A good deal of political argument in recent years has been about the reform of public services. There have been critics of the government’s reform programme from both right and left. In this volume, several junior ministers put the case that reform is the natural concomitant of equity and efficiency and set out the direction of future travel.

They suggest that the reinvention of the public realm needs to continue apace, that the expectations of the public are still rising and that the role for government needs to be rethought. It is no longer enough for government to provide singular solutions. The role of reinvented government is often to provide a regulatory framework and to arrange a conversation between the relevant partners.
The Social Market Foundation

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Introduction

Philip Collins

It has always seemed curious that the political left should defend the status quo in public service provision, when its outcomes have been so manifestly unequal. Indeed, there is a long tradition of sociological writing on the left, typified by Richard Titmuss, Brian Abel-Smith and Julian Le Grand, which has made exactly this point. The benefits of public services have been colonised, far more than was ever intended, by the well-off and the articulate. The cross-class solidarity of public services has always, in practice, been compromised by the ingenious ability of the middle class to take more than their share of the spoils. A fair distribution of the benefits is part of the rationale for reform.

Comprehensive public services in Britain were established in consultation with, and at the discretion of, the main providers. That was perfectly sensible and worked well enough to begin with. But citizens rapidly become accustomed to the level of service they are receiving and, not unreasonably, want it to keep improving. That desire has been increased in the last generation by the enormous improvements that we have witnessed in the quality of services provided in private markets. Hence, public services have been confronted with a difficult task: how to emulate the levels of flexibility and responsiveness typical of the best markets, while operating within far tighter constraints.

Public services do not operate in pure markets and a lot of nonsense is talked about this. A market transaction requires an exchange of value and a direct payment, to the value of the good in question. As soon as a service is funded in some other way we are not in a market. Hence, it is not true to say that
markets have been introduced in the health service, for example. Of course, there are markets in the health service - there always have been. NHS care is produced by employing staff in labour markets, for example, and NHS goods and services are purchased in product markets. NHS hospitals have always been built by for-profit construction companies. The care itself, though, is not a market transaction.

The essays in this volume make a case for further reform. All the contributors point out that monolithic state institutions providing a single solution are no longer appropriate. The demand that services must now be tailored to individual requirements means that they need more flexible structures than in the past. Here the challenge for collective services is whether they are capable of responding to individual needs. This is one of the big questions for the next phase of government.

This has a set of institutional implications. It means that services do not necessarily have to be in state ownership. There are genuine benefits from contestability and choice that need to be unleashed. There has to be a much stronger sense of accountability to reveal poor performance, and a proper set of rewards for a service that is well run and meets its objectives. And for public services to really become user-focused, it is vital that the right incentives and rewards are in place. At the moment good practice is insufficiently rewarded and poor performance is too easily tolerated. A much sharper system of incentives would help to ensure that good practice in one part of the country is copied elsewhere. Budgets must follow need rather than bureaucratic prescription. That makes the case for budgets devolved to school level and for the stability provided by a three-year budgeting cycle.

The purpose of this kind of reform is to continue the gradual transfer of power from providers to citizens. The more opportunities people have to offer their views of the service, the better. There is a range of ways in which individual voices can be heard and many of them are trailed in this volume. They all share one facet: that power needs to be as far down the chain as possible. One of the best ways of ensuring that power is decentralised is to make it explicitly dependent on the choices of citizens.
David Miliband and Ivan Lewis address this directly. David Miliband writes about ways in which individuals can be empowered against the providers, whatever sector they come from. We should see the arguments about choice and voice in this context. Does the proposed reform take power from the provider and give it to the citizen? At the moment too many people, especially the less well-off, do not have effective choices and exercise unequal power. For all the improvements, and all the money, for parents who can’t get their child into a decent secondary school, the sense of unfairness is palpable. The well-off have always had choices. The task for reformers is to equalise those choices, to ensure that all people come to public services on equal terms. This is fair and will ensure that the middle class remain in the system, rather than fight their way out.

The system of education, Miliband argues, is not condemned simply to reflect income inequality. Poverty presents hurdles to education achievement but not insuperable barriers. The purpose of government is to overcome them and this leads to three priorities: to raise the floor of provision, radical intervention in the weakest schools and to ensure that best practice is spread quickly.

Ivan Lewis looks at training policy. This is a classic instance where responsibility is shared. There is a long history of governments trying to reform training policy without the consent and involvement of employers and trainees and the obvious lesson to draw is that it never works. Lewis offers a clear division of responsibility:

- The government must deal with market failures and support individuals and employers in their efforts to increase skill levels
- Employers must take responsibility for the training and development of all their staff
- Individuals must take responsibility for their own personal career.

A political laboratory

There is very good evidence that, if policy is designed properly, giving citizens choices over their services can help to improve outcomes overall while still respecting the principle of equity. Most of the data on which this assertion is based comes from

outside the UK. But within the UK, devolution has now given us a fascinating laboratory. Policy differences, particularly between England and Wales are starting to reveal major differences in outcomes. They are most stark in relation to health.

Health services in England, have improved dramatically while this has conspicuously not happened in Wales where waiting list and waiting time problems, for example, have got worse:

- 96% of patients in England had routine surgery admission within a year. Only 85% did so in Wales
- 65% of English patients had orthopaedic referral within 13 weeks. Only 49% did so in Wales.

This difference cannot be attributed to levels of spending. Wales spends more per head of population than England on health care. The organisational differences, though, are now very clear. Wales has re-centralised its service through 15 Regional Health Boards, has abolished NHS Trusts, has not created any Primary Care Trusts and has not established the performance management system that now prevails in England. There is no contestability in operation.

The result has been that performance compares very badly to England. Left wing romantics often delight in the idea of the NHS as a socialist peninsular in a sea of capitalism, where workers are selfless and markets have no dominion. This belief has guided the NHS in Wales, and led it to reject many of the English NHS reforms. Waiting times in Wales have doubled and there are major and increasing problems with inefficiency and the misallocation of capital. There is undoubtedly a problem of producer capture as resources have disappeared into staffing with no discernible improvement in the service. In some respects, in fact, the problems have worsened since devolution. The acute sector, in particular, has seen a huge rise in waiting lists.

- The total number of patients waiting for an outpatient appointment more than doubled, from 101,308 to 212,352, between March 1997 and March 2002
- Patients waiting more than six months went from 5,956 to a staggering 68,560.
The Audit Commission reports that, “both the North-East of England…and the North-West have similar patterns of apparent comparative poor health but have consistently delivered more healthcare at lower cost than Wales”. It does appear that the systemic reforms to management, of the sort that the SMF has long advocated, are working.

There is no evidence at all that the English health service is suddenly failing to respect the principle of equity while it remains sacrosanct in Wales. On the contrary, the two things go together. It is worth stressing that nobody advocates accountability, inspection, targets, performance management or contestability for the sheer sake of it. They just appear to be useful strategies for making services run better. The contrasting experience of England and Wales in health care is confirming this insight. No cardinal value has been offended and the quality of care is improving. It is difficult to see why anyone would object.

The locus of power
The master concept here is power and the argument is over who should hold it. One animating theme of these essays is that power should, as far as possible, be in the hands of citizens against the state, rather than the other way round. First, government must gather and distribute the resources. Second, individual rights must be balanced by individual responsibilities to others. Third, government has a special duty to protect the young, weak and vulnerable from harm.

There are two conceptions of the role of government that run through the collection. The first is that there are limits to the effectiveness of the state as well as the market. There are many areas of policy where an element of devolved authority is appropriate. That may be to other tiers of government or to other sectors. Or it may not be to any agency of government. In some areas of policy, the most effective regulation is provided by our norms of behaviour.

For example, Hazel Blears commends voluntary and civic association and stresses the importance of a shared sense of decency for sustaining tolerable life in society with others. The state provides a framework, but improvement depends on local people and their organisations playing a leading role in the
fight against anti-social behaviour. This is a theme picked by Ivan Lewis, writing about the opportunities that government is able to provide through training policy. In the end, it has to be individuals who act. One of the traditional roles of government has been to attempt to provide economic opportunities for citizens but it cannot take them up on their behalf.

There is a subtle account here of what used to known as subsidiarity - the idea that power should be allowed to fall at the lowest, most appropriate level. Government, in other words, is not only about the mass provision of services. In fact, it is mostly not about that any more. It is more the art of developing partnerships that entice the relevant partners into conversation. This is true in training policy and in mental health services, as Rosie Winterton points out. A sophisticated response to varied mental health problems cannot be provided unilaterally. It requires a conversation between carer, patient and the relevant arms of the state. Care is not “done” to “patients” in an encounter with the state. It happens every day, sometimes self-administered, sometimes by a carer. Government policy is much more about the framework in which those exchanges take place than it is about the supply of a particular service.

The second insight in this volume is that, although it is not true that the government can do everything, the reverse is not true either. It is a fallacy to suppose that smart government can do nothing to help. There is a sense in all the essays in this collection that government can be part of the answer. To that extent, there remains an ideological difference between the two main traditions in British politics. The often-repeated cliché that the parties are all the same is not really true. They do still differ and they differ on a very traditional question: the role of the government. All the contributors to this volume offer an idea of a reinvented, smart public realm. The combination of individual and collective endeavour is present throughout. In short, the contributors are arguing for a public realm that is constantly reinvented.

Much of the material in this volume also explores how a reinvented state can help to secure greater opportunities for people. The other common notion of the effective use of state power is to ensure the security of citizens. John Hutton
approaches this theme. Of course the security of a state is an international question but that is not the focus here. The essay deals instead with a more domestic account of security. How, where decency is not doing its job as regulator, can security be assured?

Hutton suggests that the intelligent use of state power has characterised the best of Labour governments, extending security against hardship to people who, in a previous generation, had suffered it. He cites the creation of the first phase of the national welfare state and, in particular, the National Health Service, as the best examples of what intelligent government can do. That said, however, the debate about social security quickly become a request for what the state could do for people. John Hutton asks “Why does the politics of so much of the left assume that the state can provide security without the active commitment of individuals? The creators of our social security system understood that the state alone can't make you healthy, educated, give you a career, find you a decent home, or banish want.” In her essay on mental health, Rosie Winterton echoes this point. The National Health Service cannot alone maintain health levels.

This brings us back to the importance of the governed rather than the government. This idea recurs throughout the essays and it links the sections on opportunity and security. The question is the oldest one in politics: where does effective power lie? And, subsidiary to that, what does it take in order for someone to be able to use that power? It is not yet true that public services are as decentralised as they might be. The effective power is not yet in the hands of the citizens but it is a noble aim. It is right in itself and the outcome will be beneficial. It will improve service standards. And the transfer of power from provider to citizen will be accompanied by a transfer of power from rich to poor.
Chapter One
The Politics of Decency

Hazel Blears

Socialism is a set of lasting values and a practical approach to society’s problems. Values are a guide, and an anchor for policy. Values can be served by more than one policy; it is a common mistake to conflate the two and to erect a certain policy as though it were itself the reason for entering politics. We forget too frequently that policies are a way of embodying a value in practice. They are not the value itself. This confusion can lead directly to extremism and electoral unpopularity. That was the lesson from the 1980s for Labour.

The debate between political traditions begins with different accounts of the nature of human beings. For the political right, human beings are liable to fall into conflict unless their conduct is regulated. The role of the state is, essentially, to keep the peace, to prevent the warring tendencies of man from degenerating into civil strife. The starting point of the left is rather different. It is to stress that human beings are capable of being decent, loving, collaborative, and kind. The vast majority are good people, capable of extraordinary feats of generosity and altruism. People are capable of bravery and self-sacrifice that most of us cannot imagine. It happens every week when fire fighters and police officers put themselves in danger to help others. It is also true of the millions of people in Britain who volunteer (more people volunteer in the UK than work for the NHS), who fundraise for charity, who serve on public committees and boards, and who help others without much reward or recognition. The recent reaction of the public to the tsunami disaster in the Indian Ocean is a stark example of solidarity.

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1 This essay is based on Hazel Blears’s pamphlet, The Politics of Decency, published by Mutuo.

2 This point was, of course, forcefully made by Tony Crosland in The Future Of Socialism.
between strangers, united in their common humanity.

It is from this account of human beings that political differences truly spring. One of the important aspects of this theory of human nature is that we are social beings. We exist as individual agents but within a society and much of what we have reason to value resides in that society with others. The Italian socialist Ignazio Silone said that whilst theories and policies can form the basis of a political platform and propaganda, ‘only a system of values can construct a culture, a civilisation, a new way of living together.’ Through values – decency, respect, tolerance, and fairness – a ‘new way of living together’ can be forged. The socialist philosopher John Macmurray wrote that ‘we need one another to be ourselves’.

In other words, socialism is both individual and collective. This fundamental concept of the individual’s place in a wider society, coupled with the notion that it is only through strong, cohesive communities that the individual can thrive, is socialism’s main bulwark against the neo-conservative account of choice and the free market. This idea – expressed in the past as ‘solidarity’ – is the starting point for any serious discussion about the nature of modern society, how it can be improved and how we ensure no-one is left out.

The value of decency

One basic value that is part of the armoury of a civilised society is decency. We need to rebuild this basic value in our society. Decency is one of those words which has liberals squirming in their armchairs. For some, it may conjure up images of curtain-twitching nosey neighbours, or a repressive bourgeois morality, or a stifling Victorian code of rules and etiquette designed to keep us in our place. Decency has nothing to do with these outdated, conservative ideas. Instead, it is the shorthand way to describe the established norms of behaviour in a cohesive society. In previous periods, the Left has struggled successfully to reclaim ideas like ‘family values’, ‘law and order’ and even ‘freedom’ from their appropriators on the political right. Today, Labour must reclaim decency as a left-wing value.

Decency is the dominant, widespread, commonsense value in society that we want to shore up where it exists and promulgate where it has disappeared. It is about the quality
of relationships. It goes beyond the traditional forms of ‘politeness’ which we may have been taught when young: holding doors open, giving up your seat on the bus, queuing in shops, dropping your litter in a bin, or helping a blind person across the road, vital though these conventions are. Where these conventions are threatened, society still has enough collective power to enforce them. There is no law which enforces queuing for service in a shop or pub; yet people know to wait their turn. A queue is a self-enforcing form of social organisation, based not on wealth, status, or physical strength, but on an innate sense of fairness. When the unwritten rule is breached, people often intervene to enforce it. Anyone attempting to ‘queue jump’ in a busy pub or a Saturday night taxi queue will soon discover the collective view of their peers. We need to protect and encourage these forms of self-regulation, of voluntary and civic association. The thousands of voluntary transactions that mark every day are crucial parts of the glue of any sustainable, civilised society.

But I also mean more than this when I use the term “decency”. It has to include a deeper sense of obligation and belonging than the social conventions that order our interactions with one another. I want to include in the idea of decency the claims that we are responsible for each other’s health and well-being, that our neighbours are joined to us by more than geography, that the benefits of society have to be repaid through obligations to society, that we need to take long-term views about our actions, and we have a collective responsibility for our own property, others’ property, our own children and the children of others, public spaces, and the wider environment. In short, it is decent to consider how our actions ramify for others, in the widest sense. We very rarely act without consequence for other people and it is only decent that we recognise that and, where our actions may involve harm to others, we desist.

It is important that we do not allow too authoritarian an idea of decency to flourish. My vision of society is one where authority is respected but not beyond scrutiny; where no institution is wholly unaccountable, and where there is a healthy amount of scepticism, argument and disagreement. One of the positive legacies of the permissive society is an increase in tolerance and respect for others’ lifestyles, and the social revolutions
around women’s rights, a decline in overt racism, and a more relaxed attitude towards social taboos.

The post-war collapse of deference towards established institutions such as the church, the legal system, the BBC and the House of Commons is no bad thing. Indeed, such sceptical attitudes towards authority are probably a necessary precondition to progressive social change. The lesson from history is that without a willingness to question the status quo, there can be no progress.

So it is very important that decency is not used to denote or justify repression, social stratification or intolerance. Instead, decency should be a set of rules, patterns of behaviour, and minimum standards which are shared by all members of society and which guide our actions towards one another. Decency becomes the gold standard of modern life, the predominant value which marks out a successful community and a strong society. What might these rules and patterns of behaviour entail?

• a recognition that the behaviour of the individual has an effect on the wider society (and that the behaviour of wider society has an effect on the individual)
• that we should treat other people as we would want to be treated
• that we all should respect the property, privacy and dignity of other people
• that it is wrong to corrupt the local neighbourhood with excessive noise, litter, unruly animals, or threatening behaviour
• that we should be good neighbours, helping out in times of need, and reliant on one another for health and happiness
• that children are the responsibility of all adults, and not just their parents
• that these rules should be self-enforced in the first instance by the community, not wholly dependent on an army of officials and regulators.

In most places in Britain, such rules apply, and are respected on a daily basis. The community has an unwritten code of behaviour which forbids certain breaches, and makes it known where the boundaries lie. I have said that these rules should, in the first instance and preferably, be enforced by the community without the need for intervention by external authorities. But if this is
not possible then we should be unapologetic about our attempts to enforce standards and norms of good behaviour. It is not illiberal to intervene. To ensure that people obey the rule of law is a perfectly good liberal precept.

Unfortunately, it does not always hold. Since 1997, much of the government’s reform of the police service and the criminal justice system has been influenced by the politics of decency. Our starting point has increasingly been the law-abiding majority rather than the criminal minority and this has led us to radical new solutions to previously apparently intractable problems.

1) **Tackling anti-social behaviour**

Anti-social behaviour includes a range of problems – noisy neighbours, abandoned cars, vandalism, graffiti, litter and youth nuisance. It can hold back the regeneration of the most disadvantaged areas, creating the environment in which crime can take hold. In the past, detecting and preventing this kind of behaviour would have been a low priority for most police forces. In fact, many people would have argued that there was nothing that could be done.

When viewed from the perspective of the law-abiding majority, anti-social behaviour demands to be taken seriously as it can have a very serious impact on quality of life. This is why the government has introduced Anti-Social Behaviour Orders (ASBOs) and other measures such as Fixed Penalty Notices (FPNs) and dispersal orders.

ASBOs are statutory measures that aim to protect the public from behaviour that causes or is likely to cause harassment, alarm or distress. An order contains conditions prohibiting the offender from specific anti-social acts or

A recent ODPM study shows that neighbourhood warden schemes are having a significant impact. There has been a considerable decline (27.6%) in the overall rate of crime in warden areas.
entering defined areas, and is effective for a minimum of two
years. For example, an ASBO may prohibit an offender from
associating with other named people or from going near a
house where they have caused problems.

ASBOs are community-based orders that involve local
people in the collection of evidence and in helping to monitor
breaches. This logic is fundamentally grounded in the politics
of decency. The majority will be prepared to stand up against
the minority if they feel sufficiently supported in doing so by
the authorities.

2455 ASBOs were reported to the Home Office for the
period between 1 April 1999 and 31 March 2004. Latest BCS
data shows that the proportion of people who perceived a high
level of anti-social behaviour has fallen from 21% in interviews
in 2002 to 18% in 2003.

2) Neighbourhood wardens
The co-option of the community is also crucial in the
Neighbourhood Wardens scheme. Neighbourhood Wardens
are a neighbourhood level uniformed, semi-official patrolling
presence. Schemes are located across England and Wales and
predominantly in deprived urban areas that are subject to other
neighbourhood renewal initiatives such as the Neighbourhood
Renewal Fund and the Single Regeneration Budget.

There is no typical wardens scheme. Schemes vary in the
problems they aim to tackle, their objectives and the way in
which they are managed and operate. Most, however, have
reduction of crime, fear of crime and anti-social behaviour, and
environmental improvements as core objectives. Their most
distinctive feature is that unlike, many neighbourhood renewal
activities, wardens are based in and about the streets and estates
in which they work. Their advantage lies in their accessibility
to people, allowing information sharing about activities and
resources and enabling them to listen to problems, worries and
news from local residents. Wardens form a ‘soft’ rather than
‘hard’ interface between people and agencies. They are a new
generation of neighbourhood officials that know the problems,
face the people, and take the action.

A recent ODPM study shows that neighbourhood warden
schemes are having a significant impact. There has been a
considerable decline (27.6%) in the overall rate of crime in warden areas. This compares to a slight increase (4.7%) in crime in the comparator areas. This is accompanied by increased resident satisfaction, reduced fear of crime, particularly for older people and a perceived improvement in environmental problems such as graffiti, fly-tipping, litter and dog fouling.

**Tough on the causes**

It is worth dwelling for a moment, though, on what are the conditions which predispose anti-social behaviour. There are things which government might be equipped to change. If, for example, people feel they have a genuine stake in a public realm, a realm which in some recognisable sense they share with others, then they are far less likely to behave in detrimental ways. In my 2003 Fabian Society pamphlet *Communities in Control* I explored arguments about how local people can own, direct and run local services, and the benefits that would accrue to society, not only through more accessible and responsive services, but also the sense of citizenship that ownership creates. Without rehearsing those arguments in this essay, it seems obvious that if people have ownership of the public assets they enjoy, and work with others to direct and run them, then the strong sense of citizenship, purpose and pride which is created will lead to stronger bonds of community and greater levels of decency.

We live in a society where millions of workers have no assets at all, beyond a few personal possessions. Their homes, cars, and major appliances belong to others, and are leased on various forms of credit or rent. A recent survey by Prudential Insurance revealed that two million British workers would be penniless within a week of losing their jobs (without any redundancy pay) and a further four million would be penniless within a month. Most working people live from hand to mouth.

American academic Michael Sherraden makes the point:

> ‘Income only maintains consumption, but assets change the way people think and interact in the world. With assets, people begin to think in the long-term and pursue long-term goals. In other words, while incomes feed people’s stomachs, assets change their minds.’

3 Michael Sherraden Assets and the Poor 1991
There is a lively debate currently being conducted about allowing assets in socially-owned housing (mostly housing association properties) to be transferred to tenants. There are many forms of asset transfer, including part-transfer, shared ownership, and co-operative models which would give people in social housing a real stake in their property. Why should the poorest people be barred from the benefits of home ownership which so many in Britain enjoy?

A strong public realm is an essential ingredient to a decent society. Without vibrant public services, cherished public assets, lively, safe public spaces, and a strong public service ethos amongst professionals, there can be no decency. We should be clear that the public realm is not synonymous with the public sector. David Marquand helpfully points out that the public realm depends on public institutions but is not solely characterised by them; it is not another word for the ‘state’. Marquand also reminds us that a large public realm can co-exist with a small public sector.

He writes:

‘the public domain should not be seen as a ‘sector’ at all. It is best understood as a dimension of social life, with its own norms and decision rules, cutting across sectoral boundaries: as a set of activities, which can be (and historically have been) carried out by private individuals, private charities and even private firms as well as public agencies. It is symbiotically linked to the notion of a public interest, in principle distinct from private interests; central to it are the values of citizenship, equity and service...it is a space, protected from the adjacent market and private domains, where strangers encounter each other as equal partners in the common life of the society.’

In that space where ‘strangers encounter each other as equal partners in the common life of the society’ is where decency is located. A wholly private existence, removed from civic responsibility, divorced from neighbours and colleagues, and without a sense of the public good, is a life without decency, where intolerance, selfishness and a lack of respect is allowed to grow. You see it in many towns and cities where people drive enormous
four-wheel drive vehicles with the stereo on full blast, and little concern for the wider environment, traffic flow, or local residents.

A strong society must be based on solidarity and mutual interdependence, with decency as the golden thread running through our interaction with one another. On the issues that matter most to people – crime, housing, education, environment, neighbourhoods – this approach gives us the best chance of crafting practical solutions. The essays in this collection show that political solutions can flow from an understanding of our values.
Chapter Two
A New Contract for Social Security

One of the perennial divisions in British politics is that about the role of government. The left retains a strong belief in the resourcefulness of collective action to overcome disadvantage and inequity. This can still be contrasted with the approach of the Conservatives who argue for a smaller role for government and a greater reliance on private provision. Though it is, of course, true that the state has its limitations, there are some challenges that can only be surmounted if government acts to support the individual in providing opportunities that are beyond their own personal means to acquire. By the same token, we know there are limits to markets just as there are limits to the power of the state. The purpose of effective government must always be to strengthen individual responsibilities - not to undermine them.

In the immediate post war period, the British centre left developed its own response to the need for security and opportunity. The welfare state established during those years brought significant benefits to millions of people. Opportunities to enjoy an improved standard of education created careers for many people who previously only had jobs. People live longer today and have healthier lives because of the NHS. Most people live in decent, warm homes and have their income protected during times of economic hardship or personal disability.

But it is also increasingly clear that the old prescriptions that created this security - monolithic state institutions providing a single solution - are over. They cannot be personally tailored
to meet people’s individual expectations and ambitions. Expectations are higher today than they were in 1945 and it is inevitable that these expectations will form the yardstick by which we define what we need to achieve in public services. It is also apparent that half a century of the welfare state has singularly failed to increase mobility between generations or to alter the deep inequalities in outcomes. In this essay, I want to look at what this might mean for health services by exploring the concept of social security.

**A new contract between citizen and state**

Reforms already introduced by the Labour government to the NHS over the past few years are helping to redefine the contract between citizen and state. Services once designed around the needs of the provider are now being redesigned around the needs of the patient. New providers are being introduced to encourage innovation and accelerate service improvement. In return, the citizen is asked to contribute more to managing their own healthcare and to take more responsibility for the kind of NHS they want. Power is being devolved throughout the system so that local decisions can be taken at the local level rather than from a desk in Whitehall. Providing greater choice over treatment options, with money following the patient, provide a direct means of influencing the distribution of resources and therefore the development of the NHS.

Take for example the changes that have taken place in the way the public can now access primary care services. Gone are the days when an appointment with your local GP was the only option available to you. The 61 NHS walk-in centres that have opened since 1997 have allowed millions of patients to gain direct access to a range of services without the need for an appointment. Furthermore, many of the new walk-in centres can be found in convenient locations such as railway stations and shopping centres.

NHS Direct is also providing millions of people with basic healthcare advice, relieving the pressure on traditional GP and A&E services and directing those with more serious complaints to the appropriate part of the wider NHS. It is accessible 24 hours a day, seven days a week, and is the largest telemedicine service in the world. NHS Direct also handles thousands of
queries a day through its website and has recently launched a new interactive service on digital television.

By rethinking the traditional models of delivering primary care these reforms have already benefited many millions of people who have found it easier, quicker and more convenient to access medical advice. At a fundamental level, these reforms are also evolving the relationship between the individual and the state. The state offers the individual a more flexible, individual service designed around their needs. In return, the individual can reasonably be expected to take more responsibility for their own care where appropriate, such as looking up medical advice for themselves on NHS Direct.

Similar reforms in the secondary sector are also transforming the patient experience. For example by separating planned surgery from emergency surgery treatment centres are able to offer patients a more reliable service where operations are not cancelled at the last minute for non-clinical reasons. And by relieving pressures on hospital beds and wards, treatment centres are also helping to speed up treatment for patients admitted to emergency care.

125,000 patients have already been treated in one of these centres which can be run by either an NHS or independent provider. These patients are of course much more interested in the quality and speed of care they receive than the debate between public and private provision. In fact, the independent sector has already demonstrated how it can provide innovative new services that directly benefit patients through the treatment centre programme. Last year a new mobile service offering ophthalmology services was launched. By the end of the year it had treated its 10,000th patient helping to slash the cataract waiting list to less than 3 months (4 years ahead of target).

From December 2005, patients in England will be offered a choice of four or five providers at the point that their GP decides treatment is necessary
The treatment centre programme also has a key role to play in delivering greater choice for patients in elective care. From December 2005, patients in England will be offered a choice of four or five providers at the point that their GP decides treatment is necessary. From December 2008, this choice will be expanded so that patients are offered an unrestricted choice of providers. These could be NHS trusts, foundation trusts, treatment centres, private hospitals or practitioners with a special interest operating within primary care.

In the meantime, since August 2004, all patients waiting longer than six months for an operation have been offered a choice of an alternative place of treatment. Through this programme, tens of thousands of people have benefited from faster treatment and as a result the government are well on track to deliver the target that no one should wait longer than 6 months for elective surgery by the end of the year.

Again we can view these changes as evolving the contract between citizen and provider. The reforms are delivering significantly improved services, shorter waiting times and real choice. Each of these changes offers evidence that the biggest reforms always produce the best results. In return, citizens are being asked to become involved through, for example, membership of NHS Foundation Trusts, taking responsibility for decisions that would previously have been made by distant bureaucracies.

**From provider to citizen**

I believe we need to cement a new relationship between users and providers of public services so that citizens can describe how they want to be treated and have the provision tailored to their needs. This is why it is important to keep looking at how public services are provided. Public ownership, for example, does not always have to mean state control. What matters is the quality of service on offer as well as equal access to it. There are benefits in diversity and plurality and gains from contestability and choice. There must be a much stronger sense of accountability to reveal poor performance, and a proper set of rewards for a service that is well run and meets its objectives. And for public services to really become user-focused, it is vital that the right incentives and rewards are in place. The concept of “profit” can
and should play an increasingly important role in improving the quality of our public services. Hospitals and schools that provide a high quality service should be able to retain any surplus and be able to re-invest that profit in developing those successful services even further.

**The limits of structure**

There is an understandable tendency in politics to concentrate on organisational structures. That is partly because that is easier for policy-makers to influence. But structural change can never be enough to bring about cultural change in public services. It is never possible simply to replace individual effort with government action. For example, anti social behaviour orders can only succeed if people have the courage to stand up to loutish behaviour. So in the years ahead, we need to develop a new concept of social security. This means much more than the benefits system. It refers, instead, to our reciprocal relations with each other, both as citizens of our society as well as the terms on which we consume public services like health, education and state benefits.

This implies responsibilities for individuals, which is a fundamental part of the Labour tradition. In the past, the Labour movement sought to develop independent institutions within civil society to collectively confront what had been individual insecurity. Friendly societies guarded against the insecurity of broken patterns of work and unemployment. They provided health insurance to protect against the insecurity of illness. The Co-op provided good value food to protect against the insecurity of hunger and the trade unions protected people against the insecurity of unscrupulous employers.

**The five giants**

In 1945, the Labour Government developed the welfare state specifically as a policy of security. It is worth dwelling on the philosophy behind that system of security. Most of it was developed during a war where British society was at different times under threat of extinction. The Beveridge report was published just before El Alamein and every soldier was given the ‘little beveridge’ - a pamphlet outlining what Beveridge would mean for the post war world. At the time, this was said to be worth several divisions of troops in the North African campaign.
Beveridge provided one of the most complete analyses of the worries and anxieties experienced by working people in the mid 20th century. His goal was to provide “security from preventable want” and to slay the five giants that scourged our society: Want, Disease, Ignorance, Squalor and Idleness.

1. Want was to be defeated by providing security when sickness, unemployment and retirement ceased earnings. But to have security from want people had to work and contribute through their national insurance – two forms of individual action.

2. Disease was to be defeated by the NHS. Hospitals and doctors were to be brought into a single organised system and access to that organisation would be free. But the part played by the individual would be to maintain their own health.

3. Ignorance was to be defeated by the extension of secondary schooling to all. The state and churches were to provide the schools, but ignorance would not disappear through sitting at a desk. Children and adults would become less ignorant only if they did the hard work at school.

4. Squalor was to be defeated by a combination of council housing and house-proud tenants. If the tenants failed to look after the housing they would reduce their own environments back to squalor. Again, collective provision of housing would be important but the family had to play their role in removing themselves from hardship.

5. Idleness was to be defeated by a combination of full employment and people being prepared to work. The task of the unemployed person was to keep themselves ‘fit for service’. Beveridge assumed that the work ethic would be reinforced by the benefits system and that the individual unemployed person would do the hard work of work. By combining collective management of the economy and individual effort, people would have security against idleness - but only if they played their part in taking work when it was made available.
There are two important observations that emerge from this that must inform our approach to government today. The first is a reflection on why the historical debate about social security has moved so powerfully away from that original partnership approach. Why has it become a debate about what the state can do for me rather than what can I do to help myself? Why does the politics of so much of the left assume that the state can provide security without the active commitment of individuals? The creators of our social security system understood that the state alone can’t make you healthy, educated, give you a career, find you a decent home, or banish want. It can give you the equipment to climb the mountain and the safety harness to catch you if you fall, but it can’t force you to reach the top.

- It is clear that the NHS alone cannot maintain the best levels of health. The service needs to work in partnership with patients on health improvement and involve them in care and treatment. People need to be able to play their own role rather than being told what to do and when to do it. They also want more choice over when, where and how they are treated. When choice was offered to cataract patients waiting for operations in London, over 70% exercised it. 60% of patients waiting for heart operations did the same.

- In education, people want schools to offer them the opportunity to develop their own individual talents and skills to the full so they can develop as much economic security in later life as possible. The introduction of City Academies and Specialist Schools are an expansion of parental choice. But, again, this can only happen if there is a real partnership between pupil, parents and schools. Nothing can be achieved unless all work together.

The second observation is that we must recapture and reiterate this narrative about the necessity of individual contribution to our social security. Pooling risk and co-operating in a shared endeavour is the best way to free ourselves from insecurity. And security, as Bentham articulated, is a guarantor of liberty.

**Policies for security and liberty**

So how do we translate this into a modern programme for government? How do we balance the demands of differentiated individual needs with the requirement for universal access?
We have already begun to make real headway.

- In the welfare system, for example, programmes such as the New Deal have made a shift from keeping people dependent on the state, to providing them with the training and support they need to seek independence through work. But this support is accompanied by the condition that people take up the opportunity of work when it is presented.

- In the National Health Service, we have remained true to the original guarantee of security through free treatment on the basis of need. But we have emphasised the need for patients to take responsibility for aspects of their own healthcare – with greater autonomy in the decisions they make about their care, and more engaged in keeping themselves healthy for the future.

- In housing, we have introduced choice-based lettings, giving council tenants more freedom about where they live. But we have coupled this with an added emphasis on the responsibility of being a good tenant and have given social landlords more powers to take tough action against nuisance neighbours.

But there is a great deal more that could be done to develop incentives and sanctions as the reflection, in policy, of rights and responsibilities. Tenants for example, who pay their rent on time, and who respect their neighbours should get faster access to repairs and improvement schemes. Tenants who don’t do these things shouldn’t.

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It is our responsibility to enable those people who have the potential to work, to return to work, in the same way we have
helped long-term unemployed young people back into work. And once again, it should be the reciprocal responsibility of those people who are able to work, to take it if it’s offered. The Pathways to Work schemes should be expanded to every part of the country. Twice as many people on incapacity benefits in the initial Pathways to Work areas have moved off benefits and into work than in those areas without access to the scheme.

Once people reach the workplace they need the skills and training to progress up a career ladder, rather than slip back down to benefits again. But 30% of our workforce has no vocational qualifications of any kind - the highest percentage of any country in the European Union.

We cannot let people become trapped in a low wage culture which is demoralising for them, and damaging to our economy. Ensuring security out of work in our age of full employment may not have the urgency of Beveridge’s time, but ensuring security within work must remain a key ambition for the centre left. This means social security should not dampen ambition or trap people on state support. Real social security should help people to release their energies and lift them to a better life. It will mean a major investment in skills training and life long learning and reforms in education and training for the 14-19 age group.

This amounts to a radical programme of action for a third term. New Labour must be the natural party of aspiration in modern Britain. That is why our policies must address the need for both security as well as opportunity. We can do this by strengthening this new social partnership between individuals and the state we have begun to establish since 1997. Working collectively towards a society where opportunity as well as security is truly open to the many not the few. This has been the historic goal of every previous Labour Government. Now, for the first time, New Labour has the chance to make it a reality.
Chapter Three
The Politics of Well-Being

Rosie Winterton

Introduction

Clause 4 of the Labour Party constitution sets out the aims and values that have underpinned the policies of the Labour government since 1997, and must be at the heart of our manifesto for a third term. It stresses the importance of justice and opportunity. These values must guide our policy and practice everywhere, not least in healthcare, where we have a particular responsibility to deliver for the vulnerable, and fulfil our commitment to, “work for a just society, which judges its strength by the condition of the weak as much as the strong” and “promotes equality of opportunity”.

This essay considers how our commitment to equality of opportunity is being translated into real improvements in the well-being of people who suffer from mental illness.

Mental illness is common, costly and critically important. The condition, which can be depression, stress or a much more acute illness, affects one in six of the adult population at any one time, yet it is not well understood, and often frightens people. Stigma and discrimination causes disadvantage and create inequalities. Tackling this must remain a high priority for Labour in government.

The challenge we face

The stigma around mental health has partly arisen because the phrase brings to mind powerless patients, doctors in white coats and Victorian institutions. And yet at least one in four of us will suffer from a mental disorder at some time in our lives.
Even severe mental illnesses such as schizophrenia affect one person in a hundred. Children too are not immune - with between five and ten per cent of school age children having a behavioural or emotional disorder.

And all this distress has substantial economic consequences. It is the commonest reason for receiving incapacity benefit. The total annual cost to society, taking into account lost employment, welfare payments, the impact on carers and the cost of services has been estimated at £35 billion. Even given this level and cost of anguish, mental health services have suffered from inequalities of access both geographic, and as measured by gender and race.

When Labour came to power in 1997 we inherited the consequences of decades of under-investment in mental health services. Community services were spread too thinly and were unable to meet the needs of even the most vulnerable and high risk patients, let alone the thousands of others.

As a result of a succession of violent incidents committed by mentally ill people in the 1990s, public confidence in the policy of community care was eroded. New models of specialised care had been evaluated in research but had not been adopted by local services. New treatments, both drugs and psychological therapies, had been developed but were not widely available.

**Progress through investment and reform**

In 1999, this Government published the mental health national service framework, following extensive consultation with patients and professionals. This 10-year programme set out standards for mental health care in primary care and specialist services, support for carers, mental health promotion and suicide prevention. It signalled better services and a more positive approach to mental disorder in the NHS. People with mental health problems, it said, would in future receive a proper assessment. They would have prompt access to specialist care if they needed it. Their symptoms and their social problems, their depression and their poor housing, would be tackled by health and social services working together.

The framework was backed up by a commitment to extra investment, and its benefits are now becoming clear. Total spending on mental health services has risen by at least 22% in
real terms, with a billion pounds of extra funding for mental health services since 1999. Hand in hand with new investment, services have been modernised. New specialised community mental health teams have been the trigger for re-design of the whole system of care in many localities. Before these reforms, a man becoming ill would have been offered a hospital bed. Now he can be treated at home, with daily visits from mental health staff, and on recovery he and his family can be given intensive support to prevent relapse.

Within the new community teams, professional barriers are being broken down – consultants, social workers and psychiatric nurses work together in new ways to provide a more personalised service for patients. For example, until now a woman with mild depression might wait months for psychological therapy because there were too few trained staff at her general practice, or she might be passed on to hard-pressed specialist services that she did not need. Now, “graduate workers” trained to deliver short courses of therapy, are coming into post around the country.

The benefits of these reforms for patients and their carers are clear. They receive a greater choice of available services which reflect the clear need for services to meet the patient’s need and not the convenience of service providers. For staff, new ways of working, by maximising a professional’s skills and potential, means greater job satisfaction and improved recruitment and retention rates.

And all the evidence so far indicates that, without reform, new investment simply reinforces existing shortcomings in service delivery. Where areas have embraced new ways of working, front line services are reporting that these changes, and in particular the introduction of home treatment, have led to a reduction in admissions under the Mental Health Act, reduced length of stay for those who are admitted and much more effective use of the time and expertise of mental health service professionals. In addition, the suicide rate in England has fallen to a figure lower than any on record. Compared to 1999, there are now 500 fewer suicides every year.

**Patient choice in mental health**
Promoting patient choice has become an important driver of
quality in health care. But what is choice in mental health? It cannot easily follow the simple model of other health specialties - choice of one hospital over a neighbouring one - because mental health care in England has been designed around community-wide services and collaboration between local agencies. In mental health, choice refers to treatment choice and in particular to the preference of many patients for psychological therapies - rather than drug treatment.

Psychological therapy can help to treat conditions such as depression by tackling pessimistic patterns of thinking and motivating people to exert control over the problems they are facing. Its success has been shown in numerous research studies and it has been adapted for use in mental disorders as diverse as schizophrenia and post-traumatic stress disorder. Therapy has also been shown to improve job prospects in unemployed people, whether or not they are depressed, reinforcing the view that it provides skills for life as well as treatment for illness.

Choice and the demand for psychological therapies have their limitations in mental health. For most patients with severe illness, drug treatment is still needed. And new drug treatments are available. The use of modern anti-psychotic drugs has increased four-fold since 1999, overtaking the older drugs that dominated the treatment of severe mental illness for forty years. This has not happened because the new drugs are inherently more effective. Patients prefer them because they have fewer side effects.

Where areas have embraced new ways of working, front line services are reporting that these changes, and in particular the introduction of home treatment, have led to a reduction in admissions under the Mental Health Act.
Of course some patients are so ill and at risk that they need to be treated under legal powers. Yet patients and professionals have been able to adapt the watchword of choice to the mental health setting – re-defining it as participation in treatment decisions and highlighting the need to bring psychological therapies and new drug treatments to the large number of people who would benefit from them.

A key factor in ensuring choice is to predict future demand. If everyone with depression or anxiety turned up at their GPs asking for treatment, the NHS would be overwhelmed. More therapists are needed but recent experience tells us that on its own this is not enough: a 50% increase in clinical psychologists has not led to any increase in the number of people treated. New ways of working, including graduate workers and partnership with the independent sector, will be needed to help to fill the gap. But the inescapable conclusion is that, to reach those who are at the moment untreated, psychological therapies need to be offered in the home and in the workplace, making maximum use of self-help, especially through new technologies.

Mental disorders are so widespread – and, by implication, lesser degrees of stress even more so - that a small change to the general mental well-being of the community would benefit very large numbers of people. In other words, if the average person was only a little less stressed, the total burden of mental distress in society would be greatly reduced. The overall impact on family stability, educational attainment and occupational productivity would be correspondingly large. Therefore, the potential social benefits of a programme of mental health promotion that was even modestly successful for individuals would be enormous.

The way ahead – moving from treating illness to ensuring health

The improvements we are making have created a firm foundation on which to base the next – in some ways, more ambitious – phase of mental health care reform. There is now an opportunity to go beyond the treatment of people under specialised mental health services and to address the mental health of the community as a whole. Building on what has been achieved in treating illness, we should now give equal priority to the prevention of illness and the promotion of mental well-being - bringing
mental health into line with recent policy on public health, which is built on healthy choices, healthy lifestyles and the link between health and social inclusion.

What then is known about preventing illness and ensuring mental well-being? We know that mental disorders often start in childhood, making early intervention for troubled children essential. We know that poverty and poor parenting contribute, so that prevention is a responsibility shared across several agencies. There is a vicious circle linking mental disorder with educational disadvantage, and evidence shows that schools and mental health professionals can successfully intervene. We know, too, that simple measures such as taking exercise can prevent depression. Crucially, it is clear that mentally healthy people are more likely to make healthy choices – to give up smoking, to eat better food. They are better equipped to avoid teenage pregnancy, stay on at school, hold down a job, and keep out of trouble. In short, they have well-being.

The next phase of reform
The relationship between mental health, choice, healthy lifestyles and social inclusion should be at the heart of mental health care reform in the next five years. The aims should be:

• To provide more of the care and treatment that people prefer, particularly psychological therapies, through the workplace and the home, in primary care and the independent sector
• To improve the prevention of mental disorders and their consequences
• To promote mental health and well-being, leading to benefits to public health and to other sectors of society

The young man with depression will then have access to effective treatment at home through self-help. The employee with panic attacks can find help through occupational health and a supportive manager. The mother with agoraphobia can ask her GP what is available on the NHS and then choose between a graduate worker and a local charity. The child in school can learn about healthy friendships and coping with upset.
We can only create the type of society we set out in our new Clause Four by ensuring that patients benefit from our extra investment.

The possible pay-off is far-reaching:

- For the individual, better mental health and long-term resilience, less risk of relapse and better training and employment prospects
- For families, reduced stress on carers and less risk of break-up
- For the NHS, less pressure on secondary care as a result of early treatment, better morale among professionals, and reduced drug costs
- For society, better public health, reduced sickness absence and incapacity benefit, greater community participation through work and parenting, and greater safety from anti-social behaviour.

If Labour takes its values seriously, we must remove the blockages to people realising their potential. In the modern social history of Britain, impediments that stop people from realising their potential have been identified and debated many times. Overcoming them has been at the heart of reform – poverty, poor health and, most recently, lack of education have been targeted. The assumption has been: if we solve this problem, the benefits will go far beyond the problem itself.

Mental ill-health is increasingly understood to be such an impediment, and overcoming it is one of the key social reforms of the future. We can only create the type of society we set out in our new Clause Four by ensuring that patients benefit from our extra investment. This means giving patients more choice of services, empowering them to make those choices and working with health professionals to reform working practices to maximise their skills and potential. If we meet the challenge in mental-health we will improve well-being for millions of people in Britain. And as socialists, we can be proud of the contribution of our generation in, “working for a just society, which judges its strength by the condition of the weak as much as the strong”.
Chapter Four
Training and Skills:
Government, Employers, Individuals

Ivan Lewis

Introduction
New Labour’s unique offer to the British people in 1997 was to develop a country where social justice and economic success were linked inextricably. Our case then, and now, is that success in the modern world can only be achieved if national policy seeks to bind these two objectives together. They are relevant to the daily lives of hard working families, the building of sustainable communities, and the values which define the nature of our society.

As we approach the publication of our 14-19 and Adult Skills White Papers it is clear that there are few policy areas that have the capacity to shape a fairer society and more productive economy than skills. Our approach to training and skills over the last eight years is defined by our belief that we must use the power of government to ensure people are free to improve their own lives and life-chances. Resources combined with reforms in the learning and skills sector are delivering big results. In this essay, I will concentrate mainly on adult skills but I want to begin by devoting a paragraph to young people.

Young people
Our 14-19 plans, to be unveiled within the next few weeks, will strengthen our commitment to ensure that young people achieve the essential foundations for citizenship and work of
literacy, numeracy and ICT Skills. We will define our ambitions for high quality vocational education which for some will be the means to prevent or tackle disengagement, and for others will ensure they have the necessary skills to access Higher Education. A combination of radical investment and reform at every stage from early years, primary, secondary and further education must end the unacceptable waste of national human capital - whereby the UK is 27th out of 30 OECD Countries on participation in any form of education or training by the age of 17.

In our third term, we will continue to pursue the national interest by creating more university and apprenticeship places - rejecting the backward looking arguments of those who advocate a false choice between the two. Our 50% Higher Education target is frequently misrepresented as being focused on 19-22 year olds going away from home to undertake a three year traditional University degree. In reality, it covers 19 to 30 year olds, an increasing number of students who undertake part time Higher Education courses via their local college of further education and workers undertaking foundation degrees which are employer led work related courses. Our commitment to expanding and widening access to Higher Education is being matched by a revamped apprenticeship programme which this year has a record 250,000 young people participating.

Adult skills/workforce development
Any government focused on the nation’s long term future will rightly prioritise the education and training available to young people. However, our short and medium term skills need cannot be put on hold while we await the cumulative impact of our early years and school standards reforms. Demographic realities must also inform policy development. Consequently, we are embarking on the most radical adult skills reforms in British educational history, seeking to ensure that the state’s interventions help to move the training system from supply driven to demand led. Employers and learners will increasingly determine the nature of vocational courses offered by specialist schools, colleges, training providers and universities. Quality and responsiveness, not sentiment, will determine the fate of existing and new further education colleges and training providers.
Transforming peoples lives and organisational performance

Before analysing the nature of the skills challenge, the progress so far and our third term vision, I want to reflect on how skills can be truly transformational. My views have been shaped as a result of listening to, and witnessing, my constituents’ experiences, meeting numerous learners and employers in every region of the country, and sharing exchanges with those who work as teachers, lecturers, support staff and education leaders.

The dignity of self improvement

Men and women, frequently in their 40’s and 50’s, for the first time in their lives come to know the dignity of self improvement through achieving decent levels of literacy and numeracy proficiency. This improves their confidence and skills, boosts their career prospects and affords them the dignity the vast majority of people who will read this essay take for granted.

It is also important to acknowledge the contribution which leisure learning makes to dignity in “old age” as learning helps to maintain older citizens’ sound physical and mental health.

Intergenerational advance

Adult learners are parents and grandparents who can develop the skills and motivation to support children’s learning at home and school. They have often not been anywhere near learning for many years following a negative school experience. Suddenly education is not for someone else but relevant to their aspirations for themselves and their families. It should be our explicit aim to ensure the middle class certainty that “I want my child to do better than I did” becomes the norm throughout all sections of society. It is time to give parents and grandparents equal status alongside teachers, headteachers, pupils and government in the national mission to raise school standards. Parents are far more likely to pursue their rights, and fulfil their responsibilities, if they have a positive view of the relevance and benefits of education. Adult learning can and does help to raise standards.

The business bottom line

An increasing number of leaders and managers in enterprises
of all sizes are recognising that investing in workforce skills is central to business success in a dynamic, competitive economy. We are beginning to see a new understanding that training is integral to business development, not a separate process. Whether competition is limited to the local high street, exclusively within the UK or with companies in Asia and the Far East, employee skills can make a significant difference to productivity and profitability.

Our strongest and most effective message to companies of the importance of training is focused on the realities which contribute to the creation and development of a successful business.

**Public service reform**
Customer focused and personalised public services require a very different skills mix than the old-style monolithic state provision.

The quality of front line staff and middle and senior managers will determine whether our investment and reform agenda for public services achieves the necessary and sustained step-change in performance.

The people’s verdict will not be based on pronouncements or legislation in Westminster, but their every day experiences at their child’s school, when calling the police to tackle anti-social behaviour in the neighbourhood, or while waiting to be seen at the NHS Walk-in Centre or Hospital Accident and Emergency department. The skills of the people who directly interact with public service users cannot be overstated.

Parents are far more likely to pursue their rights, and fulfil their responsibilities, if they have a positive view of the relevance and benefits of education. Adult learning can and does help to raise standards.
Security in a global economy

We accept our duty to help people and communities cope with and overcome the inevitable shocks caused by globalisation. Change inevitably brings insecurity, anxiety and uncertainty – our responsibility is to equip people with knowledge and confidence to overcome fear, maintain control and retain a sense of community solidarity.

We have entered an era where the majority can no longer rely on a job for life. However, skills training at work or through Job Centre Plus combined with personal advice, coaching and the right financial incentives can create a new “employability for life”. We will not create the unhealthy state dependency of the past, but through education and training empower people to overcome the challenges presented by change.

Modern trade unionism

The Trade Union Learning Fund, the rapidly expanding network of Trade Union Learning representatives, and the TUC’s active participation in the National Skills Alliance have combined to give skills a new priority status within the trade union movement.

Trade union led workplace projects are reaching adult learners who would never go anywhere near a formal learning environment, and employers who see in a tangible way the business and employment relations benefits of partnerships focused on workforce training. Women and members of ethnic minority communities are becoming learning representatives in far more significant numbers than have ever been the case when seeking volunteers for the more traditional shop steward’s role.

The Trade Union movement is arguably at the most important stage in its history. Its leadership must focus on activities that make a tangible connection with people at the workplace so they understand the relevance of trade unions to their aspirations and everyday experiences. The alternative is a continued decline in membership with unions practically non-existent in large sections of the economy. Skills should not be seen as “soft” issue by trade unions, but a hard-edged way of demonstrating relevance to workers and facilitating mutual interest partnerships with employers.
The future role of government

Having highlighted the potential of skills acquisition to transform the aspirations and ambitions of individuals and enhance the performance of businesses and public services, it is important to consider the scale of the challenges we face, the responsibilities and limits of government action, and the appropriate expectations of employers and individuals.

The achievements over the past few years have been impressive. For example, on Basic Skills 2.3 million learners have taken up nearly 5 million Skills for Life learning opportunities. More adults than ever before are also now achieving Level 2 qualifications (equivalent to 5 GCSEs at A*-C). The percentage of the working population with Level 2 now stands at 71%. The number of young people on apprenticeships now stands at 255,000 - the highest number ever – with well over 1 million entrants to the programme so far.

And yet, there is still a lot to do. One of the most stubborn of all policy challenges is the UK’s rate of productivity. UK productivity has historically been weak, and there remains a significant gap between our economy and those of our major competitors.

In Britain, output per worker per hour is 16 per cent lower than in France and 31 per cent lower than in the United States. There are five key drivers of productivity:

• Investment
• Enterprise
• Innovation
• Competition
• Skills

One fifth of Britain's productivity gap with Germany is due to our skills deficit. People with poor literacy and numeracy are up to five times more likely to be unemployed or out of the labour market. A third of the British workforce has poor skills and qualifications, compared to under 20 per cent in Germany, and around 10 per cent in the United States. There is evidence that in some sectors, British business can become trapped in a ‘low skills equilibrium’, where employers believe there is a shortage of skilled workers so they adapt their production techniques
to a low-skilled workforce, thereby reducing the number of jobs which require higher skills, weakening the incentive for workers to train and confirming their own perceptions - and so the cycle continues.

We also have to wake up to the high-skill competitive challenge represented by India and China in world markets. India now turns out 220,000 science and IT graduates every year, for example. In China, there is new-found confidence about the ability of firms to compete and win in the global economy on the strength of their people. We can’t afford to slip back as this remarkable revolution in new business opportunities and challenges takes hold.

To put the thesis starkly, the UK economy will not maximize its long-term growth or employment potential if over a third of the workforce has few or no skills and qualifications. Training policy is not one where command and control is at all likely to work. Too many of the failures of the past have been attempts by government to impose its solutions. The schemes devised by governments have not been welcomed by employers and, as a consequence, individuals soon learn not to value them too. Transforming the UK into a high skill economy must be a shared responsibility, with the state, employers and individuals working together.

- The government must deal with market failures and support individuals and employers in their efforts to increase skill levels
- Employers must take responsibility for the training and development of all their staff
- Individuals must take responsibility for their own personal career development, and be prepared to learn new skills.

One of the key parts of the role of the government is, of course, to collect and distribute funding. This has historically been a function at which government has excelled. It is not really possible any more to say that training and skills policy is failing for want of resources. Over the next three years, education and skills spending will grow by 5.9 per cent a year in real terms, raising education spending in the UK as a percentage of GDP from 4.5 per cent in 1997 to 5.6 per cent by 2005. This level
of investment raises its own questions. With powerful competing demands on the public finances, it is crucial to determine what we prioritise for spending. In this specific context, it is important to determine the respective contributions of the taxpayer, the firm and the individual.

The government has been, and will continue to be, most active on basic skills. This is where market failure is most acute and where government investment can have the greatest effect, equipping people to go on to further learning opportunities. The Adult Basic Skills programme has allowed 1.8 million adults since 1998 to take up basic skills courses, and there are now half a million adults with improved basic skills. The number of people of working age with no qualifications in England has fallen from 10.8 million adults (37.7% of all people of working age) in 1985 to 4.3 million (13.6% of all people of working age) in autumn 2003.

Our focus is on raising attainment to level two (equivalent to 5 GCSEs at A*-C). Every adult will be entitled to free tuition for a first level two qualification which is increasingly seen as the base level for successful participation in the labour market. And if the UK is to realize and sustain full employment and increase rates of productivity gain, we must work towards the policy goal of fully funded, flexible opportunities for every adult to learn to level 2. In a global economy, our competitive advantage lies in high skill, knowledge intensive industries. The growth of off-shoring indicates that we can no longer compete effectively in low skill markets where emerging economies offer a ready supply of workers at a low price.

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Level 2 also provides individuals with a sound base from which to access further learning opportunities, improving life chances in this generation and the next. Evidence shows that employers are much more likely to invest in training for staff who already have level 2 skills, and that such staff are also more likely to seek or continue training on their own initiative. It is important to stress that the Government recognises that for some sectors and regions level 3 and higher level qualifications are the priority. However, in these circumstances employers and individuals will be expected to make a contribution.

Our commitment to increase basic, lower and intermediate skills in the workforce is crystallised in the following targets:

- to reduce the number of adults without basic skills by 1.5 million by 2007
- to reduce by 40 per cent the number of adults in the workforce who lack level 2 qualifications by 2010
- to ensure that by 2004, 28 per cent of young people will start a Modern Apprenticeship.

Alongside funding, we also know that there are other real barriers to the efficient functioning of the learning market. For staff, securing the necessary time out of work for learning can be hard. For employers, the cost of allowing their employees time off for training may be prohibitive, particularly for smaller firms. This has been the focus of the successful Employer Training Pilots which are now to be converted into a National Programme. Beyond level 2, there is a clear case for firms and employees to take greater responsibility for their training needs. They, not the state, are best placed to identify training needs and both benefit substantially from training beyond level 2. In research conducted by the Institute for Education, workers who take part in employer-provided training were found to enjoy 12 per cent higher wage growth than those who did not. However, government has an important role to play in facilitating training opportunities. In this context, there are three areas that provide a useful focus:

1. Increasing and responding to demand
First, we can only meet the UK's skills and productivity challenge if it is genuinely demand-led. The provision of
training should be guided by the choices of employers and employees not by central diktat and this is the best way to continue improving the quality of what is on offer. This means we must raise the level of demand for learning among employers and employees where information failures, along with labour market and credit market imperfections have led to under-investment in skills. We must also ensure that the system of provision responds better to the particular needs of local employers and the local economy. There are some exceptional examples of this across the country. But too often the department, learning centre, college or other provider is just that - “exceptional”.

This was a major reason for the programme of Centres of Vocational Excellence which establish firm links between employers and high quality training providers. It is also part of our rationale behind Employer Training Pilots. But the broader drive for closer links between training provider and employer lies, of course, in the system for planning and funding provision. So building on the process that Regional Development Agencies have led through their Frameworks for Regional Employment and Skills Action, nine English Regional Development Agencies (RDAs) are working with their Learning and Skills Councils (LSC) to strengthen both the coordination of local skills policy and its alignment with regional economic strategy. Sector Skills agreements will bring employers together on a sector by sector basis and influence both employer and Government spending on training.

2. Learning in the workplace
Second, I would stress the importance of learning within the workforce and via the workplace. Two thirds of Britain’s workforce in 2020 are already at work today - and currently 8 million of them do not even have the intermediate-level learning they need to succeed in an increasingly knowledge-driven economy, let alone the new skills that will be required of them during the next two decades. It will be important to increase the attention we give to this through a range of routes - from Sector Skills Councils to Modern Apprenticeships to Learn Direct to trade union learning representatives and the trade union learning fund.

Importantly, research demonstrates that workplace
training is a more effective route than classroom based training, particularly for basic and lower skills. A recent evaluation of wage returns from NVQ2 qualifications conducted for the Department for Education and Skills found substantially higher returns for those people who gained the qualification through work-based training than at a further education college or on a government supported training programme. Proximity to the demands of the labour market ensures that workplace training satisfies the needs of employers and employees. We must do more to recognise the relevance of the workplace as both a route and a location for learning.

3. Regional devolution
Third, I want to underline the far-reaching consequences of the regional framework for economic policy. There is a regional dimension to many areas of policy: economic development, business support, labour market programmes, planning, transport. It is also the case for skills.

Here, we encounter the limits of what government can do. In particular, varying local needs expose the contradictions of the old-style centralisation. Today it is simply not possible either to run economic policy or deliver strong public services that meet people’s expectations using uniform provision. This is certainly true of skills. The LSCs and RDAs are examples of the importance of government working at many different tiers.

Their objectives are set by elected government at national level. Strategic planning and operational management to meet these objectives are devolved to the responsible agency. There is a single funding pot but flexibility is provided through three-year budgets.

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Conclusion
Reform is working in our approach to training and skills, because we have learnt the painful lessons of past experience. It is always tempting to reach for command and control. Central direction or guidance can often seem the simplest and speediest way to get things done. And it is also true that ministers remain accountable to parliament, public and press for how well public money is spent - even when they had nothing to do with the decisions taken. This temptation has been resisted by the present government, and its model is now bearing fruit.

But Britain’s skill levels are still not good enough, and this cannot be solved by central government action alone. Sensible involvement by the state is a necessary, but not a sufficient, condition for progress. Employers and individuals will have to play their full part if we are to improve our skills performance, and help to create the fair society and successful economy that will determine our national destiny. This is what we must build in the future.
Chapter Five
The Politics of Empowerment\textsuperscript{1}

David Miliband

There are two major questions facing a party in its eighth year in government. Have its ideas worked? And does it have new ideas to take the country forward? On both counts, the present government should be confident of its position. New Labour is stronger now than it was seven years ago. From an untried and untested philosophy and team, it has matured into a more coherent and proven political movement. The key now is to take forward the insights and lesson of our first seven years in government, and apply them afresh.

Reform works
The government’s mandate in 1997 was often described as cautious or minimalist, but was actually wide-ranging - from the fight against mass unemployment to renewal of public services. And the remedies proposed were contested.

The Right argued that New Labour had learnt nothing from the collapse of planned economies. The Left doubted the prospectus of step by step, careful reform. The minimum wage would either be too high (or too low); the education reform unworkable; the political reforms destructive. Yet what is significant is that the Government has been more ambitious - on support for children and pensioners, on public service investment and reform, on economic modernisation - than it ever promised. As it has made progress, it has gained confidence.

Where it has been successful, it has been the result of clarity on goals, deep-seated institutional and cultural change, and extra investment:
• The assault on mass unemployment has transformed the role of Personal Advisors in the Employment Service, and developed a new culture of rights and responsibilities.

• The drive to raise standards in the basics in primary schools – now yielding top three world rankings in English and Maths – has reorganised professional practice, and given greatest benefit to children in the poorest areas.

• The determination to address issues of anti-social behaviour has opened a new flank in the traditional debate about law and order.

• The introduction of user choice - through direct payments to disabled people and in the NHS - has been an important complement to strategies for user involvement and has helped drive efficiency and quality.

There is no one lever that explains collective change. But the principle of combining investment with reform has in different circumstances proved its worth. The challenge now is to build on that improvement better to deliver on the fundamental values that bring us into politics.

The politics of empowerment
The heart of politics is the relationship between government, markets and civil society. These relationships define political traditions. The three vital components of social democracy are government that supports people, markets organised to serve them and an open civil society that extends rights and responsibilities.

Perhaps the most conspicuous difference between political traditions is that over the role of the state, and its relationship to citizens. In this essay, I want to focus on the enabling and empowering role of government. The argument is simply stated. It is that social democratic government needs to add to its concerns for security and individual opportunity a set of ideas that can be grouped under the heading of empowerment.

Empowerment is an important component of both security and opportunity. People can hardly feel empowered if they are insecure or denied opportunity. But, more than that, it is a very important part of social democratic politics in and of itself.

Power is the raw material of politics. It comes in a number of forms: political, economic, social and cultural. It rests, above
all, in the choices people have about their daily lives and the
voice they have in the governance of local and national affairs.
Choice and voice are often counter-posed, as though they were
opposites. In fact they are complementary: the fact that one
has a choice means that one's voice can be heard all the louder,
and vice versa – choice is more effective when backed by voice\(^2\).

Empowerment concerns the ability of people to make
decisions about the shape and course of their own lives. It is
a concept that operates at the level of both the individual and
the community. Indeed, many of the sites in which individuals
need to be empowered – such as their schools – require
collective action.

The commitment to empowerment has been important
in government since 1997. The record points to significant
change:

- the Human Rights Act and the Freedom of Information Act
  redraw the relationship between citizen and state
- laws for sexual and gender equality have redressed the
  imbalance of power between groups of citizens
- devolution and local government reform will tackle the
  centralisation of power
- expansion and improvement of the services on which an
  empowered citizenry depends, from health to education
to criminal justice.

But despite this progress, we need to go further. People have
more information, more spending power, more rights than ever
before; but often they feel disempowered from the things that
really matter to them. When we extend choice in the health
service, or ask older people how they want their meals on
wheels delivered, or keep victims informed of the progress of
their case through the criminal justice system, we are using the
levers of government to empower the individual. Sometimes
we are asking for their choice, other times for their engagement
and opinion.

In the Five Year Plan published by the Office of the
Deputy Prime Minister, there are a number of significant ideas
for the expansion of power at community level. I want here to
address the issue of empowerment in public services.

\(^2\) The terms “choice” and “voice” were popularised by
Albert Hirschman in his book
Renewing public services

In the 1980s and 1990s, the question about public services was ‘should public services survive?’ The public sector seemed to be on a knife-edge. Governments ideologically committed to the philosophy of public bad-private good – to the notion enunciated in Geoffrey Howe’s first budget speech in 1979 that the public sector was the source of the British malaise not its solution - proclaimed the weakness of public service, and did everything to prove themselves right: funding was erratic when it was not falling, success meant opting out not chipping in, the value base was dismissed as archaic.

But the public were not persuaded. They remained loyal to the essential value of a free, needs-based public realm. But they wanted to know that improvement could be delivered. So by 1997, the question had changed: the government was elected and re-elected to answer the question ‘could public services improve’?

I believe there has been a resounding and affirmative answer to that question:

• service changes have delivered a 23% fall in premature cardiac deaths, above all amongst the poorest citizens
• New Deals for young unemployed, older unemployed, partners of the unemployed and lone parents have helped over a million people into work
• and instead of taking 20 months, 84% of decisions on new asylum cases are made within two months.

Choice and voice are often counter-posed, as though they were opposites. In fact they are complementary: the fact that one has a choice means that one’s voice can be heard all the louder, and vice versa – choice is more effective when backed by voice.
These improvements have to be universalised: the fact that over 70% of lessons in secondary schools are now judged to be good or better, rather than 40%, is a huge step forward. However the public want the figure to be 100%.

But we also have the opportunity and responsibility to ask and answer a new question: it is can public services be transformed around the needs of the users of those services?

Again I believe the answer is yes; and the key lies in the engagement of users of services, not treating them simply as passive recipients but engaging them as active partners in the creation and development of high quality services; call it empowerment or engagement, putting the public back into public services is the key to their transformation into flexible and effective services for the public. The personalisation of services depends on the public as well as the professionals.

**Bringing the public back in**

There are three main reasons why the public needs to come centre stage:

- We live in an increasingly diverse country, where not only are needs and aspirations different, but people are more confident that they have a right to an opinion about how they are treated.

- The ‘active welfare state’ is based on rights and responsibilities for the individual as well as the state. More and more of what Government wants to achieve requires the engagement of the citizen. Think of public health, or safe neighbourhoods, or raising pupil performance: all depend on public services, but all depend too on the way citizens help themselves.

- Third and most important, there is increasing evidence that services which have gone from improvement to transformation have done so through concerted engagement with service users. Public services can only help people take up opportunity and feel more secure if they give confidence as well as care, empowerment as well as standards.

We know from the Employment Service, schools, health service, the criminal justice system that on the ground various strategies are being used to engage the public in service delivery. Some are based on choice; others on voice; what is common is the partnership of professional and public in delivery:
• we know that from the intermediate care now offered to help elderly people stay out of hospital and stay out of residential care
• we know that from the neighbourhood wardens helping to create a safe and secure neighbourhood
• we know it from the 200 Tenant Management Organisations that have taken over responsibility for estate management.

In each case the professionals have engaged the efforts and energies of the public, and delivered a different but better service. They have recognised that the biggest untapped resource in education provision is not teachers but pupils; the biggest untapped resource in health is not doctors and nurses but patients; the biggest untapped resource in social care is not social workers but citizens.

Here is a model of investment and reform which seeks to get the three key drivers of change working together – the drive from the top in the form of strategy, resources, accountability and the drive from professionals, in the form of diversity of supply, innovation by and co-operation between providers and contestability; and the drive from the public, in the form of choice and voice from the citizen. Together the three hold the key to a more personalised service.

So we need to defend the gains being made by public servants on behalf of the public, but also to take the next step to effect fundamental change in the quality of citizens experiences. Whether through NHS Direct or curriculum choice for pupils or local coalitions against anti-social behaviour, the aim is the same – to ensure that public services work with the unique needs and capabilities of the individual.

The lessons of reform
The lessons for me from those public services that have made the leap are important.

First, there is no substitute for getting the basics right. It is pointless trying to involve the citizen if they cannot get an appointment with their GP, if the school is not well run, if the social services department is dysfunctional. Gateshead today has a reputation for stunning artistic endeavour, but the transformation started from the fact that only 3 out of 10,000 bins are missed in any round.
Second, the first role of government is to mandate outcomes not regulate processes. This is the heart of the New Relationship with Schools developed in the DFES: internal and external accountability will now focus on a small number of key outcomes, making self-improvement the primary driver of school improvement.

Third, professionals need financial and legal flexibility. That is the power of the reforms to the Employment Service and the way it works. Personal Advisors now have flexibility over budgets to meet individual needs. Evaluation shows the result is more flexible and effective services. What counts is not the number of boxes they tick but the number of people they help back to work.

Fourth, citizens need real power. This needs choice and voice – they support each other. Direct payments give individual disabled people choice about services provided for them, from transport to social services. The results have been greater effectiveness and greater efficiency.

Fifth, government must sponsor innovation; that means new providers with alternative ways of doing things. These providers can come from public, private or voluntary sectors. They are vital not as a way of launching a mass takeover of public services, but as a way of keeping up innovation and renewal.

Sixth, incentives for staff across services and at every level, and for citizens, need to be aligned. This has been a key driver of progress in tackling anti-social behaviour. Over 3000 ASBOs and 40,000 Fixed Penalty Notices have been the product of co-operation across police, council and the court system. That is not an accident; it has been the result of deliberate changes in policy, structure and strategy.

And seventh: in all of this culture matters. You cannot empower citizens if you do not empower staff. If they are more afraid of making a mistake than they are inspired by getting a result then they will settle for second best.

These lessons hold the key to the resolution of great debates that have dogged public services since the Second World War – and above all the debate about the relationship between excellence and equity. In education, for example, they have show how excellence – taking the lid off average
there is no substitute for getting the basics right. It is pointless trying to involve the citizen if they cannot get an appointment with their GP, if the school is not well run, if the social services department is dysfunctional.

performance and spurring the highest quality provision - can be used as a resource to tackle inequality.

- In the Leading Edge Programme, 100 schools work with 600 partners to tackle some of toughest learning challenges, including efforts to increase achievement amongst pupils from disadvantaged and/or minority ethnic backgrounds; there will be 600 such leading edge schools by 2008.

- There are more teachers than ever before, more people wanting to be teachers and what Ofsted says is the highest standard of teaching ever, and critically there is a strong network of 4,500 Advanced Skill Teachers, who spend the equivalent of one day a week helping other teachers in other schools to improve their teaching.

- There are now almost 2,000 specialist schools teaching over 2 million pupils, helping over 10,000 partner schools and all working with wider community groups. They use their specialist expertise to create a centre of excellence within the school that acts as a lever for whole school improvement. In 2004, 57% of pupils in specialist schools achieved 5 GCSEs grade A*-C compared to 48% in non-specialist schools.

- The Gifted and Talented programme now reaches over 150,000 students in 2000 primary and 1000 secondary schools and the National Academy at Warwick now delivers a range of learning opportunities to its 33,000 members.

**Conclusion**
The transformation of delivery depends on the combination of bold reform and high quality execution. But there is a further
dimension in the mix, and that is the role of the citizen.

It is sometimes argued that the market is dependent on millions of individual decisions while public services depend on a few decisions at the top. Yet the contrast is fundamentally untrue: the collective good is made up of millions of different, sometimes intimate decisions and experiences about the way people lead their lives. These decisions depend on relationships – more or less equal, more or less deep, more or less extended, but always a two way exchange between public and professional.

It is in that relationship that the strength of public services lies. It is a relationship in my view enormously strengthened over the last decade, and ready to strengthen further over the next.

The vision is clear. Universal public services tuned to individual need. And the methods are increasingly clear: not just more staff, better trained, with legal and financial flexibility, working in diverse institutions with a strong sense of mission and clear accountability to match, but citizens engaged in the design and delivery of personalised services. Generalise what is already the best and we truly will make public services safe for a generation. That is what is at stake in the months ahead.