SMF volume on qualifications, ahead of the government's response to the Tomlinson review. A lot has changed since then, so it is timely to look at the plans for the future, and whether they are either right or workable. This new volume should again be a vital compendium of the main arguments as the debate progresses.

For more information, please contact our Conference Manager Kirstine Roberts on 020 7227 4404 or [KRoberts@smf.co.uk](mailto:KRoberts@smf.co.uk)

## The SMF Party Conferences Fringe Programme

Party conference season is the highlight of the political year providing an unparalleled opportunity for policymakers and experts to get together to debate the key issues of the day. The most passionate and influential of these debates often take place on the conference fringe.

The 2008 conference season could be the last before a General Election that, many commentators believe, will be the most unpredictable for a generation. In that context, the debates and discussions that take place this year will be particularly important.

Over the last few years, the Social Market Foundation's conference programme has earned an enviable reputation. With recognised experts debating key policy questions, our fringe events attract substantial audiences and high-profile media coverage.

The SMF combines a wealth of experience of the three main party conferences, with policy expertise and a reputation for producing first-rate events. We understand the importance of standout events supported by strong research and a dedicated conference team. We are well known in the policy arena and, as a non-partisan think-tank, enjoy strong links not only within government but also with the main opposition parties.

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### Our Programme

In autumn 2007 we presented a packed programme of more than 40 individual fringe events across the three conferences. Highlights included our highly popular keynote debates with cabinet and shadow cabinet ministers, and our conference reception with comedian Jeremy Hardy. Speakers included The Rt. Hon. Andy Burnham MP, The Rt. Hon. John Denham MP, The Rt Hon Stephen Timms MP, Andrew Mitchell MP, Sarah Teather MP and David Willets MP.

Our meetings took on issues ranging from health and well-being, social and financial inclusion, education and skills, to corporate social responsibility and human rights, energy policy and climate change.

**Building on the success of the 2007 programme, we are currently seeking sponsors to work with at the Labour, Conservative and Liberal Democrat conferences in autumn 2008.**

The SMF offers in-depth policy knowledge and all our fringe themes are thoroughly researched and developed in consultation with our sponsors. The work we do would not be possible without our sponsors, and we work very hard to ensure that we deliver to an excellent quality in all our fringe events.

## The Social Market Foundation

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