

REMAKING

THE

How should
Labour govern?

STATE

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CONTENTS

1	Labour's next state: the five big questions	4
	Andrew Harrop	
2	The real big society	8
	Jacqui Smith	
3	Getting to government	10
	Marcus Roberts	
4	A new vision for public services	14
	Frances O'Grady	
5	Localism in action	17
	Hilary Benn MP	
6	Life after Gove	20
	Fiona Millar	
7	No child left behind	22
	Lisa Nandy MP	
8	The challenges of a changing NHS	24
	Mark Ferguson	
9	The unfinished business of equality	27
	Rupa Huq	
10	The power and promise of redistribution	29
	Sonia Sodha	

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Summary

Labour have many challenges to overcome before the next election. The party has been having a vibrant debate exploring high-minded concepts of how to remake Britain, but must now focus on finding new and innovative methods of governing in order to become a party fit to face the nation in 2015.

The Fabian Society's 2013 New Year Conference saw a wide-ranging conversation, which opened up new areas of debate across the contested territory of how Labour should govern. This collection of essays from some of the conference's key speakers seeks to develop this discussion, exploring how we view the state. If Labour can be radical enough to build a different state that works hand-in-hand with the people of Britain, it could bring a seachange in the way that we define politics and policy.

1. Labour's next state: the five big questions / Andrew Harrop

Labour needs to answer five questions about the future of the state, so that it comes to power with a radical programme of government, but one that survives contact with the reality of office. Is there a middle way on fiscal policy? What are the next 'pledge card' policies? What does Labour do with the legacy it inherits? How does government change the economy and society? And how does Labour create a better state?

2. The real big society / Jacqui Smith

Labour policy on public services should not just be about how we distribute public money, but also about how we redistribute power and control to staff and users. We should use this opportunity to transform the way we see the role of the state. There are real opportunities with a new, more relational approach to public services to ensure that public money has the greatest possible impact.

3. Getting to government / Marcus Roberts

The very values of equality and fairness, social liberalism and social justice that conservatives think doom Ed Miliband in 2015 may yet deliver success at the election and beyond. For if his policy agenda can in opposition neutralise Labour's weaknesses then perhaps in government it may yet turn these challenging areas into strengths.

4. A new vision for public services / Frances O'Grady

An incoming Labour government will find it tough to rebuild public services reeling from both the government's cuts and the burgeoning role of the private sector. Labour's alternative should be confident that the public sector is best placed to deliver quality and responsive public services. But only if there is willingness to change cultures and ways of working.

5. Localism in action / Hilary Benn

Labour should back localism because the time is right. Austerity is forcing us to think in new and creative ways because we simply cannot afford to do things as we have done them before. We may be short of money but we have an inexhaustible supply of ideas, effort, determination, resourcefulness, and a will to succeed.

6. Life after Gove / Fiona Millar

Parents want good local schools with balanced intakes, excellent teaching and leadership and a curriculum that can interest and engage all pupils so that every child can make the most of his or her talents. Labour must have the guts and the vision to develop a bold and radical alternative to the Gove reforms - an alternative that is rigorous and inclusive but also able to enthuse and convince an increasingly weary and demoralised profession.

7. No child left behind / Lisa Nandy

We need to recognise that education is at once academic, vocational and social; that it should equip children for life and not just the workforce and should be a place where children and young people find social enlightenment, not social advantage. A post-Gove system must focus on rebuilding the principle of 'education for all children', not just the lucky few.

8. The challenges of a changing NHS / Mark Ferguson

With the current NHS structures set to change beyond recognition and the looming spectre of social care pushing down on future resources - can Labour really rule out another restructure? Such huge challenges in the NHS must be faced and fought for alongside local communities - putting democracy at its heart.

9. The unfinished business of equality / Rupa Huq

Women's concerns are key to the narrative of the squeezed middle and Labour must ensure that the post-crash state is a much more female friendly. The women's dimension of all policy area needs recognition as central to everything rather than being simply tacked on.

10. The power and the promise of predistribution / Sonia Sodha

There is no neat set of policies that will achieve a fairer predistribution of resources. And there are many challenges: the aftermath of a pre-crash economy with increasing levels of consumer debt that masked worrying trends in the economy; the growing wage inequality that can no longer be fixed through ever-greater tax-benefit redistribution; the path to dignity in work and opportunities for work that pays. But, as challenging it is, it must be central to the Labour party's economic agenda in the run up to the next election.

1 LABOUR'S NEXT STATE: THE FIVE BIG QUESTIONS

Andrew Harrop

Labour needs to answer five questions about the future of the state, so that it comes to power with a radical programme of government, but one that survives contact with the reality of office. Is there a middle way on fiscal policy? What are the next 'pledge card' policies? What does Labour do with the legacy it inherits? How does government change the economy and society? And how does Labour create a better state?

Time flies. The terrible defeat of 2010 feels like yesterday, but suddenly Labour's 2015 manifesto is just two years away. The good news is the party's policy debates have energy and vigour, but so far there's a lot more diagnosis than prescription. Ed Miliband's promise of a 10p rate of income tax shows how that is beginning to change, but in the next 12 months Labour needs to pick up the pace. And when it comes to the future of the state that means answering five questions.

Can Labour find a middle way on fiscal policy?

Labour strategists are rightly anxious that the party is not trusted to manage the public finances. But the obvious solution to this impasse, to ape George Osborne's spending plans, would bring economic and social disaster. Hugging close to the government would mean further reductions in social security entitlements and eye-watering cuts to public service budgets, all on top of five years of coalition cuts. It would also rule out any new pro-growth spending to help boost investment and demand. The planned cuts could even turn out to be an overreaction, especially if the economy rebounds and the tax coffers start to fill. There's just too much uncertainty for Labour to contemplate tying itself to the mast of small state Tory spending plans.

At the same time Labour cannot promise to undo every cut and must have some plans for a few savings of its own, both on economic grounds and because of the political signal this will send. At best, public spending will rise very modestly in the next parliament which will still mean that some budgets need to be shaved and social security entitlements scrutinised. Meanwhile, the party will face understandable pressure to increase public sector wages after years of sacrifice, but this brings the risk that pay rises consume every penny of whatever extra spending can be afforded.

So, is it possible to set out a middle way, by making promises on spending which are tough but not stupid? Apart from cuts, are there other ways to provide reassurance, like a stronger role for the Office for Budgetary Responsibility in policing the public finances? Above all, how can Labour change the terms of the debate, so that it is no longer framed as a polarising choice between Osbornomics and reckless irresponsibility?

What are the next 'pledge card' policies?

Opposition parties are there to oppose. But when the government's prevailing narrative is gloomy austerity and Labour's job is to find fault, the party ends up sounding even gloomier. That's no way to win back apathetic sup-

porters who need positive reasons to embrace change. So Labour needs to set out an optimistic agenda to show that government can help people in new ways, not just retreat.

Just within the sphere of the welfare state, there are some exciting contenders for the next big idea; probably too many for Labour to promise and pay for them all. Some tough choices need to be made on the basis of social priorities and electoral advantage, but the wish list goes something like this:

- A guaranteed job for everyone facing long-term unemployment, paid from falling social security rolls and some equivalent of the 1997 wind-fall tax on excess profits
- A massive house building programme including a million affordable homes, funded by future rents and sales
- Merging social care into the NHS, with health bodies commissioning community support and care, but with richer older people paying more towards the costs
- Increased hours of free childcare to boost employment for mothers (and some fathers), a move that might possibly pay for itself
- High-status vocational and workplace training from 14 to pension age, with state funding for courses that boost long-term prospects in the middle of the labour market

Getting noticed in opposition is tricky. Unless you have big ideas that stand out from the noise and until you repeat them month after month, the public will barely notice. So Labour needs to start setting out its big 'pledge card' policies over the course of 2013. And in this climate it will need to fully stress test each idea and be ready to explain how it will pay for each of them.

What does Labour do with the legacy it inherits?

So much for new things; Labour also needs a plan for dealing with the mess it will inherit.

On welfare the party will be unable to reverse most of the cuts, although it may have to expend time and money unpicking some of the most disastrous reforms (including, perhaps, the council tax benefit changes which will cause havoc from April). The party might also need rescue plans for universal credit and the privatised work programme which both seem to be teetering on a precipice. That won't leave much scope for reforming welfare on Labour's own terms but the top priority must be to make work pay for parents. Iain Duncan Smith's plans make working financially pointless for many second earners but solving this problem will be hard without more spending.

Turning to public services, the urgent task is unpicking the worst excesses of the NHS and schools reforms. Labour is starting to talk about replacing Andrew Lansley's fragmented market with council-led commissioning and end-to-end care run by acute health trusts. But there's a lot of devil in the detail. Turning to schools, Labour faces a similar task to the mid-1990s, when John Major's grant-maintained schools were reintegrated into the education system without stripping them of all their autonomy. Where free schools and academies have powers which are genuinely helpful, they should be available to all schools; but admissions, funding and a core curriculum must come under democratic control.

Labour also needs to put flesh on the bones of its own forward-looking

agenda. The party has come to a day of reckoning regarding its long experiment with markets in public services. While I've never been opposed to the principle of a plurality of providers, the list of failures is now too long to be dismissed, even before the results are in on the current experiments with free schools, clinical commissioning and probation. A new settlement is needed, where independent providers play a small part within publicly-managed ecosystems. For example, Labour will surely want to explore public or mutual control of workfare and the railways, even if there is private sector involvement at a more operational level?

Labour also needs a positive alternative to markets with respect to innovation and citizen control. So far there is a hazy cloud of interesting ideas. The buzz words are: cooperative, coordination, coproduction, dialogue, institution-building, integration, mutualism, person-centred and relational. But we need to move beyond concepts, to defining goals and agreeing the tools for achieving them. At the heart of the debate is Labour's now deep-rooted conversion to localism. The party needs to explain what localism without marketisation will mean in practice. How will councils become the ringmaster for local schools and healthcare? What support do they need to found autonomous public and community institutions? How do they make direct accountability and control by citizens a reality? For all of this Labour needs a 'theory of change'; that is to say, a sense of how government will use the levers and relationships at its disposal to realise its ambitions for public services.

How does government change the economy and society?

In the aftermath of the financial crisis Labour has realised that government must intervene to rebalance the economy. Under the strap lines of 'responsible capitalism', 'the squeezed middle' and 'pre-distribution' the party has acknowledged that government can and must shape the outcomes the market delivers. Labour is seeking ways to change business culture and power relationships; intervene where markets are failing to serve people; and cajole industrial sectors to work together on issues from innovation to low pay. When it comes to economic policy the party wants to determine not only the rules of the game but the way it is played.

This is a huge agenda and a huge departure from previous decades. The question is: what will Labour be able to achieve over a handful of years, with the tools at its disposal, the vested interests it faces and the weak Whitehall machine it will inherit? The party needs to adopt solutions from the traditional toolbox of regulation but also consider how to participate in the market (for example, in banking or housebuilding); change incentives through tax reform; and pull strings through the soft power of political leadership and media pressure.

The same set of challenges applies to the government's influence over society, including civic life, local relationships, attitudes and culture. For Ed Miliband's 'one nation' ambition is as much about a different set of social relationships and values as it is a fairer economy. But what on earth can a government do to bring such a change about? Labour only needs to look to the awful spectacle of David Cameron's 'big society' to see the risks attached to invoking a huge project of social change without the commensurate levers of power.

Take two examples: community self-help and the integration of migrants. People in Labour circles talk with great enthusiasm about community organising and new grassroots movements like Citizens UK, but so far the scale is

small. How will a Labour government create the conditions for a vibrant self-organising culture in every low-income neighbourhood? With immigration, in terms of national policy the Labour party might consider, we are reaching the limits of what is legally or ethically possible. But the flashpoints, simmering tensions and success stories are local and in future the solutions must be too. So how does a Labour government give local agencies the tools to forge a sense of responsibility, belonging and mutual respect among immigrants and existing communities?

How does Labour create a better state?

Finally, Labour cannot ignore the machinery of our democracy and government. For example, the party is having lots of parallel conversations about the things it would like councils to do, but is ducking a strategic conversation about the future of local government. If we want councils to be the fulcrums for shaping how public money is spent locally and how local communities evolve, are they really fit for purpose as institutions? Everyone I talk to is wary about changing the structures of local democracy, after the disappointments of police commissioners, mayoral referenda and Labour's attempts at regional government. But if the relationship citizens have with their councils is to truly change, I can't see how we can escape questions about their size, capacity, financial independence and democratic accountability.

The party will also have to grapple with issues regarding the organisation and capability of central government and its agencies. By 2015 there will have been a huge brain drain of skilled public servants which will severely constrain the capacity of ministers to achieve their objectives, particularly in areas such as economic policy. There will also need to be yet another conversation about the balance between political oversight and autonomous expertise, not least because almost the whole of the health budget is now in the hands of a quango. Labour will also have a lengthy debate on the competencies of the EU foisted upon it. Hopefully this dialogue will happen in the context of Europe-wide discussions on the evolution of a two-tier union, rather than being a pre-referendum UK-only package. For I fear that Labour-led attempt to tweak the terms of our membership and then sell Europe in a referendum would lead to the Tories campaigning for 'out' and the UK leaving the EU.

Lastly, Labour must deal with the unfinished business of constitutional change. This always gets written off as a topic for the anoraks, about which typical voters care little. But institutions set the terms of culture and behaviour, and the public certainly care about how elected public servants conduct themselves. Rebuilding trust in politics and public service can't be achieved by institutional change alone, but it's an important start. Above all, how can Labour call itself a social democratic party and not take on the vested interests in the House of Lords? It's to Labour's great shame that it failed to reform the upper chamber over 13 years in office, largely because it was never quite high enough a priority. Something that is 'important' but never 'urgent' must be locked in to the legislative programme from the outset, as the first bill in the 2015 Queen's speech.

Just five short questions, but they demand big answers: from clarifying Labour's governing principles and 'pledge card' policies, to thousands of pages of painful detail. The party has had plenty of time to observe what happens when an ill-prepared government rushes through half-baked plans. It must prepare now, so that it too comes to power with a radical programme of government, but one that survives contact with the reality of office.

2 THE REAL BIG SOCIETY

Jacqui Smith

Labour policy on public services should not just be about how we distribute public money, but also about how we redistribute power and control to staff and users. We should use this opportunity to transform the way we see the role of the state. There are real opportunities with a new, more relational approach to public services to ensure that public money has the greatest possible impact

In the late 1980s, I took part in Neil Kinnock's policy review – 'Meet the Challenge, Make the Change'. I wish we weren't in opposition again, but I'm glad we have the opportunity for another reassessment of our policy platform. However, unlike in the 1980s, this one has not come about because the Labour party can't face up to the reality of governing, but because the reality of governing will have changed so much when we return.

As a Labour minister for 10 years, I made a lot of speeches. They often included a spending announcement. And the question and answer session which followed usually included an impassioned plea that the money I'd just announced was ringfenced and accompanied by a new target to ensure its use. I'm proud of the transformation in infrastructure and standards achieved by these Labour government announcements, but this approach to government is not an option now.

Not only because the money won't be there to announce, but more positively because we should be taking this opportunity to transform the way we see the role of the state and public services. Let's consider the very interesting debate around the idea of a relational state – a title about as sexy as predistribution – but an idea with legs.

There is now some serious thinking and writing about how to ensure a more relational approach to the state and public services – not least in the extremely well attended Fabian New Year conference and in the IPPR publication 'The Relational State' with lead essays by Geoff Mulgan and Marc Stears. But two personal experiences brought home the potential to me.

Firstly, my Dad had emergency surgery whilst we were on holiday in Portugal. It wasn't just the surgery and drugs, but the Portuguese nurses who took the time to listen to his halting attempts to speak Portuguese, to reassure him and to talk through his treatment which gave him the confidence to get out of bed, on a plane and safely home. When I talked about this at the Fabian conference, a UK nurse challenged me on the basis that it sounded like a criticism of UK nurses. It certainly wasn't – in fact it reinforced in me the view that the care and time of nursing staff can be even more valuable than those things which have a higher monetary value – the technology and the medical expertise. We need to find a better way of valuing the human relationship.

Secondly, my oldest son got a summer holiday job – as a temporary evening park keeper in the local park. It was the one with the best play area for hanging off and the best Co-op for hanging around. The previous year, when no such role existed, it had been the anti-social behaviour hotspot during the summer holidays. He had some lively times, but he persisted in getting to know people, being a large and reassuring presence for most and a disincentive for some. Anti-social behaviour reports went right down and

local confidence shot up.

I am not making a John Major-esque plea for the good old days when matron ruled the ward and park keepers dispensed a clip round the ear to keep crime down. But there are real opportunities with a new, more relational approach to public services to ensure that public money has the greatest possible impact. Furthermore a defence of public services must be able to demonstrate what is distinctive about their ethos – surely it must include the quality of the relationship between the provider and the citizen and the way in which those services see people as far more than a passive consumer of services. What should this imply about a new approach?

Firstly, Labour policy on public services should not just be about how we distribute public money, but also about how we redistribute power and control to staff and users.

Secondly, a modern view of people who work in our public services should support them not just to deliver, but also value and develop their ability to empathise, communicate, innovate and mobilise.

Thirdly, targets, if they exist at all, should promote this approach. I tried to do this as home secretary so I know that when this government justifies unprecedented cuts in policing by arguing that they're cutting 'swathes' of central targets to free up police officers, they're lying. I removed all but one target: to boost confidence that the police were tackling the priorities that mattered to local people. In other words, their success was determined by how much they knew what mattered to people, tackled it alongside local communities and told people about it.

Fourthly – in a time of austerity, the way to protect public services is not to retreat into departmental and sector bunkers. It is to innovate, to find new partners and to pool resources. Let's consider the example of family intervention projects. This approach to working with troubled families was first developed by Action for Children in Dundee and then expanded through government investment, local authority coordination and new types of public sector workers.

This is not about spending more – these families are on the caseload of almost every public sector body in the area already. The key to the projects is the person who works to unpick all the problems the family is facing, to build a plan of action with them and then to make sure they do it. And it works. In the nearly 11,000 families receiving this support since 2007 (and this may be an underestimate), there is less abuse and stronger parenting; less crime and anti-social behaviour; fewer people with health problems, including mental health and addiction; a reduction in those with education problems like truancy and bad behaviour or adults with no work or training.

These are just some of the ideas we could incorporate in a new, relational approach to the state and public services. Now we just need a livelier name for these reforms and principles – how about the real big society?

3

GETTING TO GOVERNMENT

Marcus Roberts

In order to tackle Labour's big electoral demons, Ed Miliband must be ready to fight. Not just for strong policy propositions but for winning ways to deliver his message and for a plan to govern that looks to tackle the toughest questions facing Britain. With a manifesto on the horizon and a battered electorate waiting to be wooed, there are further challenges to overcome – but are Labour on the right road to tackle these big issues?

The economy. Welfare. Immigration. Crime. Europe. Conservatives believe that these issues doom Ed Miliband to defeat. They believe that his embrace of traditional Labour values of equality and fairness, social liberalism and social justice seal his fate.

And it's not just conservatives with capital c. New Labour sceptics of Ed Miliband's politics also think that an electoral approach based on these principles is bound to end in defeat. Indeed this is pretty much the conventional wisdom in Westminster today.

The data¹ helps to explain the framing problem that Labour faces on these issues. On the economy, Labour is considered weak due to a frame that puts the deficit at the heart of the argument and blames the last government for overspending. Labour's attacks on benefit cuts are commonly seen as aiding the Labour-as-irresponsible-spenders narrative. On immigration, public opinion holds that the last Labour government let too many foreigners in, which put too much strain on jobs and services. Crime is included in the 'Labour danger' package more or less out of tradition despite nearly two decades now of reasonable scores for Labour since the advent of "tough on crime, tough on the causes of crime." Lastly, Europe is expected at any moment to prove a salvation not a curse for the Tory party (despite decades of evidence to the contrary) and Labour's current anti-referendum position is expected to critically undermine Miliband any day now and see UKIP voters flock back to David Cameron. Sadly for the prosecution, no polling yet exists to substantiate this proposition.²

Blairite and Brownite approaches to such problem issues differed during New Labour's reign. On immigration, welfare and crime Tony Blair often attempted to triangulate his way through tough issue turf (although his 2001 Dover immigration speech now looks positively liberal by the standards of today's immigration debate), whilst Gordon Brown frequently sought to garb policy in right wing rhetoric ("British jobs for British workers", for example). Beneath the surface, there was often a sense that many in the Brownite camp believed that issues were divided into 'our issues' and 'their issues' and that political capital spent not on the NHS, education and 'the end of boom and bust' was simply political capital wasted. On Europe, the difference between Blair's Euro-idealism and Brown's less lofty gruffness on the matter is well documented.³

Miliband's approach is different. He does not subscribe to the our issues/their issues prism nor does he place much stock in "the desiccated politics of triangulation" as his former senior adviser Polly Billington calls it: "Ed thinks we need to tackle these tough issues head on, not try to tiptoe around them as if they don't exist."

But what does tackling these issues head-on mean in practice and how might that play in terms of the election and a possible Miliband government?

Here, let us consider the early policy indications and attempt some extrapolations. The case for the defence, if you will.

For the economy, the frame the Conservatives need to fight is that of the deficit. Lobby journalists fixed of mind will support this frame and any attempt to counter this message will need to be operationally delivered by a non-Westminster press strategy emphasising regional media and direct voter contact. Even so, a credible timetable for deficit reduction must be given with new spending commitments 'bomb proofed' by a respected independent arbiter such as the IFS.

Attempts to shift the argument to 'jobs and growth' will vary in their salience depending on top-line unemployment and GDP figures, which will surely be improved beyond the on-the-brink-of-triple-dip narrative that currently holds sway over Labour thinking. More interesting would be a sustained attempt to shift the economic argument to living standards. The fact that Ed-ites have taken to praising the Resolution Foundation's work in this area is telling.⁴ Policy on the living wage, capping bills and rents and tackling middle class pay as well as working poor pay will be essential for the success of both Labour's election campaign and the next Labour government.

A bold play would see Miliband take his responsible capitalism agenda to its logical conclusion and decry the failure of governments from Thatcher to Blair, Major to Brown to address the simple reality that come growth or recession, the squeezed middle of Britain has seen costs rise, work hours lengthen and living standards stay static at best. His new economy approach could move the debate on from national economic numbers to the stories of people's lives. And to the question of public spending, Miliband could shift the entire argument away from levels of public spending and onto the very purpose of public spending, with a policy platform that focuses on the real economy of everyday people.

On immigration, Miliband has apologised for Labour's failure to listen to public concerns on the matter and showed a willingness to engage with the worries of many of Labour's ex-voters.⁵ Miliband told a June 2012 audience that when dealing with immigration on the doorstep activists should acknowledge the problem (and not try to pretend that immigration was just code for complaints about something else), should state that immigration does bring benefits (after all, British culture and history is shaped by immigration) and should say that the next Labour government will seek to manage immigration responsibly so that communities emerge stronger. Integration is key to this.

In terms of actual government policy, the work of IPPR's Matt Cavanagh and Sarah Mulley⁶ on managing migrant flows, as well as the thinking on improving integration done by Sunder Katwala's *British Future*⁷, is likely to be central to the next Labour government's decisions. Miliband's emphasis on integration fits well with both his liberal view of immigration and his belief that the free market embrace of New Labour failed to respect community cohesion. Quite simply, it is to the benefit of neither migrant or locality if immigration is not managed in such a way as to ensure that wages are not driven down, services not stretched and cohesion undermined.

On welfare, Miliband has taken what at first glance seems like a bold and baldly principled stand against the coalition's cuts to benefits. Despite the fears of conservatives of both the Tory and New Labour variety, Miliband's

position failed to destroy Labour as many had foreseen.

Yet scratch beneath the surface and there is plenty of nuance to be found. Firstly, the heart of Labour's Christmas 2012 counterattack on in-work benefit cuts was just that: in-work benefit cuts. This was less the staunch defence of universalism that it might seem to be and more a canny position that won Miliband plaudits from the left whilst failing to earn him richly anticipated polling pain – much to the right's surprise. More significantly, whilst Miliband has consistently opposed cruel coalition cuts he has been careful not to commit Labour to their automatic restoration.

Reading the tea leaves of Labour thinking it seems likely that some dismantling of universalism may well be accepted and that many cuts will be left condemned but unreversed. Listen to the whispers around Jon Cruddas' policy review and one gets the impression that the Tory war on the disabled, specifically the much hated Atos and the closure of Remploy, may well prove to be the social justice exception to the sorry-we'd-love-to-but-we-just-can't-help rule and should see a fair and respectful restoration of disabled people's rights and support take place. 'Responsibility' will be the watchword for those that can work but 'compassion' for those that can't.

On crime, Labour has refused to give ground, with shadow home secretary Yvette Cooper hounding the government over police cuts and the farcical police commissioner elections. Shadow justice secretary Sadiq Khan has enjoyed success in reframing the Labour party's policy debate from the rights and wrongs of 'rehabilitation' (ie soft, liberal) to 'cutting reoffending' (ie strong, liberal).⁸

Lastly on Europe, Miliband is navigating between the internal voices demanding a referendum, not least of all that of his policy chief Jon Cruddas, and the external pressures of a Tory party now committed to an in-out referendum. But in delaying the final decision on a referendum and warning of the dangers of "uncertainty" such a vote represents, Miliband is showing his strategic rather than tactical side. After all, it is not difficult to imagine a scenario whereby Miliband receives short-term plaudits for a referendum pledge in opposition, which later turn into a prime ministerial nightmare as the deeply difficult reality of having to use his political capital for such a cause becomes clear post-2015. Indeed, one might argue that nothing demonstrates Miliband's belief that he will actually be prime minister more than his refusal to court short-lived accolades of the kind that such a pledge may well represent.

It is true that each of these areas has the potential to doom Miliband's hopes of reaching number 10, but finding winning messaging frames, fighting for strong policy propositions and then governing with policy that tackles the toughest questions facing Britain today is crucial for Miliband. The very values of equality and fairness, social liberalism and social justice that conservatives think doom him in 2015 may yet deliver success at the election and beyond. For if his policy agenda can in opposition neutralise Labour's weaknesses then perhaps in government it may yet turn these challenging areas into strengths. To achieve this, Miliband must seize the chance for a manifesto that is both bold and clear.

Endnotes

1. For hard numbers see Conservative peer Michael Ashcroft's 'Project: Red Alert' See <http://lordashcroftpolls.com/wp-content/uploads/2012/11/PROJECT-RED-ALERT.pdf> as well as Labour strategists Hopi Sen <http://www.fabians.org.uk/the-core-vote-swing-vote/> and Anthony Painter <http://labourlist.org/2013/02/why-labours-lead-is-vulnerable/>
2. In fact, polling both pre and post referendum announcement still says Europe is a 10th order issue whilst Tory poll fortunes reverted to the status quo ante within 72 hours of Cameron's big moment. See YouGov's <http://shiftinggrounds.org/2013/01/even-ukip-voters-dont-really-care-about-europe> and http://cdn.yougov.com/today_uk_import/YG-Archives-Pol-Sun-results-010211.pdf as well as David Clark's excellent analysis <http://shiftinggrounds.org/2013/01/even-ukip-voters-dont-really-care-about-europe/>
3. See the New Labour memoirs of Mssrs Mandelson, Powell, Blair and Straw for starters
4. See <http://www.guardian.co.uk/politics/2013/feb/08/labour-us-researchliving-standards/>
5. See Ed Miliband's IPPR speech on immigration <http://www.ippr.org/images/media/files/event/2012/06/events-speech-emiliband-120622.pdf/>
6. See Cavangh & Mulley's 'Fair and democratic migration policy: a principled framework' <http://www.ippr.org/publication/55/10188/fair-and-democratic-migration-policy-a-principled-framework-for-the-uk/>
7. See British Future's integration work <http://www.britishfuture.org/tag/integration/>
8. See Sadiq Khan's collection of Fabian essays 'Punishment and Reform' <http://www.fabians.org.uk/wp-content/uploads/2012/05/Punishment-and-Reform.pdf/>

4 A NEW VISION FOR PUBLIC SERVICES

Frances O'Grady

An incoming Labour government will find it tough to rebuild public services reeling from both the government's cuts and the burgeoning role of the private sector. Labour's alternative should be confident that the public sector is best placed to deliver quality and responsive public services. But only if there is willingness to change cultures and ways of working

Capita, Mitie and Carillion are just some of the powerful multinational corporations which have profited over the last four years from a doubling of the value of government contracts handed to the private sector to the tune of a cool £20bn.

An incoming Labour government will find it tough to rebuild public services reeling from cuts on a scale that, as one Conservative minister famously remarked, Margaret Thatcher "could only have dreamt of". But will it have the stomach to face down private vested interests and roll back a reform programme aimed at exposing every aspect of our public realm to the market? And, if it does, what should it create in its place?

The government's open public services agenda recasts everything from health and education to criminal justice as individualised services tailored to 'customers' in a market. In so doing, they aim to revolutionise British society. Down with core values of collectivism, and the notion of services and benefits as universal public goods. And, up with individualism, and the belief that public goods and services are mere commodities to trade. This paradigm shift has profound implications for how public services are designed, commissioned and delivered. And those least able to assert consumer or worker power in the public service marketplace are being hit hardest.

A future Labour government will need to show the same level of ambition and commitment, and build confidence that there is an alternative. Trying to make do and mend with what the coalition leaves behind will not suffice. Labour must have a dynamic strategy for public services that adhere to the founding principles of universal access, delivery according to need, services free at the point of use and delivered for the public good rather than for profit.

Our opportunity is that we know the public is with us. From A4E to Southern Cross, years of market failure have led to widespread scepticism about private sector involvement in public service delivery. The public is increasingly suspicious of market-based approaches to public services and the lobbying power of private providers.

Politicians used to tell us that people don't care who provides services as long as they work. But research from the Fabians suggests that people do care, with 62 per cent agreeing that public services should be provided mainly or only by government. A good majority also reject the notion that public services should be run like businesses, and instead prefer to rely on the values and ethos of the public good. And there is very strong cynicism about the language of 'reform' and 'choice' which, as the public has now rumbled, is often code for privatisation.

Of course, service users want choice over how they access their services but this does not translate into a desire for choice between providers. Research by Ipsos MORI showed that people rate 'fairness', 'customer service' and 'core standards' as their key priorities and are hostile to services that deviate from these values. Their survey findings, as part of the Boyle Review into choice in public services, demonstrate that people value local services and easy access. The extraordinary strength of local community and union action to defend Lewisham Hospital is just one example.

Labour should take heart from this and set out a vision that meets people's aspirations for universal public services that serve the common good, not only because it's right but because collectivism, from childcare to emptying the bins, is the cheapest and most efficient way to deliver essential services. In other words, the Beveridge model still carries huge public support.

But there are also real challenges that need to be met, which cannot be addressed through rhetoric or wishful thinking. Citizens' rising expectations, technological developments, local economic circumstances and shifting demographics present a difficult landscape. So we need to open minds to new ideas and new forms of service delivery across the board. The phrase 'relational state' is unlikely to gain much traction when talking with public service workers in the canteen or voters on the doorstep. But it does contain the seeds of a simple and powerful idea: public services are essentially about human beings and human relationships. Of the countless reforms that have been tried, one omission stands out – asking public service workers and users to work together to drive innovation and better service delivery.

Until now, public service workers and their union representatives have been often ignored or, worse still, characterised as the enemy of the people they serve. As if midwives, teachers, fire-fighters and refuse collectors are essentially selfish, as if they don't care about people and don't want to feel proud of the service they provide. In reality, genuine improvements in everything from maternity and recycling services to the spread of Union-learn centres, which provide learning and training opportunities to union members, have been driven, often against the odds, by dedicated public servants. Creating a formal framework to empower staff and users to make services more responsive and more humane would boost morale and yield practical results in a way that the old top-down, command and control approach has clearly failed to do.

That still leaves the big question – how do we pay for it? Now that the public knows far more about the scale of tax avoidance and evasion in this country, the call for tax justice to fund services is no longer mere rhetoric. The very corporations that escape or 'negotiate' their tax responsibilities nevertheless directly benefit from the skilled, educated and healthy workforce that public services provide. And, of course, future economic recovery depends on investment in our human, as well as physical, infrastructure.

The public increasingly understands that, far from improving services, privatisation often involves worsening workers' conditions or quality of service, or both. A growing body of research is highlighting the inefficiencies, waste and driving down of quality that arises from the outsourcing of public services. Increasing numbers of local authorities in the UK and across Europe are bringing services in-house, mirroring practice in the private sector where outsourcing has become common practice as corporations realise the strong business benefits accrued through direct delivery and accountability of services.

Labour needs to seize on this. Not only is there a strong moral and social

case for the delivery of services through a democratically accountable public sector based on universal access, but there is a very strong value for money case for the in-sourcing of services, which resonates in straitened financial times. This has been apparent to many Labour leaders in local authorities for some time - we need to harness that evidence to inform the party's approach to public services across the board.

Research soon to be published by the Association for Public Service Excellence (APSE), commissioned by the TUC, shows how some local authorities are experimenting with new ways to enrol local communities in the design and delivery of their services. 'Co-production' is the new catchphrase. But it only works with the right conditions in place; trained and valued staff that have a real say in the design and operation of services, integration with other public sector bodies, clear lines of democratic accountability, the development of social capital and skills in the local community and a collective approach that is able to balance competing interests and needs within a defined set of resources.

All of these things make the public sector best placed to deliver quality and responsive public services. But only if there is willingness to change cultures and ways of working that necessitates genuine voice and engagement for the public service workforce and the unions that represent them, both at a local and national level. And that includes within the Labour party itself.

5

LOCALISM IN ACTION

Hilary Benn MP

Labour should back localism because the time is right. Austerity is forcing us to think in new and creative ways because we simply cannot afford to do things as we have done them before. We may be short of money but we have an inexhaustible supply of ideas, effort, determination, resourcefulness, and a will to succeed

This is a tough time for communities up and down the country and for our politics. Given what people are going through, and the scale of the challenge we face, many wonder whether politicians have the answers any more. This is often fuelled by a feeling that too many decisions are being taken too far away from where people live and work. And in some places, and in some minds, there is nothing short of a crisis of confidence in politics itself.

The cuts in funding affecting councils are not modest and – because of the unfair way the government has distributed them – they are most severe in the poorest areas. And yet at the same time there are rising pressures, in particular looked-after children and social care. Local authorities are having to climb a downward moving escalator just to try and stand still.

Much can be done to deliver efficiency savings, but this won't be enough. Although Labour wouldn't have cut so deeply and irresponsibly we can't pretend that we wouldn't be making difficult decisions if we were in government. Austerity is forcing us to think in new and creative ways because we simply cannot afford to do things as we have done them before.

It is this economic and political crisis that provides the context in which the Labour party's policy review is taking place. England is too centralised, and localism – enabling people to do things for themselves – is an important part of the answer. There are three questions we should consider.

First, at what level should decisions be made?

For every area of policy, we should first ask who is best placed to do this? What should be done nationally, locally or in between? What tools do people need to get the best outcome in improving people's lives and where should national standards be applied to locally delivered services?

Second, how do we make less money go further?

As finances will be very tight, we have to look at total public spending in an area – whether geographical or covering policy – and ask how it can best be spent, with a clear preference for the centre, working together to pool funding locally to do things. Money passed down by each Whitehall department should be given as single pots, where possible, so that decisions can be taken locally about how best to use it for the purpose for which it was given.

Third, who should take decisions?

I do not think there is a case, or indeed any public appetite, for regional government; in other words an additional tier of elected politicians. The alternative is straightforward – make better use of the elected politicians we already have. On the structure of local government, any changes should be decided from the bottom-up rather than the top-down. The most exciting development in local government at the moment is the way in which councils are coming together in a way that makes sense to them and their area, such as the Leeds city region and councils in Manchester.

This shows that existing structures can join together in different ways depending on geography or what needs to be done. It's a really good example of not starting from scratch but instead of getting the current system to evolve. It also ensures strong local democratic accountability in taking decisions and spending public money. And as to how that democracy is led – ie whether there should be a council leader or a mayor – that should be decided by people locally too.

So, if these are the principles of a new localism, what might their application look like?

Take economic development, where I have proposed that as part of a new 'English deal' counties as well as cities, and districts as well as boroughs, should be able to come together to do what they think is right to boost their local economies. Just about every council leader I have talked to wants the right powers and freedoms to enable them to develop their local economy so they can play to their strengths; for example, the automotive industry in the West Midlands, and the aerospace industry in a number of English regions.

Just as our politics is unbalanced between the centre and the local, so is our economy. That is why powers over planning, housing, training, skills, infrastructure, transport investment and helping to find people work should be part of the role of local authorities, and in particular the new groupings of councils that are coming into being.

Or take social care. We know that within a decade, councils and the NHS will be overwhelmed by the costs of care. And yet for older people, the pull is too often towards hospital and care home because of the way funding and services are organised. Instead of spending a few hundred pounds at home to help people live there independently – a grab rail, a walk-in shower, someone to help you dress in the morning – taxpayers are footing hospital bills in the thousands for people who do not need, or want, to be there.

The fundamental question that Andy Burnham has asked is this: is it time for the full integration of health and social care with one budget and one service co-ordinating all of a person's needs - physical, mental and social? In short, 'whole-person care'. A service that starts with what people want – to stay healthy and comfortable at home – and which is built around them. If the NHS was commissioned to provide whole-person care, a decisive shift could be made towards prevention. This is why he has suggested that with health and wellbeing boards coming to fore, they could undertake this commissioning, with clinical commissioning groups supporting them with advice.

These are just two examples of the kind of thinking that is emerging from Labour's policy review. Now is the time to think big. After all, when we look back at how our communities grew and developed, to a time when poverty, disease and slums scarred our land, what changed that? Where did the libraries, the parks, the hospitals, the schools, the houses, and the clean water come from? It was all the result of social conscience, civic pride, and collective will – localism in action – in which people did something extraordinary without waiting for a circular from Mr Gladstone or Mr Disraeli!

That is exactly the kind of attitude of mind we have to nurture if we are to enable people to believe that we can do something about what faces us; caring for an ageing population, developing a stronger and sustainable economy, paying a decent living wage, building a lot more social homes, supporting credit unions to overcome the loan sharks and setting up renewable energy generation schemes locally to help reduce peoples' bills.

Labour should back localism because the time is right, it's the way in which

we can get the most out of the money we have, and because it will help to renew trust in politics.

I am passionate about politics – public service – because I believe in its power to transform lives and communities. Politics is not just about politicians but politicians and people working together. The greatest sense of pride we feel in our lives is when we look at something that we have achieved, and turn round and say to each other. ‘Look what we were able to do.’

We may be short of money but there is one thing we have an inexhaustible supply of – ideas, effort, determination, resourcefulness, and a will to succeed. If we make the best use of all of these I think we can look forward to the future with hope and confidence.

6

LIFE AFTER GOVE

Fiona Millar

Parents want good local schools with balanced intakes, excellent teaching and leadership and a curriculum that can interest and engage all pupils so that every child can make the most of his or her talents. Labour must have the guts and the vision to develop a bold and radical alternative to the Gove reforms - an alternative that is rigorous and inclusive but also able to enthuse and convince an increasingly weary and demoralised profession

Is there such thing as life after Gove? The current education secretary's ceaseless and frenetic activity sometimes makes this hard to believe. But one day he will be gone and the chances are that a Labour government will have to pick up the pieces.

The stand-out issues that must be faced are becoming clearer. How do we get excellent local schools, given the rapid fragmentation of the system in many areas? What sort of 'middle tier' should we have, what is the wider purpose of education and, perhaps most important of all given the coalition's roller coaster reform of key stage four (KS4), what sort of curriculum and qualifications do we need for the 21st century?

The dilemma for Labour is how to develop a bold and radical alternative to the Gove revolution, without forcing even more change on an increasingly weary and demoralised profession. Yet we must find a way to build on what we might inherit. We must rapidly convert it into something more equitable and coherent than the Gove legacy will inevitably be, without being 'Gove-lite' or grinding down schools with more central government interference.

Who and what stands between schools and central government seems crucial. At the moment we have a mish-mash of maintained schools still working within a local authority framework, free schools and academies, some within chains and others that stand alone, only answerable to the secretary of state via their funding agreements. Even Her Majesty's chief inspector, Sir Michael Wilshaw, has expressed concerns that this is not an adequate way to hold schools to account or prevent failure.

Local authorities must have a role, especially in planning places, managing fair, non-selective admissions and the care of excluded and vulnerable children. But alongside that, we need fair funding and a consistent regulatory framework that makes the issue of school 'type' irrelevant. Schools rightly want a high degree of autonomy but that could and should be allied to more collaboration, school-to-school support, light touch local accountability and a relentless focus on teacher quality and morale.

The London Challenge, one of Labour's most successful education interventions, provides a blueprint. A combination of central and local government intervention, focussed on teaching and leadership, sharing good practice, the strong supporting the weak, saw London schools outstrip the rest of the country, especially in outcomes for the most disadvantaged pupils.

The solid success of two different London authorities, Hackney and Camden, provide an interesting example of what can be done. Camden has very few academies or free schools; Hackney embraced the Labour academies movement.

Yet schools in both boroughs are popular and successful. What unites them is not the 'type' of providers but high aspirations and a strong, clear role for the local authority even where there is more diverse provision.

Perhaps more challenging for Labour is the issue of the curriculum and qualifications. The coalition's latest announcement that GCSEs will not now be replaced with the proposed and divisive English Baccalaureate Certificates was met with relief. But scratch below the surface of the latest Gove plan - reformed GCSEs without coursework or modules, a more rigid, traditional curriculum and new performance table measures - and you will see not much has really changed.

It still looks very much like what the CBI recently described as a "conveyor belt" of exams, neither suitable as a reliable indicator of personal achievement or of school performance. In its Next Steps report the CBI suggested that social and personal skills should be ranked alongside traditional subjects, practical, creative and technical education.

And it is in this area that Labour requires guts, vision and a readiness to work with heads and teachers to create a robust alternative. An incoming Labour government must have the development and wellbeing of all children at its heart, guaranteeing every pupil a curriculum and qualifications that are rigorous and inclusive.

Exams at 16 are increasingly irrelevant as young people stay on into education and training. We should be moving towards a final qualification at 18, which measures academic and vocational achievement and an accountability system that values the creative arts, practical and technical education, personal development and citizenship and allows education to become a more stimulating, liberating process than is currently the case.

The Tory press will be waiting of course, with accusations of dumbing down. But with the support of the professionals we can turn the tables on them. Gove claims that our qualifications system doesn't match the best in the developed world but most of the developed world doesn't use excessive high stakes testing to measure pupil achievement at 16, preferring graduation at 18 instead.

Respected international qualifications like the International Baccalaureate (IB) provide powerful role models. No one accuses the IB of dumbing down, yet it boasts of promoting the education of the whole person - "emphasizing intellectual, personal, emotional and social growth".

And there are still lessons to be drawn from Sir Mike Tomlinson's proposed single diploma of 2004. Casually tossed aside at the time, it could provide another blueprint for the future and would certainly outshine the 'Tech Bacc', announced in Ed Miliband's conference speech last year, which many fear will simply entrench the vocational/academic divide more deeply than ever.

Michael Gove likes to quote Tawney: "What a wise parent would wish for their children, so the state must wish for all its children."

Luckily poll after poll tells us what it is that most parents want for their children; good local schools, with a balanced intake, excellent teaching, leadership and behaviour and the chance for their children to make the most of their talents and do their best in the subjects that interest and engage them.

Unfortunately the secretary of state's reforms cannot deliver that. Only Labour can - if it has the courage to do so.

7

NO CHILD LEFT BEHIND

Lisa Nandy MP

We need to recognise that education is at once academic, vocational and social; that it should equip children for life and not just the workforce and should be a place where children and young people find social enlightenment, not social advantage. A post-Gove system must focus on rebuilding the principle of 'education for all children', not just the lucky few

Every Child Matters was one of the great success stories of the last Labour government, pushing children up the political agenda and ensuring problems like child poverty got the attention and priority they deserved. It brought particular benefits to those children – like migrant children or those with disabilities - who traditionally had been left behind. But since the last election, Michael Gove has fractured this comprehensive vision for children: targeting resources at his academies and free schools programme to the detriment of child protection and other areas and prompting concerns from the education select committee and former children's minister that these issues had been 'downgraded' at the Department for Education.

Gove's vision is based on competition, where schools are set against each other in order to compete for pupils, which inevitably means some students lose out. This is compounded by a belief that what happens in the classroom can compensate for what happens outside of it. This may work for some children, but it cannot work for all. I know from my experience of working with some of the most disadvantaged children in the country that children cannot do well at school if they are too hungry to learn or unsafe at home. The secretary of state's distinction between high academic standards and the wider support network for those children is a false one. Making sure children are adequately fed, clothed and housed is an essential precondition for high standards, not a distraction from them.

That is why we need an education system based on collaboration in order to help all children and improve their lives outside the classroom too. We need to recognise that education is at once academic, vocational and social; that it should equip children for life and not just the workforce and should be a place where children and young people find social enlightenment, not social advantage.

A post-Gove system must focus on rebuilding the principle of 'education for all children', not just the lucky few. To paraphrase Andy Burnham, our kids deserve a government that has a plan for all schools and all children, not some schools and some children. Since the publication of Richard Wilkinson and Kate Pickett's *The Spirit Level* we have known that inequality is bad for all of us, not just for the most disadvantaged. The last government's London Challenge programme illustrated the benefits for all children, particularly the most disadvantaged, when schools work together for the good of all children. The challenge is to ensure that league tables support greater collaboration among schools to drive up standards for all.

The international evidence also shows that a critical factor is attracting and retaining great teachers, and ensuring they have the autonomy to make good decisions for the children in their classrooms. When I visited one of the highest

performing countries, Finland, with the education select committee last year that was the lesson they urged us to take home. Allowing teachers the space to innovate and use their professional skills and judgment should not mean we do not give chances to all children. The Greater Manchester Challenge, which followed the London Challenge, was a brilliant example of this: teachers from across Manchester shared expertise, staff and resources and adapted them to their own particular children and schools. It was innovation within a state framework - not despite the state framework, but because of it.

However, we also need to recognise that the system does not always work the first time round for some children because of other things happening in their lives. This is particularly true for children who are taken into care, who may not always follow a linear path to university and may need opportunities later in life. That is why a renewed focus on lifelong learning is essential to ensure that some children are not left behind. As Jon Cruddas points out, that was always part of the working class socialist tradition, and is surely even more important in today's world where re-skilling is part of the fabric of modern working life.

It is clear that an incoming Labour government will inherit a situation that is dramatically different from the one that it left and its priorities must fit the reality and urgency of the challenges that creates. The school system has been fragmented, teachers are demoralised and support for children has been stripped away. That presents a huge challenge, but a combination of collaboration, autonomy, investment in great teaching and support outside the classroom will be essential to ensure that no child is left behind.

8

THE CHALLENGES OF A CHANGING NHS

Mark Ferguson

With the current NHS structures set to change beyond recognition and the looming spectre of social care pushing down on future resources - can Labour really rule out another restructure? Such huge challenges in the NHS must be faced and fought for alongside local communities – putting democracy at its heart

In the wake of the Francis Report into the shocking failures at Stafford hospital, it's not an easy time to talk about Labour's vision for the NHS. Of course we love the NHS - that is as true as the slogan is simplistic - but to truly be "the party of the NHS", Labour needs to focus on the failures of the service to the same extent that we laud its successes.

Being the NHS party means being as aware of the problems with the system as we are of its successes. That's not an easy thing for us to do. For Labour the NHS is our religion (with Nye Bevan as prophet in chief), and quite possibly the greatest thing that our party has ever achieved in office. But as the NHS has expanded, the size (and scope) of the health service has presented new challenges for governments of all stripes. With almost one-fifteenth of the UK workforce working in the NHS (the world's fifth largest employer) the NHS can't run in exactly the way it was conceived by the saintly Bevan.

And of course it hasn't. As David Cameron told the Royal College of Nursing before the last election:

"We went from the NHSE to the DH. Then we had 28 SHA and then 10 SHAs. Then PCGs went to PCTs...the recent history of the NHS reads like a wretched bowl of alphabet spaghetti and it has got to stop."

Of course it didn't stop at all. If you're reading a Fabian pamphlet you don't need to be told the story of the bungled 'top-down' restructure that followed – and the fact that it completely contradicted Cameron's earlier assertion that such reorganisations of our largest national employers were a problem.

The question is – have Labour already unwittingly fallen into the same trap that Cameron did?

The party's current position is that post-2015 we would repeal the NHS bill, but wouldn't go through a "costly reorganisation" of the health service. On the face of it that sounds sensible – but there are immediate questions. What does repealing the NHS bill achieve if the restructure (which was the source of so much discontent within the NHS) is left untouched? And moreover – how does Labour change the NHS to meet the challenges of the future – in particular the huge challenges around adult social care - without a further restructure?

Since Labour party conference Andy Burnham has begun to sketch out the ways in which Labour's approach to the NHS might be different should the party return to power. The idea of 'whole-person care' – essentially bringing social care under the NHS umbrella to create what we might one day call the National HealthCare Service – is now Labour policy. It should be applauded for being a necessarily radical approach to a problem whose seriousness cannot be overstated. But achieving this laudable aim is no small task. Pro-

vision of adult social care is fragmented, with funding and delivery spread across local government and with a large variety of suppliers. And that's before we even begin to discuss the cost implications of 'solving' the social care crisis, which - as George Osborne will surely tell people in the wake of his inheritance tax u-turn - is not as easy thing to do.

So how does Labour face the challenges of the future without a major top-down restructure of the NHS? And is avoiding a restructure even the most preferable way of doing things?

In government our take on the NHS seemed so simple. It could even be summed up with just one word - more. More money, more choice, more doctors and nurses, more investment - and of course more targets. The exception to the rule of more was waiting lists - which would be fewer and shorter (an achievement which is often understated, and shouldn't be. This was a target that worked).

But we were also responsible for a few other 'mores' as well. More unpopular NHS managers. More closures of popular local services (all fought against vehemently - even (perhaps especially) by Labour MPs). Both of which fed more disenchantment with the system. And, of course, more centrally imposed targets that in some cases had an unexpected and harmful impact on the provision of care

Whilst people felt that the NHS was theirs - a right - they didn't feel like they had any say in how it was run, and when decisions were made they felt like they were made by cold, calculating and remote bodies that few had heard of and even fewer understood. Not so much decision taken by head over heart so much as decision taken by spreadsheet alone. Such feelings were often most acutely felt when local A&E units faced closure.

Much time has been spent of late discussing the plans for such a closure at Lewisham Hospital under a Tory government, but the last Labour government wasn't opposed to such closures either. I was one of thousands who marched against plans to close the Whittington A&E in north London in 2010 - which thankfully resulted in the preservation of the service (until 2013, where the whole depressing cycle has started again). As the secretary of state for health in 2010, Andy Burnham knows better than most how strongly such feelings are felt.

So if reorganisation of some sort will be necessary under Labour - and I think it's impossible to make the kind of huge changes necessary to deliver whole-person care without them - how do we make sure that the changes address the problems that those on the ground see in the system?

The watchword for Labour's reorganisation must be democracy, rather than the much vaguer notion of 'consultation'. Targets have their place, but they should be part of a decision-making structure that empowers people to have a genuine say over how those most loved of local institutions - hospitals - are run. It was Andy Burnham who perhaps put the conundrum best, when he said that Labour had "a tendency to focus on numbers, not people". Labour's next stewardship of the NHS must not make that mistake - and must learn the lessons from the campaigns that have sprung up to save and defend local hospitals - empower the community, appreciate the emotional power and resonance of the local hospital and most importantly - don't ever think that targets are a problem-free panacea. Because Mid Staffs is only the most obvious example of how that kind of limited focus can end up with a system that is blind to the kind of glaring failures that can reduce the quality of care received - and worse - cost lives.

The challenges that lie ahead for the NHS and social care are enormous – perhaps the greatest since the formation of the service. Think how much easier it will be to face down those problems alongside local communities, rather than being unfairly characterised as working against them. That must be Labour’s aim.

9

THE UNFINISHED BUSINESS OF EQUALITY

Rupa Huq

Women's concerns are key to the narrative of the squeezed middle and Labour must ensure that the post-crash state is a much more female friendly. The women's dimension of all policy area needs recognition as central to everything rather than being simply tacked on

Labour stands for equality between men and women: equal political and legal rights, equal rights and privileges in parenthood, equal pay for equal work..." So stated the party manifesto from not 2010, or even 1945 but circa 1923 - at time when women weren't even accorded the vote. Regrettably such noble ambitions today are not just ancient relics from a bygone age but are still not fully realised - making them a cause that still needs fighting for.

From the standpoint of 2013 then, although we have moved on in many respects, there are areas of women's lives in which things look resolutely backward. Labour has powerfully made the case that the coalition's austerity cuts disproportionately affect women. In addition to this, despite the government trumpeting record employment levels (on closer inspection largely in part-time, precarious jobs), worryingly women's unemployment is at a 20 year high. How have things stalled so dramatically?

If we take bread-and-butter issues that can make a real difference to women's everyday lives (like affordable childcare, allowing participation as full members of the workforce), perhaps some of the difficulty of applying feminist principles to practical policy is the very framing of the welfare state itself. Whilst we can agree that this is a cherished British set of institutions, from the outset the Beveridge settlement was a gendered one with the odds stacked against women breaking free of expected norms of mother, nurturer and carer. If we resist the urge to brand him a typical Lib Dem, it's worth stating that what was appropriate 70 years ago is in some respects not wearing well.

It is imperative that the post-crash state is a much less heteronormative and much more female friendly - one that protects and promotes women's interests in recognising that our lives (and the sisterhood) are multifaceted. Women can be workers, students, pensioners, grandmothers and hold positions on boards and bodies - these are not mutually exclusive categories either.

The census demonstrates that there has been a rise in single households too, which includes women living alone. A bachelor friend of mine recently told me he was sick of policy promoting 'hard-working families' which he felt excluded by. He's a Labour councillor to boot. In the same way as not all electors identify themselves as 'family', women's policies are more than just those concerning childcare. Gender is a pervasive filter conditioning how we experience the social world, so, for example, crime and disorder policy impacts us all - every woman has the right to feel safe on the streets. Transport too is a women's issue: more public transport is needed following radial

lines to accommodate school-runs rather than simply designed as radiating outwards from city centres.

Admittedly progress has been made. Advances in the lives of British women have included equal pay acts, anti-discrimination legislation and maternity rights for working women (and paternity rights for men). Birth control and abortion too have been freed up from dangerous backstreet practices. Many of these gains answer the question: 'what has Labour done for women?'. As the most pro-equal opportunities party it has largely been Labour governments that have passed such legislation. On closer inspection much of this has, in turn, been enacted as a result of our membership of the EU – a stark reminder of what we would lose if we did make that potentially fatal lurch towards the exit door.

We need to change attitudes so notions once seen as radical pass into orthodoxy and become received wisdom – in the same way that denying women the vote now seems absurd. Labour's policy review allows a chance for a reboot and come up with imaginative solutions to current challenges. Andy Burnham's idea of a national care service should be implemented early on by the next Labour government. Women live longer and get lumbered with unpaid caring responsibilities so improved provision for adult social care is a must. The main thing the Tories ever gave us was a female prime minister who, by her own admission, had to out-man the men of her party to get anywhere and who arguably put equality back by promoting virtually no other women in government.

Labour's school report for now is a 'could do better'. Ed Miliband's much feted one nation speech contained 68 mentions of country but just two mentions of women and none for equality, equal pay or childcare. We can in part forgive him for this: it was delivered without notes and was a deft piece of political re-positioning, but the women's dimension of all policy areas needs to be recognised as central to everything, rather than being simply tacked on in tokenistic fashion. Encouragingly Scottish Labour produced a women's manifesto for the 2011 Scottish parliamentary elections.

We also need representatives who look more like us in all of our many shapes and sizes. Ed Miliband's recent plea for MPs to reflect a wider spectrum of society than they currently do touched on this eloquently. This aim should not stop at Westminster. In the recent Bristol mayoral contest, 14 of the 15 candidates were male. Both Labour and the Tories have never had a female candidate for mayor of London. Some might be tempted to paraphrase William McPherson and argue that these institutions that are institutionally sexist. We need to change these cultures and reverse what passes for received wisdom in this area.

90 years on from Labour's first demand for equality between men and women, on her last day as secretary of state, Hillary Clinton stated that it was "the unfinished business of the 21st century". When running against Barack Obama for the Democratic party's presidential nomination it was claimed that courting armies of 'soccer moms' was her secret weapon. You don't have to be a mother to be qualified to influence policy but women's concerns are key to winning over the 'squeezed middle', who are increasingly Labour's primary electoral constituency. If we use the Hillary analogy, it's time to recognise that sometimes the mum on the school run just might know better than the man from the ministry - or at the very least have an equally valid input.

10 THE POWER AND PROMISE OF PREDISTRIBUTION

Sonia Sodha

There is no neat set of policies that will achieve a fairer predistribution of resources. And there are many challenges: the aftermath of a pre-crash economy with increasing levels of consumer debt that masked worrying trends in the economy; the growing wage inequality that can no longer be fixed through ever-greater tax-benefit redistribution; the path to dignity in work and opportunities for work that pays. But, as challenging it is, it must be central to the Labour party's economic agenda in the run up to the next election

Predistribution is an awkward word. But that doesn't seem to have stopped it becoming one of the most talked-about concepts of this political season, even if it looks unlikely to follow 'squeezed middle' in becoming the Oxford English Dictionary's word of the year.

In truth though, predistribution is simply a new word to describe something that has been the focus of public policy as long as there have been economists in the Treasury. At its most basic, the term has been used to refer to the distribution of real financial resource in the population before any redistribution undertaken by the state through the tax and benefit system - about how much people have and how much that can buy them.

So, why the invigorated political interest in what can be done to change 'the predistribution' of resources? First, it's become apparent that our buoyant, pre-crash economy and increasing levels of consumer debt have masked some worrying trends in recent years. Wage inequality has grown - as symbolised by the fact that top executive pay has soared while most people have faced sluggish and often stagnant wage growth. If current trends continue, the High Pay Commission has predicted that by 2035 the top 1 per cent of earners will take home 14 per cent of national income, a ratio last seen in Victorian England. Wealth inequality has also increased significantly, fuelled by a housing bubble.

Second, the 'third way' Blair-Clinton approach, mainly characterised by using redistribution and regulation to fix growing inequality, is not going to cut it in the new fiscal climate. There's no spare cash to boost tax credits to compensate low wages - in fact, this has been a focus for cuts by the coalition. The sorts of higher taxes that have been proposed for people at the top, such as the mansion tax on homes worth over £2m, do not raise any more than would be required to give struggling families the most modest of tax breaks. Growing wage and wealth inequality cannot be fixed with ever-greater tax-benefit redistribution: it is the equivalent of running up a down escalator.

Third - and most importantly - there is a renewed recognition on the centre-left of the dignity of labour, and the idea that it is fundamentally wrong that people are not able to earn enough to support their families through working full-time: a situation many find themselves in because minimum wage jobs simply don't pay enough to make ends meet.

The issue is that the policy levers for changing the predistribution are much more complex, less well understood, and contestable by economists

as to their impacts than the traditional tax-benefit levers used for redistribution. Some are as age-old as encouraging as many people who are able, to move into work. Others may include trying to avoid housing price bubbles by building more housing. There are three types of levers that are particularly important: industrial policy, improving skills and productivity in the low-pay, low-skill service sectors, and redistributing economic power.

Industrial policy

The idea that the state can try and shape the type of jobs on offer in the labour market through industrial policy is a long-standing one. The core levers of industrial policy – state-backed finance for the growing businesses that research shows are the real job-creators in the economy, procurement policy, innovation policy – can be used to try and create growth in the high-skill jobs. However, there are some important caveats. First, the devil is in the detail with industrial policy. It is easy to do industrial policy badly, as the huge losses made by state-backed venture capital funds in the 1990s and 2000s here in the UK showed – a stark contrast with better-structured state-backed financing programmes for growing businesses in Germany and the US. Second, industrial policy is usually about creating high-skill jobs rather than the elusive mid-skill jobs which have been hollowed out of the labour market as a result of technological progress, and high-skill jobs themselves create more jobs in the low-skill, low-pay service sectors through demand for services. Pay and conditions in these sectors have to be improved if there is a genuine commitment to improving the predistribution of resources.

Improving skills and productivity in the service sectors

The UK economy runs on a sizeable low-skill, low-pay, low-security service sector. There are levers that could potentially be used to try and improve productivity in these sectors through policy aimed at changing the way skills are developed and deployed in these sectors. For example, in Germany, retail employees are qualified to a much higher vocational level than in the UK, and they enjoy greater autonomy and opportunities for progression. Adopting a similar model here would require significant changes to the vocational and apprenticeship system. There may be ways in which the state can improve the way in which small businesses develop and deploy skills, for example through subsidising the training of managers in small and medium enterprises. In Singapore, companies are incentivised to invest in skills development in the same way as they are in research and development through a productivity tax credit. Again, however, there are important caveats. An increase in skills or productivity does not automatically translate into higher pay in these occupations – competitive forces within the labour market are crucial. So improving the predistribution must include a redistribution of economic power.

Redistributing economic power

An imbalance of economic power within the economy has contributed to a number of structural ills - whether excessive financialisation, lack of investment as a symptom of short-term equity markets, or the new inequality between the very top and the rest. Too much power sits with big global companies, and not enough with the people who work for them, who own them via their pension funds, and who buy from them. Addressing that imbalance of economic power requires a different type of

government intervention to build institutions that collectively empower employees, savers and consumers to hold companies to account – whether this means how the proceeds of growth are shared between a company’s employees, what the investment decisions of companies they have a stake in via their pension funds are; or ensuring they get the best deal possible as consumers.

What would this look like in practice? There must be a significant role for trade unions, but coverage is poor in the low-paid low-skill sectors in the private sector – if trade unions are to fulfil their redistributive promise, they and the Labour party must be able to prove their relevance to people working in those sectors. Ending the culture of short-termism in the British boardroom will require proper reform of the pensions industry to ensure it acts in the long-term interest of savers, not the short-term interests of asset managers. There is an important role for consumer organisations to play in collectivising the buying power of consumers to get better deals from companies operating in uncompetitive market, as shown by the Big Switch run by Which? to get a better deal for energy consumers.

As this discussion has highlighted, there is no neat set of policies that will achieve a fairer redistribution of the financial resources in society. It is much harder for government to use more distal levers such as industrial policy, skills policy and creating accountability through institutional reform, than levers such as the tax and benefit system to achieve a fairer distribution of living standards and opportunities. But as challenging as this agenda is, it must be central to the Labour party’s economic agenda in the run up to the next election.

About the Fabian Society Next State programme

How we view the state defines our politics and gives rise to different policy approaches. Throughout its 128 year history the Fabian Society has been associated with the creation and evolution of the British state: from the birth of social security and modern public services to constitutional reform and our place in Europe. The Next State is a major programme, which will bring coherence to the contested territory of left and right thinking on the state. The work will reach across party politics, seeking to inform the thinking of all the main parties as they prepare for the next General Election.

For more information about the Fabian Society's Next State programme, visit our website: www.fabians.org.uk/programmes/next-state

REMAKING THE STATE |

HOW SHOULD LABOUR GOVERN?

Edited by Sofie Jenkinson

Labour have many challenges to overcome before the next election. The party has been having a vibrant debate exploring high-minded concepts of how to remake Britain, but must now focus on finding new and innovative methods of governing in order to become a party fit to face the nation in 2015.

Throughout its history the Fabian Society has been associated with the evolution of the British state. Our 2013 New Year Conference saw a wide-ranging conversation, which opened up new areas of debate across the contested territory of how Labour should govern.

This collection of essays from some of the conference's key speakers seeks to develop this discussion, exploring how we view the state. If Labour can be radical enough to build a different state that works hand-in-hand with the people of Britain, it could bring a seachange in the way that we define politics and policy.

With contributions from:

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Mark Ferguson

Andrew Harrop

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Frances O'Grady

Marcus Roberts

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