

BRIDGING THE POLICY GAP

BIG IDEAS FOR THE NEXT LABOUR GOVERNMENT

Edited by **Joel Mullan**





YOUNG
FABIANS



FABIAN
SOCIETY

The Young Fabians

The Young Fabians are the under-31's section of the Fabian Society, Britain's foremost centre-left think tank. Set up in 1960, we remain the only think tank run by and for young people.

Our membership numbers over 1,700 and includes young professionals, students, parliamentary researchers, political activists and academics. The Young Fabians promote policy debate through seminars, conferences, pamphlets, and online through our website and blog.

To find out more about the Young Fabians, visit www.youngfabians.org.uk.

The Fabian Society

The Fabian Society is Britain's leading left of centre think tank and political society, committed to creating the political ideas and policy debates which can shape the future of progressive politics.

Fabian publications, events and ideas reach and influence a wider audience than those of any comparable think tank. The Society is unique among think tanks in being a thriving, democratically constituted membership organisation, affiliated to the Labour Party but organisationally and editorially independent.

For more information, visit www.fabians.org.uk.

Fabian Society
61 Petty France
London SW1H 9EU
www.fabians.org.uk



First published September 2013

This paper, like all publications of the Fabian Society, represents not the collective views of the Society but only the views of the authors. This publication may not be reproduced without express permission of the Fabian Society.

British Library Cataloguing in Publication data.

A catalogue record for this book is available from the British Library.

Young Fabians | 62

ISBN 978-0-7163-2062-3

Designed by Alex Adranghi

Printed and bound by College Hill Press.



Bridging the Policy Gap

Big Ideas for the Next Labour Government

Edited by **Joel Mullan**

Young Fabians | 62



Contents

Foreword Billy Hayes	3
Introduction Joel Mullan	4
1. A New Energy: Ideas for a low carbon, secure and affordable energy future Charles Malissard, Ian Tennant & Charlie Samuda	7
2. Localism: an opportunity to restructure the economy Richard Bell	14
3. Tackling youth unemployment Alvin Carpio & members of the YF Policy Commission on Youth Unemployment	22
4. Left outside alone? Youth perspectives on adult social care Felicity Slater & Jack Storry	29
About the authors and acknowledgements	35

FOREWORD

Billy Hayes

In our own union, we recognise that investment in our young members is vital for our future survival. Some say that is bold. That's as may be, but it's also common sense.

As an affiliate, we believe that the Labour Party should, must, do the same, so we value our relationships with Young Labour and Young Fabians.

At its core, these relationships have a strong set of common values: Belief in an empowering state, a view of society in which collective effort and individual fulfilment are complementary rather than in conflict. An economy based on giving in accordance with need, and taxing on the basis of ability to pay.

In our key campaigns, these values are reflected in a Royal Mail based on public service, not private profit, for universal access to high-speed, high quality broadband, and for a decent employment standards for all.

But the speed and violence with which society is being changed demands a bold response.

This collection of articles sets out, in practical terms, how we can put the brakes on this race-to-the-bottom and what policies we need to deliver real change and improvement to the lives of the many in post-crash Britain.

We are happy to work with Young Fabians to play our part in forging a better future.

Billy Hayes
General Secretary
Communications Workers' Union

info@cwu.org @cwunews @BillyHayes_CWU

Introduction

Joel Mullan, Young Fabians Policy Officer

As we launch this pamphlet at the 2013 Party Conference, the next General Election is firmly on the horizon. An election victory for Labour in two years time will require a number of essential elements – an enthused membership, a professional campaign organisation, and millions of interactions with voters on the doorstep. An equally important requirement however is a compelling political narrative and a bold policy offer. It is this which we will concentrate on over the next 30 pages.

The need for big ideas

Opposition undoubtedly offers space for bold thinking, with Shadow Ministers unshackled from what James Purnell has described as ‘the stifling self-censorship of Government.’¹ But this luxury of opposition is one that large swathes of the electorate can ill afford. Millions are paying a high price for the failure of progressive politics at the last election and in the days that followed it. The Coalition’s failure to deal with the consequences of the 2008 global economic crisis, together with a maladroit approach to cuts has led to a living standards crisis, with the Institute for Fiscal Studies estimating that the poorest decile of the population will see their incomes drop by 4.5% over the next four years.²

The Labour frontbench therefore has a responsibility to use Opposition to think beyond the same old tired ideas, and develop new policies which will capture the public imagination and energise the party’s membership. The next manifesto must offer more than managed decline, but appeal to the hopes and aspirations of the electorate. Labour needs to rediscover the spirit of 1997, where a radical yet realistic manifesto led to the election of a government responsible for many of our party’s greatest recent achievements – Sure Start, the National Minimum Wage, and the transformation of an underperforming school system to name but a few.

The first theme running through this pamphlet is that British politics needs big ideas. From the outset we have framed our thinking around the notion that Labour is at its best when it is at its boldest. The challenges Britain will face between now and 2020 will not be solved by tinkering around the edges. A Labour government taking office in May 2015 will not only have to correct some of the worst excesses of the current administration. It will also have to come to grips a number of long term domestic and global policy challenges - the implications of an ageing population, greater uncertainty around the UK’s energy supply and the growing importance of the emerging economies. These are big challenges, which require bold thinking and big ideas.

Developing these big ideas was the challenge which we laid down to our members earlier this year. Every summer since 2008 we have run a series of consultative ‘Policy Commissions’ in parallel to those run by the Labour Party, in order to bring the unique insights and perspectives of young people into the policy debate. The commissions organise events, webchats, focus

groups and visits around a particular policy theme, and bring together Young Fabian members with leading politicians, academics, journalists and community leaders.

Lack of growth, living standards and avoiding austerity

The second theme running through each of the chapters is the importance of developing a more sophisticated narrative around Britain's future prosperity. Each chapter therefore looks at a different dimension of our economic future.

The likely economic situation the new Government will face in 2015 will inevitably bring constraints on public spending, but Labour must avoid falling into the trap of simply offering austerity-lite policies. *We must invest in Britain's future.* In the chapters that follow we identify a number of areas where targeted investment is required – such as building a careers service which is fit for purpose or putting the right infrastructure in place for effective regional development, arguing that the returns from such policies in the long term will far outweigh the cost of implementing now. But we also make recommendations on how government can spend money more effectively or boost revenue. Our energy commission suggests an innovative new mechanism to boost government returns from infrastructure spending, whilst our youth unemployment commission suggests reforms which will deliver more bang-for-our-buck in apprenticeship funding.

Overview of chapters

In Chapter 1, Charles Malissard, Ian Tennant and Charlie Samuda highlight the trilemma of challenges facing policymakers in the UK's energy sector. They call for greater ambition and honesty in the UK's carbon budgets (the principal policy mechanism in the UK for tackling climate change) and also propose that UK government guarantees and subsidies for new energy infrastructure are reciprocated with equity stakes in the infrastructure built.

In Chapter 2, Richard Bell calls for Labour to fully embrace the localist agenda – and suggests modifications in order to bring Labour values to the blueprint for full-throttled localism offered by former Conservative Deputy Prime Minister Lord Heseltine.

In Chapter 3, Alvin Carpio reports on the findings of the work of the YF Policy Commission on Youth Unemployment. The commission demands a revolution in careers education, calls for upgrades to the education system so that it reflects the needs of 21st century employers and sets out ways a future government could usefully use procurement, PR and the apprenticeship system to deliver 'work that works.'

Finally, in Chapter 4, Felicity Slater and Jack Storry explore youth attitudes to social care, one of biggest challenges emerging from the recent shifts in demographic trends. They report incoherence amongst public opinion. They look at mechanisms for improving responsiveness to patient wishes, and suggest that a measure of satisfaction be introduced to complement existing performance measures.

Next steps and conclusions

I hope that this publication represents the beginning of a conversation rather than the end of one. This autumn the Young Fabians will host a series of events where Shadow Ministers and civil society will respond to the proposals we have put forward in this pamphlet. As we head into 2014, and ever closer to the next election the Young Fabians will continue to provide a platform for debate and advocate for the Labour Party to set the bar higher in including young people in policy-making.

[1] Remarks at Institute for Government Fringe, September 2012

[2] Cribb, Hood, Joyce & Phillips (2013) Living Standards, Poverty and Inequality in the UK, Institute for Fiscal Studies

A New Energy: Ideas for achieving a low carbon, secure and affordable energy future

Charles Malissard, Ian Tennant & Charlie Samuda

Energy policy is an issue of critical importance to the security and prosperity of our country, and an issue which is becoming more high profile and controversial. Recent debates around climate change targets, consumer prices, shale gas, new nuclear plants, and onshore wind have shown how this policy area can inflame passions and lead the political debate. As such, it plays an important part in elections, and will be a particularly high profile issue in 2015. The policy debate is driven by the three key themes of climate change, energy security and cost of living. Each of these areas poses its own enormous challenges, and a good energy policy needs to provide a balanced solution that satisfies the demands of all of them. This Policy Commission has looked at this energy 'trilemma' facing our politicians, and has come up with some concrete solutions for Labour to consider and adopt as part of its offer to the electorate in 2015.

The capacity crunch

Firstly, whoever wins the next election will face the challenge of an impending energy capacity crunch, caused by old power plant being decommissioned and a lack of new plant coming online to replace it. This is a challenge which the Coalition has singularly failed to act upon: the outgoing Chief Executive of Ofgem, Alistair Buchanan CBE, warned in February 2013 that this could have serious implications, by way of possible power shortages, as early as 2015, and ris-

ing consumer bills¹. Mr Buchanan was clear that this lack of capacity is partly due to the UK's environmental targets which have taken old coal and oil plant out of the energy generating mix, but commentators have come increasingly into agreement that part of the blame for the current situation must lie with lack of long term planning on behalf of politicians.

From all sides of the political spectrum, it is clear that blame is being laid squarely at the feet of current and former Governments. For example, Martin Vander Weyer, Business Editor of the Spectator, wrote in April that the indecision and lack of planning has been endemic in Ministers including Chris Huhne and Michael Heseltine, but also pointing the finger at Ed Miliband for focusing so clearly on climate change targets rather than securing capacity first during his time as Energy Secretary². In July this year, economist John Kay blamed the situation on 'prevaricating politicians'³.

This situation has been exacerbated by the political paralysis that has been inflicted upon the Department for Energy and Climate Change (DECC), by the Coalition. The two parties' vast differences in opinion over energy policy have arguably prevented real progress being made in a number of sectors, notably renewables (due to Conservative opposition) and nuclear (due to Liberal Democrat opposition). The spectacle of John Hayes' high profile six months as energy minister embody the lack of direction and conviction at DECC, as shown by the high profile policy disagreements and his eventual dispatching from the Department.

This is a deadly combination: A fast approaching deadline coupled with an indecisive administration. This is why Labour must be able to offer bold and innovative solutions that will be able to shore up the situation quickly, and with the public on their side.

Climate change

The debate over climate change continues to rage. The Fabian Society's Green Labour programme has been exemplary in showing how Labour can champion 'popular environmentalism', and challenge the 'false choice' between the environment and economic prosperity⁴. Meanwhile, the Labour front bench has also been leading the fight against the Government's refusal to include the 2030 decarbonisation targets in the Energy Bill, alongside representatives of the energy industry. They have rightly opposed claims that the targets would damage prospects for our energy security, and argued that the targets are vital to ensure the right climate for investment⁵.

It truly is time for the UK to lead the way in ensuring energy policy is led by the imperative to tackle man-made climate change - this will require real stringency in the way we set a limit on the UK's carbon emissions. Some of this was put in motion by the last Labour Government, but as already discussed, all of these programmes have been stymied by the political indecision prevalent in DECC under the Coalition.

The public back Government support for clean energy and comprehensive action to tackle the challenge of rising emissions. A recent Sunday Times poll showed that the majority of Britons

(even UKIP voters) support subsidies for renewables⁶. Therefore Labour has the opportunity to rise above the political foibles of the Coalition parties and support the technologies necessary to achieve our climate change targets, and even set more ambitious targets. As we argue below, the creation of clear targets and a framework to limit rising emissions is the right way to support green energy and to ensure that the issues of price and supply can be addressed in a context that also allows the UK to be a leader on environmental issues.

Infrastructure and investment

Finally, all of this requires investment. Meeting the twin challenges of ensuring energy security and tackling climate change will cost the consumer money. Labour has been right to point out the flaws in the current consumer market, and has been bold in pushing for major reforms to break the dominance of the Big Six energy companies over the consumer market. The Coalition has been big on rhetoric in this area but not on action. It is still unclear how their proposals surrounding energy tariffs will be implemented, and what effect this would have on prices for the average consumer. However part of the answer to this conundrum surely lies in part to the answers to the other two parts of this trilemma – energy security (i.e. less dependence on gas from the East, and now even Coal from the USA), and a stable investment climate to ensure stability.

Looking at all of these three areas, it is clear that the current situation is immensely challenging, but is also an opportunity for Labour to make its mark in this extremely important policy area. We need to challenge the Coalition in its lack of decision making, propose bold policy ideas on top of the great proposals that the Shadow DECC team is already advocating, and create a ‘backstop’ to ensure that, whilst addressing prices and supply, progress on climate change does not slip down the agenda. Based on the above analysis, we propose the following solutions to help our country achieve energy security, tackle climate change, and ensure fairness for the consumer.

Proposal 1: A carbon budget with ambition

The decision of the last Labour government to establish the Committee on Climate Change (CCC) as an independent agency with the right to set and oversee a national emissions reduction target represented a bold yet pragmatic attempt to suck the politics and short-termism out of climate policy. The intention was for the CCC to emulate the role of an independent central bank by setting legally binding 5-year carbon budgets (the maximum amount of greenhouse gases the UK could emit) in a process that was largely removed from government interference.

Real limits on emissions to support the green economy

The current coalition has, however, reduced the stringency of this approach by pushing the setting of the decarbonisation target for UK power stations back past the next election. Labour has already committed to enforcing a binding CO2 emissions target for 2030 but a more compre-

hensive, and progressive policy should seek not just to re-instate the target but to actually push for an increase in the ambition of the target, in-line with a more rapid reduction in emissions.

At present the UK has a domestic carbon reduction target that is out of line with our international pledges to take action on climate change - we're saying one thing at the UN negotiations and doing another at home. Evidence from the Environment Audit Committee has shown that even if the UK were to achieve the targeted in the current carbon budget our emissions would still be above the level needed to avoid a 2oC climate change scenario, something that the UK has pledged to avoid at the UN's Copenhagen summit. Kevin Anderson of the Tyndall Centre for Climate Change Research has argued that the UK emissions need to start falling in the order of magnitude of 10% per annum to achieve these objectives.

The policy consequences of such a tightened carbon budget on rest prices and security of supply are likely to be significant. The most likely consequences would be a higher investment requirement (in order to deliver nuclear, renewables and CCS very rapidly) and a high impact on household energy prices to meet the more ambitious pace of change. However ignoring these potential costs with an inconsistent carbon budget does not make them go away. Important decisions on green investment need to be taken if the UK is to build climate-resilient infrastructure. The first step is acknowledging the scale of the transformation that the economy will need to undergo - the next step will be financing that infrastructure as outlined below.

Carbon consumption

The second area where the setting of carbon budgets could be improved is to incorporate 'carbon consumption' instead of 'carbon production' into the way the budgets are calculated. This technical-sounding proposal has significant changes for identifying how much progress the UK is really making on climate change. The CCC has examined changing the way the UK accounts for its CO₂ emissions to include not just the emissions that are actually 'produced' within the UK (e.g. from power stations) but also for the actual emissions 'consumed' in the products we import. As a result the UK and other service-based economies are arguably overselling their progress on emissions reductions by reaping the benefits of lower emissions as a result of their domestic industry and manufacturing moving overseas, for example to China. The UK is therefore free-riding on its climate obligations by the way we currently count our CO₂ emissions. A change in policy would set a different framework for thinking about progress on climate change in an energy policy context and would have important implications for the international and domestic discussions on climate justice and ethics. The left should be leading in this discussion and Labour in government has an opportunity to drive a more progressive stance on climate policy by making this change.

We therefore recommend that a future Labour government shelters energy and environmental policy from the changing political weather by giving the independent CCC a broader remit in setting carbon budgets. Instead of pushing carbon targets in opposition and potentially swinging away from them at a later stage given economic constraints Labour should allow the CCC to manage carbon budgets in line with our international climate commitments and to ensure

that these carbon budgets reflect the carbon emissions actually driven by the behaviour of the UK. An honest framework for carbon emissions is needed to set the context for a successful energy policy.

Proposal 2: Fairer financing – public stakes in infrastructure

Currently, for any major infrastructure project, whether in transport or in energy related, the state is compelled to put in place subsidies, warranties, and tax breaks and other risk mitigation measures to increase the incentives for private and institutional investors to finance developers' projects. The use of such policy instruments is bound to increase as the infrastructure renewal programme in the UK becomes ever more necessary, entailing an increase in the amount of direct and indirect financial support the public purse will be giving to infrastructure project developers.

Whilst it is reasonable to expect the state to mitigate the perception of risk for investors, the extent to which the practice of tax cuts, subsidies and risk guaranties are being used by the current government to shale gas, nuclear, wind and rail projects is problematic:

- The public finances are already in a dire state, and cannot be expected to bear the upfront risks associated with construction, and the long term commitments associated with grandfathering of subsidies.
- It creates a precedent for investors and developers, whereby the subsidy, the tax breaks and the warranties become expected for all projects.
- These 'gifts' do not come attached with many obligations on the part of the investors and developers.
- It creates inherent market failures, whereby some projects which would not be viable economically without the state's intervention are rendered economically interesting because and only because of the state incentivisation policies. Yet once the projects are completed they are driven with shareholder's interest in mind, and not with the aim of returning the favour to the public and or the Treasury⁷.
- It is a form of mutualisation of risk and privatisation of gains.

A way forward

We recognise the need for the state to play a fair part in mitigating the real and perceived risks to investors and developers by offering warranties, and subsidies, and also the importance of the state in lowering the cost of development capital and increasing the interest of infrastructure funds and banks to take up equity in infrastructure projects. However, it is clear that a new approach to government involvement in infrastructure is needed. Under current mechanisms, very few financial benefits go back to the public purse.

We propose that the state continues to opt for a pro-active enabler of infrastructure investment in this country using all the policy tools at its disposal to this effect. However when and if the

project gets completed, it should argue for a greater stake in it (either in equity, or in return on investment) proportionate to the financial total of the subsidies, warranties and tax breaks it put in place initially to get the project underway. If the state invested directly and indirectly around £100million in a £1billion project, it should expect to get 10% of the completed project's equity value. This is not a socialist proposal, neither is it an orthodox liberal proposal, but it is a proposal full of sense.

Case Study: the UK nuclear industry

Despite the claims by the UK nuclear industry that it will be able to build new reactors without public subsidies, there are several existing subsidies which go unmentioned. These include:

- Limited liability for nuclear operators in the case of an accident.
- The Nuclear Installations Inspectorate covers the costs of the pre-construction safety analysis.
- The Office of Civil Nuclear Security pays towards security of both nuclear facilities and nuclear materials in transit.
- The Government pays the costs of the UK's membership of the EU nuclear agency, Euratom, and the International Atomic Energy Agency — both of which do promotional and safety work for nuclear power.
- The UK Government is paying for research into so-called "Generation 4" reactor Designs.

Case Study: the Contract for Difference

In the UK energy market, the Contract for Difference, which caps the minimum and maximum cost at which electricity can be bought from a generator, entails a form of subsidy which mitigates revenue risk.

Whilst we could not, and indeed should not expect all these forms of investment and direct/indirect forms of financial support to be borne by investors, there is a case for the state to recoup some of these upfront costs and risk mitigating measures by owning some equity in the finished project.

This approach would not impede on the private sector's model of operation yet it could ensure a more efficient analysis of risk and enable the public purse to reap more of the benefits associated with the project for which it bore the construction risk. How the reward is calculated, collected, distributed, and allocated by the government is up for discussion, but the idea that what is put in initially should be expected to reap benefit to the public purse seems to make sense. If this approach was taken for major infrastructure projects, this could form the basis of an infrastructure sovereign fund, which could then be used to finance new infrastructure projects.

Conclusions

With these recommendations, we seek to strike a balance between the competing demands that the country faces to secure “A New Energy”. These recommendations should be considered in order to remedy the uncertain future faced by numerous energy infrastructure projects and ideas in the UK, whilst maintaining and further securing the UK’s commitment to a low carbon future and affordable energy prices.

We have outlined a new approach to infrastructure financing that secure future projects, and a new approach to carbon budgets that drives our green economy. The Labour Party and the Fabian Society has been leading the way in this debate in the face of political indecision and stalemate under the Coalition Government, and we hope this Commission contributes to a winning suite of manifesto pledges on energy policy from Labour.

[1] A. Buchanan, *Will GB’s lights stay on and will the gas keep flowing: a look at the next decade?*, Lecture delivered on 19 February 2013. <http://bit.ly/YA3V43>

[2] M. Vander Weyer, *Britain’s energy crisis: when will the lights go out?*, The Spectator, 20 April 2013 <http://www.spectator.co.uk/features/8890061/when-the-lights-go-out/>

[3] J. Kay, *A real energy revolution needs us to look beyond sound bites*, Financial Times, 23 July 2013. <http://on.ft.com/15U6xzI>

[4] N. Doran, *Green Labour*, Fabian Society, 6 July 2013, <http://www.fabians.org.uk/green-labour/>

[5] Joint letter from heads of RenewableUK, CCS association and Nuclear Industry Association on need for 2030 carbon goal. Available at: <http://bit.ly/15U8bl7>

[6] Utility Week, *Voters across political spectrum back renewables subsidies*, 5 August 2013. <http://bit.ly/13JdP5l>

[7] M. Mazzucato, *The Entrepreneurial State*. Demos. 2011, <http://bit.ly/10gwQvr>

Localism: an opportunity to restructure the economy?

Richard Bell

A One Nation economy

With the 2015 general election on the horizon, Labour has begun to flesh out its economic policy platform. The party has announced plans for a network of regional investment banks, a restored 10p tax rate, intervention in failing markets like energy and a renewed focus on apprenticeships for young people who don't attend university.

Each of these policies signify a move towards a new 'One Nation' economic model. The post-Thatcher UK economy is characterised by an unsustainable reliance on the financial sector as its only major engine of growth, and a low-wage, low-skilled, 'race-to-the-bottom' model of competitiveness. A One Nation strategy would seek to rebalance our economy, breaking up monopolies in order to push up living standards for the 'squeezed middle', and strengthening high-skills, high-wage sectors such as advanced manufacturing so as to renew Britain's competitiveness and more evenly distribute its income amongst its workforce.

This strategy borrows heavily from Germany's 'Mittelstand' model, wherein productive and efficient supply chains incorporating large numbers of SMEs and a technologically literate, well-trained and well-paid workforce generate the foundations of strong regional economies. The investment in infrastructure, research, training and quality control which underpins this model is made possible through a highly decentralised system of government, with policy con-

trol widely dispersed amongst Germany's federated states, or Länder.

Correspondingly, we believe that Ed Miliband's Labour must avoid duplicating New Labour's reliance on the City, and instead distribute Britain's economic power amongst its regions. An emerging commitment to localism can be detected in the party's regional banks strategy, the place-based approach to welfare advocated by Jon Cruddas and Liam Byrne and what's been revealed of Hilary Benn's New English Deal. If Labour truly aspires to create a British Mittelstand, though, it must implement a far more radical shakeup of public spending policy still.

A model for radical economic devolution

In his government-commissioned No Stone Unturned report¹, the former Conservative Deputy Prime Minister Lord Heseltine contends that local councillors and business leaders are far better placed than Whitehall-based civil servants to design effective growth strategies for their areas. Heseltine proposes that funding streams for skills, employment, infrastructure, housing regeneration and business support should be transferred to Local Enterprise Partnerships (LEPs) – policy-making partnerships driven by local authorities, businesses and further education providers – through an amalgamated single funding pot totalling £70 billion².

The Government's decision to devolve a mere fraction of this sum, announced in summer 2013, should not have come as a surprise. At its core, Heseltine's model is far more consistent with One Nation economics than post-Thatcher Conservatives' desire to safeguard the City's wealth and Whitehall's power over local government. His recommendations chime with Miliband's notion of 'responsible capitalism' in that they would see businesses participate actively in civic life. They would also, if effected, constitute the beginnings of a British Mittelstand, through mandating production of local growth strategies allowing for smart specialisation, the provision of skills training closely matching local employers' needs and the development of sophisticated, symbiotic supply chains.

Adopting this public spending approach could, moreover, enable Labour to craft a leaner, smarter state in line with the demands of deficit reduction and the post-austerity political context. The greater the proportion of infrastructure spending commitments a local area is empowered to shape, the more opportunities local leaders will identify for cost-saving, joint working, integrated service provision and policies reflecting its specific characteristics. Devolving significant public spending power to communities would, therefore, allow a holistic and place-based spending approach to take hold over the siloised and service-based slant which too often characterises modern British government.

In order to forge an authentically One Nation economic and political system, then, Labour should embrace Heseltine's reforms- exposing the inadequacy of the Coalition's half-hearted implementation of them in the process. The party should pledge to transfer to LEPs the full pot advocated by the former DPM, including funding streams for policy areas such as skills and employment support maintained as almost entirely centrally administered by the Government.

Shifting the terms of the economic policy debate

This strategy might, furthermore, represent a means by which Labour could reshape the political conversation on the economy to its advantage. To date, the party has set out very few details regarding its public spending plans for government. This is partly because the Shadow Chancellor sensibly refuses to make spending decisions whilst the economic circumstances which will surround the general election remain uncertain. It's also, however, as the two Eds find themselves in something of a catch-22 position.

The credibility Labour has begun to regain on economic policy would quickly dissipate at the first sign the party isn't sufficiently committed to reducing the deficit, and it's hard to imagine any large spending commitment not being successfully spun as profligacy by our opponents. On the other hand, avoiding making decisions isn't a workable long-term strategy, and the void created by the leadership's taciturnity is at risk of being filled by a narrative crafted by Lynton Crosby.

Labour is consequently unable to articulate an economic vision with the clarity and strength of purpose necessary to reach undecideds or capitalise fully on the Government's economic failures. The party requires an economic narrative for use until 2015's battlelines have been established which is both straightforward and attractive but which doesn't focus on levels of spending- a messaging strategy to circumvent the political constraints of the current economic policy debate. Giving local areas more say over their own growth strategies – taking power over the development of your local economy away from Whitehall and handing it back to your community in Doncaster, Darlington or Derby – should form the basis of that message. This doorstep-ready narrative would hold instant appeal for large numbers of voters and interests.

It plays into two commonly discounted dimensions of public engagement with politics – the surprisingly small geographical areas with which people identify and the widespread antipathy towards Westminster – and cuts across the left-right political divide.

It describes an approach favoured by the business community. The CBI and Confederation of Small Business alike welcomed Heseltine's report, and private sector support would help to persuade the electorate and business-minded media that Labour constitutes a credible economic alternative.

It would energise the party's activist base. Labour's failure to take a radical or especially clear line on public spending has caused the internal excitement which greeted Miliband's election as Leader to wane; and a call for patience whilst the leadership assesses the economic terrain will not spark enthusiasm amongst the individual trade unionists who may soon decide whether to pledge their support and money to the party. Transferring economic policy powers to communities has long attracted stronger support from ordinary party members than the front bench, which historically has distrusted local policy-making. Adopting this narrative would, then, offer potential campaigners and small donors evidence of One Nation Labour's will and capacity to fundamentally reshape the contours of the UK economy.

Building on No Stone Unturned

Whilst we endorse the general thrust of Heseltine's vision, there are some aspects of it, and of the Treasury's application of it, that plainly cannot be reconciled with progressive principles. We thus propose a series of changes aimed at consolidating that model with One Nation Labour values.

Direct devolution

Whilst the Coalition has accepted Heseltine's recommendation that the single pot should be apportioned through a competitive bidding process, the next Labour government should at the earliest opportunity replace this system with one of unconditional devolution. Competitive bidding will result in a sub-optimal allocation of resources as it encourages applicants to underestimate risk and overestimate the potential benefits of investment. More significantly, it will fail to deliver the certainty of investment required for local public-private partnerships to truly flourish. Heseltine favours this system in part as it will preclude local policy makers from deviating substantially from Whitehall policy objectives- the criteria for successful bids serving to incentivise the implementation of programmes reflecting government priorities. Investors, however, will refrain from making the large multi-year commitments necessary to kickstart major infrastructural improvements if they suspect that shifting political winds at Westminster could result in the financial rug being pulled out from under them, as would surely be the case when even successful bids would deliver funding for short periods of time.

The greatest deficiency of the Government's approach, though, doesn't just concern functionality but betrays a clear ideological preference. Competitive bidding will leave unsuccessful local communities in the financial lurch. Whereas the Tories may favour this sort of unimpeded market dynamic, Labour should recognise that it will exacerbate and entrench existing inequalities between economic subregions and is consequently incompatible with One Nation economics.

A system of direct devolution, wherein each LEP's allocation is calculated to reflect the geographical size, population and economic profile of – as well as the rate of relative deprivation within – its area, would sidestep these complications. This system would generate real investment confidence in local growth plans by handing communities the keys to their economies, and direct much-needed investment towards all sections of the UK including the most vulnerable.

Better business involvement

Most LEPs as presently constituted are not representative of numerous elements of their constituent economies. Very few SME owners or employees sit on LEP's governing Boards and trade union engagement is dismally low. One Nation Labour's core opposition to entrenched interests of all stripes should lead it to guarantee all sectors and types of business a say in LEPs'

affairs. Moreover, the continued non-involvement of the interests specified above would be particularly detrimental to the construction of efficient supply chains and distribution networks incorporating large numbers of SMEs generating high wages for skilled workers.

Labour must, then, empower local authorities to regulate the composition of LEP Boards and create a duty to ensure fair representation of the sectors, business types and – mirroring Germany’s more collaborative, conciliatory approach – trade unions driving local economies. Councils might, for their part, consider compensating SME representatives on LEP Boards either through direct payments or expenses reimbursements.

The party could additionally boost SME involvement in LEP activities by encouraging those bodies to establish systems of federated, sub-LEP area Boards to make spending decisions and sets strategies affecting clearly delineated localities. This would ensure the views and interests of district council representatives as well as SMEs aren’t eclipsed by those of big business or city or county-level stakeholders. Indeed, whilst the extra powers afforded to some cities through the Government’s City Deals have led LEPs to focus disproportionately on growing urban economies, a federated system would also enhance representation of ex-industrial, non-metropolitan and rural areas.

Democratic accountability

Labour’s democratic values dictate that all policy decisions must be accountable to the public, but no one elects business leaders. Labour should, therefore, introduce a governance model for LEPs empowering a simple majority of council representatives on partnership Boards to veto all policy and spending decisions; and require that the leader or lead members for finance of all councils should sit on either their LEPs or sub-LEP area Board. This reform – installed alongside a mechanism for council backbench scrutiny of LEP activities – would confer authentic democratic legitimacy onto LEPs and safeguard voters’ democratic prerogative by allowing them to adjust local economic policy through the ballot box. Labour might further catalyse the materialisation of political leadership at the LEP area-level by incentivising the establishment of combined authorities. The party’s Shadow Infrastructure Minister Lord Adonis envisions³ these authorities as comprising council leaders and LEP representatives from across multi-authority conurbations, and as exercising those functions of their constituent councils that relate to economic development and regeneration in circumstances where sub-regional policy harmonisation is necessary.

Mayors for growth

To function effectively this system would require the leadership of capable, powerful and well-known local politicians. There are many talented and successful leaders at the helm of local authorities throughout the UK, but they are rarely endowed with the soft power or name recognition that characterise elected mayoralities. 10% of the population can name their council leader. In council areas with directly elected mayors, this figure rises to 57%⁴. Mayors can, moreover,

lay claim to a greater democratic mandate than traditional council leaders as they are directly elected by whole cities or council areas. These factors afford them a level of influence traditional leaders lack in negotiations with the government, business and other external stakeholders. Accordingly, Labour should seek to rollout the directly elected mayoral model across the UK.

The party should move to partially reverse Thatcher's abolition of metropolitan governance by introducing 'metro mayors' for city regions other than London. (The Government has signalled an intention to legislate to permit the election of conurbation mayors, but is yet to act.) These positions differ from those on offer at last year's mayoral referendums both in the size of their constituency – drawn according to genuine city areas rather than local authority borders – and the level of policy power granted to office-holders. Metro mayors direct strategic planning, transport and infrastructure policy as well as police and crime strategies. Labour should mandate that these mayoralties be introduced, alongside combined authorities to hold incumbents to account, in each of the core city regions. Imposing mayors without holding a referendum might be contentious, but could be justified as a growth-generating measure; and running plebiscites at this time of squeezed public finances could be considered a more politically precarious move than failing to consult the electorate.

The party should additionally facilitate the installation of elected mayors in distinct local authority areas by instituting an alternative trigger for mayoral referendums. Petitioners should be required to gather the signatures of either 10,000 voters or the present threshold of 5% of the electorate – whichever is smaller – whilst the council majority necessary to establish an elected mayoralty should be reduced from two thirds to 60%. Finally, where local government is failing endemically, Labour should direct authorities to hold referendums and the Electoral Commission to provide voters with impartial information regarding the advantages and shortcomings of the model.

Regional strategies

Following the abolition of Regional Development Agencies (RDAs), there is no structure in many parts of the UK to enable the coordination of growth strategies at the regional level. This represents an obstacle to the efficient planning of projects operating across multiple LEP areas, such as large-scale transport schemes.

One policy option is to simply resurrect RDAs, but this would merely generate a spuriously costly layer of bureaucracy whilst diluting the crucial leadership roles fulfilled by LEPs within their own areas. Instead, Labour should provide a rudimentary level of funding and administrative support to enable LEPs and local authorities to form 'light touch' regional strategic networks. Whilst lacking the civil service capacity and binding decision-making powers of RDAs (or combined authorities,) these networks would provide a mechanism for metro mayors and regional leaders to coordinate spending decisions across LEP area-borders and speak with one voice regarding their region's infrastructural needs.

Working with Whitehall

Ed Miliband's Government should assume a principally facilitative approach to LEPs. This could be achieved by significantly increasing LEP capacity funding and ensuring channels enabling expansive data sharing between those bodies, the Office for National Statistics and government departments are in place.

Nonetheless, the government must of course be able to hold LEPs to account in a transparent, effectual manner. A recent Select Committee report⁵ argues that LEPs are unclear as to where responsibility for their work lies in Whitehall, and that a single Minister with accountability for their activities should be appointed within the department for Business, Innovation and Skills. This reform, alongside the relocation of all officials tasked with negotiating with and on behalf of LEPs to a single department, would result in streamlined and strengthened dealings between the government and local leaders. This Ministry should, however, be located under Labour in a department with a pan-governmental purview, such as the Treasury or Cabinet Office. This proposal reflects that Labour's LEPs will have dealings with multiple departments in addition to BIS, and is aimed at preventing partnerships from becoming marginalised through inter-departmental conflict.

Conclusion – Labour's LEPs

By building on Lord Heseltine's vision to institute a democratic and operational framework for LEPs reflecting One Nation Labour values, the next Labour government could deliver a durable and highly effective system of local economic governance. By placing localism at the centre of our economic strategy, we could renew Britain's competitiveness, broker a more equal distribution of the UK's income amongst its workforce, rejuvenate those parts of our country left to wither by Thatcherite economics, and demonstrate our ambition and ability to fundamentally rebalance the economy to an electorate hungry for change.

[1] M. Heseltine, *No Stone Unturned in Pursuit of Growth*, Department for Business, Innovation and Skills, 2012, <http://www.bis.gov.uk/assets/BISCore/corporate/docs/N/12-1213-no-stone-untuned-in-pursuit-of-growth.pdf>

[2] The figure given by Heseltine in his report is actually £49 billion, but the peer has subsequently stated that this was a miscalculation and that the correct total is in fact £70 billion.

[3] Only one combined authority has to date been established, although four more are currently being set up and are expected to become active by April 2014. Lord Adonis describes his preferred model for these authorities in his *North East Independent Economic Review Report* (North East Local Enterprise Partnership, 2013, http://www.nelep.co.uk/media/2935/nelep_ipad-version_hires.pdf)

[4] T. Gash and S. Simms, *What can elected mayors do for our cities?*, Institute for Government, 2013, http://www.instituteforgovernment.org.uk/sites/default/files/publications/publication_mayors_and_cities_signed_off.pdf

[5] House of Commons Business, Innovation and Skills Select Committee, *Local Enterprise Partnerships 2013*, <http://www.publications.parliament.uk/pa/cm201213/cmselect/cm-bis/598/598.pdf>

Tackling youth unemployment

Alvin Carpio

and members of the Young Fabian Policy Commission on Youth Unemployment

The Government's approach to youth unemployment is failing. There are nearly one million young people unemployed in the UK and since the coalition came into power, the youth unemployment rate has risen from 19.3% to 21.4%¹. Nick Clegg's £1bn Youth Contract has only managed to deliver 4,690 jobs for young people², and David Cameron and George Osborne have failed to stimulate job creation in the economy. We believe that *Labour must offer a real alternative*.

Youth unemployment is a complex problem which has complex causes. The recession and austerity measures have led to job cuts and fewer jobs being created. In some areas, there are thousands of people applying for the same job, while in many organisations young people are often the first employees to go. Youth unemployment was rising even before the recession and the rate of unemployment has consistently been higher for young people compared to those over 25³. Our education system and careers service have fallen short in providing many young people with the skills and knowledge needed in the labour market. These dynamic and structural issues call for bold responses. The challenge for the youth unemployment policy commission was to think big, to add to the rich set of work that has already been done,⁴ and to produce bold ideas that would help get young people into work.

Responses to youth unemployment need to be nuanced. Across Europe, the blanket term 'young people' is used to describe all 16-24 year olds, nearly one in four of whom are unem-

ployed⁵. Individuals in this group face different challenges in the labour market depending on age, social background and experience, and policy makers should recognise these differences and think about how youth employment policies affect the different sub-groups.

The policy commission on youth unemployment was led by young people directly affected by the problem, with diverse experiences of unemployment. We recognise our responsibility and stake in the policy formation process and hold a desire to hold our political, business and third sector leaders to account. As a result we have produced this set of recommendations that we believe will help Britain have the infrastructure to tackle youth unemployment.

Revolutionise the careers service

We need a careers service that serves local needs and delivers for all young people. To be prepared for the labour market, young people need tailored careers advice and support that is informed by employer needs.

The current careers service is failing. One in four young people get no careers advice at all and a third of young people rely on their television sets⁶. Virtually no-one believes the careers education they received at school was adequate to prepare them for the realities of the modern labour market. In our focus group, none of the young people participating had received any careers advice from their school. With the exception of guidance through the UCAS process and assisting with university applications, schools consistently fail to offer their students help with transitioning out of school.

Since 2010, the careers service offered to young people has substantially declined. The CBI have recently concluded that school careers advice is on 'life support'⁷, whilst the House of Commons Education Committee have presented evidence that the quality and quantity of guidance for young people is deteriorating just when it is needed most⁸.

There is a lack of the face-to-face provision that young people value most. Connexions and pre-2010 careers guidance were not fit for purpose but the current government scrapped them without putting in an adequate alternative. Young people are paying the price. A revolution in careers education is required.

Case Study: Kate left her grammar school in Kent after completing her AS-levels, but she failed to receive any careers advice from her school about her future options. After struggling to find any full time jobs with career potential, it was nearly a year before she came across the City Gateway apprenticeship scheme. Within 4 weeks she was delighted to secure a job at the House of Commons in the Public Information and Outreach team.

"If you weren't interested in UCAS, there was no help offered at all. There is no one in schools to tell young people about the opportunities that are available for them."

The more contact young people have with employers whilst they are still at school the less likely they are to become NEET,⁹ yet employer interaction with schools is inconsistent. Some employers have reported problems with engaging their local schools, who fail to see careers education as a priority¹⁰. A cultural shift is needed – schools need to place a far higher value on providing careers advice and support.

We need innovative policies to revolutionise the careers service

WorkFirst

We propose the creation of a high-quality graduate programme that recruits and trains talented people to broker and directly deliver careers support for young people in schools located in the disadvantaged neighbourhoods where youth unemployment is highest.

WorkFirst professionals would help ensure that young people understand the variety of options available to them, including the academic, vocational, and entrepreneurial routes. WorkFirst professionals would also ensure that young people have realistic expectations of work, through co-ordinating work experience placements and learning visits to workplaces. The programme would also include opportunities for WorkFirst professionals to shadow industry professionals from a variety of sectors.

A new Careers Agency

WorkFirst professionals would work within a new Careers Agency in each functional labour market. These should be locally designed by Local Enterprise Partnerships (LEPs), with the support of the National Careers Service, rather than forced on each locality as a ‘one size fits all’ national service. LEPs should look to add capacity and join-up existing work by employers, schools, the third sector and public sector organisations with an interest in young people, rather than establishing completely new initiatives.

The Careers Agencies themselves would be responsible for ensuring that every young person leaving school has a progression plan tailored to their needs. We would like to see every local Careers Agency include a permanent rolling secondment post filled with a candidate from the private sector to work alongside the permanent team, which would provide an avenue for local businesses’ commitment to their communities, whilst also ensuring that the careers agency retains strong links with the local labour market.

Integrating Labour Market Information into careers advice

Young people need to be informed of the statistical likelihood of finding a job if they choose to take a particular career route. As research by the Centre for Economic and Social Inclusion has shown, there are huge variances in the number of jobs available in each sector of the economy, and huge mismatches between the occupations young people are training for and the jobs

available¹¹.

We would like to see Local Enterprise Partnerships build Labour Market Information [LMI] Hubs, which bring together the multitude of sources of LMI, and make it accessible to schools, careers advice providers and other relevant parties. This should be made into easily-digestible materials that young people themselves have access to so that every young person is empowered to determine their own future.

Upgrade the education system

A curriculum for the future

Our education system needs to be upgraded to fit with the needs of the global economy. We need to look to industries with potential for growth. Companies in the digital sector are expanding at a faster rate than in other industries, employing more and more people across the country. This is a trend which is likely to accelerate going forwards¹².

We need to ensure that we are developing a technologically literate workforce. ICT and computing should be treated as a central part of the curriculum – with students being given the opportunity to learn coding skills in schools. The UK should look at the path taken by Estonia, which is internationally recognised as a model for building a digital-friendly education system, with primary school programmes teaching children how to code and an emphasis on online education¹³. Modern languages should also come to the fore, not only for their relevance in an increasingly globalised economy, but because they can develop soft skills too¹⁴.

Case Study: Catch22 provides services that help people in tough situations to turn their lives around. It provides alternative education programmes for young people through its own schools network. Its 'Into Work' programme works closely with the priorities of the individuals and the school, and links them to local businesses and employers with specific expertise. Topics taught include enterprise, business skills, communication and presentation skills, financial literacy, career planning and guidance. 91% of their Year 11 learners at risk of NEET were sustained in education, employment or training 3 months after their intervention.

Teaching and assessment to equip our workforce for the future

Often, the skills that employers complain young people lack are 'soft skills'.¹⁵ Methods of teaching and assessment can be instrumental in nurturing the competencies that every young person needs to succeed in the labour market. Collaborative learning and group work help to build team-working and leadership skills, whilst individual presentations can strengthen confidence and verbal communication. English schools should look to Scotland's Curriculum for Excellence, which integrates methods of learning that build transferrable skills into all subjects.

Learning from the Catch22 case study, there is a role for WorkFirst professionals to play in developing employability in the classroom. They can act as a bridge between the classroom and the workplace by reaching out to local businesses, encouraging them to participate in delivering employability sessions in school.

Local Business Governors in schools

We propose that every school appoints a Local Business Governor who would provide the school with strategic direction, practical advice and access to networks, and help bridge the gap between schools and the local labour market.

Deliver more work that works

We need to create high quality jobs and apprenticeships that offer young people progression and development opportunities. These jobs are good for young people and good for business - promoting employee motivation, productivity and loyalty.

Young people themselves are well aware of the value of apprenticeships – there is a huge surplus of demand. 54% of young people in England responding to a recent survey said that an apprenticeship would be their first choice upon leaving school, if one was available¹⁶. The number of young people applying for apprenticeship programmes is staggering. In 2012 – 2013, there were 1,255,090 applications for just 115,310 apprenticeships¹⁷. This equates to 11 people applying for every apprenticeship place. This demonstrates the scale of the challenge we face in ensuring there are sufficient high-quality apprenticeships being created to meet the demand of our school leavers and the needs of the British economy.

We suggest the following steps to boost the number of apprenticeships being offered:

Creating new jobs for young people through social infrastructure projects

We should create jobs for young people by investing in infrastructure projects. We should commit to building one million new homes, renovating and building new schools, and using procurement powers to ensure young people get a fair share of the jobs and apprenticeships resulting from these contracts. This strategy of investing in social infrastructure could put a clear dividing line between us and the coalition government's austerity policies.

Funding Apprenticeships for the future

The current Apprenticeship Grant for Employers (AGE) scheme has had relative success in incentivising employers to hire young people. The current scheme offers £1,500 per apprentice for employers of up to 1,000 employees who hire up to ten apprentices, who have never hired an apprentice, or who have not had an apprentice in the last twelve months. It is payable in two amounts, one when an apprentice completes thirteen weeks of their apprenticeship and the

second when they complete their 52nd week, or their full apprenticeship framework, depending on which is the longer period.

We would reform apprenticeship funding in order to provide a more generous incentive to SMEs with fewer than 500 employees. SMEs are the most likely source for a job rich economic recovery, creating proportionately more jobs than larger companies. SMEs accounted for 85% of total employment growth between 2002 and 2010¹⁸.

Once employers have piloted apprenticeships they are normally keen to continue to grow them, but the key is incentivising them to take the first step and invest time and resources in establishing the apprenticeship programme. We therefore also recommend that employers be paid a higher amount for the first apprentice with smaller incentives being offered for the second to tenth apprentice in each organisation.

Finally, we would recommend that the payment is offered at two distinct points, one thirteen weeks into the apprenticeship, and the second after the apprentice has progressed into work. This would incentivise employers to hire young people beyond the completion of their apprenticeship, and provide a disincentive for less scrupulous employers to offer poor quality short-term experiences to a rolling stream of 'apprentices'. We would suggest fifty per cent of the payment be made at thirteen weeks and remaining fifty per cent after the fourteenth month, i.e. two months after apprenticeship completion.

Kitemark

There are other ways in which businesses can be encouraged to develop best practice in hiring and developing young people. Businesses that implement policies and hiring practices that help tackle youth unemployment should be rewarded by a recognisable kitemark, developed by organisations such as Business in the Community or Investor in People with a coalition of youth organisations. This is an attempt to emulate the recognition given to the employers who have taken on apprentices through the Evening Standard's Ladder for London campaign.

Conclusions

Revolutionising the careers service, upgrading the education system, and delivering work that works for young people is what we believe will lead to a reduction in youth unemployment, today and in the future. We call on the government, businesses and the third sector to keep youth employment a priority, for the future of our young people and our economy.

- [1] J. Mizra-Davies, *Youth unemployment statistics*, Commons Library Standard Note, 14 August 2013, <http://www.parliament.uk/briefing-papers/sn05871>
- [2] Department of Work and Pensions, *Youth Contract Wage Incentive Payments – Experimental Statistics*, July 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224573/Wage_Incentive_payment_adhoc_released.pdf
- [3] New Statesman, *Leader: Chronic joblessness has become the new normal across Europe*, <http://www.newstatesman.com/2013/08/chronic-joblessness-has-become-new-normal-across-europe>, 22 August 2013; European Commission Eurostat, *Unemployment statistics, 2013*, http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics
- [4] Such as ACEVO, *Youth unemployment: the crisis we cannot afford*, 2013, http://www.cesi.org.uk/sites/default/files/event_downloads/ACEVO_report.pdf
- [5] BBC, *Merkel warns on youth unemployment problem*, 3 July 2013, <http://www.bbc.co.uk/news/business-23160043>
- [6] Pearson, *A third of young people get careers advice from TV*, 5 June 2013, <http://uk.pearson.com/home/news/2013/june/a-third-of-young-people-get-careers-advice-from-tv.html>
- [7] CBI, *Careers advice on 'life support' in schools – CBI chief*, 19 June 2013, Available: <http://www.cbi.org.uk/media-centre/press-releases/2013/06/careers-advice-on-life-support-in-schools-cbi-chief/>
- [8] Commons Select Committee, *Education Committee publishes Careers Guidance for Young People Report*, 23 January 2013, <http://www.parliament.uk/business/committees/committees-a-z/commons-select/education-committee/news/substantive-careers-guidance/>
- [9] Education and Employers, *It's who you meet: Why employer contacts at school make a difference to the employment prospects of young adults*, February 2012, <http://www.educationandemployers.org/research/taskforce-publications/its-who-you-meet/>
- [10] CBI and Pearson, *Further progress on school and college leaver attainment requires radical new vision*, 11 June 2012, www.bit.ly/Lew3UN
- [11] L. Gardiner and T. Wilson, *Hidden Talents: Skills Mismatch Analysis*, June 2012, http://www.cesi.org.uk/sites/default/files/publications/CESI_Hidden_Talents_Skills_Mismatch.pdf
- [12] *National Institute of Economic and Social Research*, *Digital economy 40 per cent bigger than official statistics suggest*, 22 July 2013, <http://niesr.ac.uk/press/digital-economy-40-cent-bigger-official-statistics-suggest-11498#.Uh0LoJLCam4>
- [13] T. Mansel, *How Estonia became E-stonia*, 16 May 2013, <http://www.bbc.co.uk/news/business-22317297>
- [14] D Moss, *Ambitions for Britain's Future*, Young Fabians, 2011, http://www.youngfabians.org.uk/component/com_edocman/id,4/view,document/
- [15] CBI and Pearson, *Further progress on school and college leaver attainment requires radical new vision*, 11 June 2012, <http://www.cbi.org.uk/media-centre/press-releases/2012/06/further-progress-on-school-and-college-leaver-attainment-requires-radical-new-vision-cbi-pearson/>
- [16] ICM, *More than half of young people put Apprenticeships as "First Choice"*, 16 August 2013, <http://www.apprenticeships.org.uk/news-media/latest-news/article353.aspx>
- The Data Service, *Apprenticeship vacancy reports ('SSA data report 3' (Sept to June 2013)*, 2013
- [17] EIM, *Do SMEs create more and better jobs?*, November 2012, www.bit.ly/18oII7A

Left outside alone? Youth perspectives on adult social care

Felicity Slater and Jack Storry

“I warn you not to fall ill. I warn you not to get old.”

Neil Kinnock

The current situation

Adult social care in Britain is on the brink of crisis. Higher life expectancy means that in coming years there are going to be more people requiring adult social care, while care services themselves are already facing severe constraints. Meanwhile, there is a personnel crisis: workers are demoralised and overworked, while a dwindling number of people are willing to work in the sector.[1] Local government officials warn of what they call ‘the jaws of death’: as a rise in demand for social care meets a fall in the funding available¹.

As Andy Burnham puts it:

“We are fundamentally failing in the way as a society we’re caring for older people, because the system at the moment is one where we are cutting social care and letting people drift towards acute hospitals in ever greater numbers.”²

Due to cost and availability, caring responsibilities are taken up by family members, often older women. Similarly, the dearth of quality, affordable childcare means that the sense of impending crisis across the care sector is growing. Such is the cost of childcare, that many couples are

opting for one parent – often the mother – to stay at home to care for the child, or relying on grandparents – again, often the grandmother, when it comes to childcare. Families are feeling the crunch.

During the final days of the last Labour government, attempts were made to find a cross-party solution to Britain's care crisis, but tri-partite talks – with Burnham, Andrew Lansley and Steve Webb the key figures – foundered amidst mutual acrimony and controversy over funding methods. It may have been that the Conservatives hoped that they would be able to revisit the issue with the aid of a parliamentary majority, but, after the inconclusive result of the 2010, they again found themselves having to seek a cross-party consensus on social care.

As many a government has done when handed a particularly thorny policy issue, in 2010 the coalition referred the issue for consideration by a commission. The coalition asked Andrew Dilnot to chair its commission on Care Funding and Support – and thus the Dilnot Commission was born. The primary recommendation from the Dilnot Report that ensued was that an individual's contribution to the costs of their care should be capped at £35,000. However, the government announced plans that would cap and individuals' care costs only at £72,000, from 2016. Labour has opposed these plans, claiming that they would help too few people. Indeed, the government has said just one in eight will benefit from the changes. Meanwhile, on Labour's side, a far more radical approach was emerging, described by Burnham as 'whole person care': the integration of health and social care across one system instead of three. There remained just two questions: how do you get there, and how do you pay for it?

Our approach and findings

There already exists a great and growing number of studies into the care crunch and the costs of care. From a Labour perspective, the idea of 'whole person care' is one that is unlikely to be bettered. This chapter will look at the opinions of young people themselves – who will feel the pinch of the care crisis most acutely – and to suggest what, if anything, this would reveal about the crucial questions.

We conducted a 14-question survey for under-31 year-olds, which was conducted online via Google over a weeklong period. The findings of these surveys were discussed as part of an e-roundtable between Young Fabian members. In addition to this, we spoke with various stakeholders within care including a former young carer, and three students from Kingston University's Social Work BA programme.

Survey findings

Reflecting a combination of young people's personal priorities large majorities thought very little about either childcare or social care. Asked how often they thought about social care, 74 per cent of respondents thought about social care hardly at all (nine per cent 'not at all', 29 per cent 'very rarely', and 36 per cent 'occasionally'). Only a narrow rump of respondents thought about social care 'all the time' (four per cent).

These results were the cause of considerable consternation amongst participants in our e-roundtable. Participants suggested that the best course of action might be a campaign to better inform the public about the costs of care. However, the experience of charity campaigners and other advocacy groups is that the value of such campaigns is limited; and, government awareness-raising schemes – for instance on the issue of immigration – tend to be a double-edged sword. As the Conservatives have recently found, attempts to raise awareness on the issue of immigration have worked, but the government is still seen as incapable of dealing with (read: “controlling”) immigration.

Equally, responses to questions within the same survey caused us to query the value of the endeavour itself. When asked about the cost of childcare, 75 per cent of respondents thought about childcare either ‘not at all’ (seven per cent), ‘very rarely’ (31 per cent) or ‘occasionally’ (37 per cent). A mere 22 per cent of respondents thought about childcare ‘frequently’, and an eccentric three per cent thought about it ‘all the time’. However, it would seem unlikely in the extreme that the same cohort would still be as uninterested in the costs of childcare in a decades’ time, when we would expect more of them to begin facing those costs. A better question might be not the views of young people, but the views of those already facing those costs today. As Burnham discovered during cross-party talks, however, the preferences of low-information voters cannot be discarded. Ultimately, that seventy-four per cent will have to meet some (or all) of the costs of care. Their initial reactions to funding mechanisms are therefore of significant importance.

As with the overall population, there is broad support for a stronger social care system than the one we have currently: just as long as someone else pays for it. Only 30 per cent agreed that the preservation of life savings and possessions should be most important consideration for policy-makers, while, 54 per cent disagreed. However, when asked if they supported a levy on savings and property to finance adult social care – the funding mechanism discussed in the pre-2010 talks on social care – only 39 per cent backed the measure, while 56 per cent of respondents disagreed with the assertion that ‘the costs of adult social care should, where possible, fall on the user’. As a general principle, respondents rejected the idea that social care should subsidise the savings of users; on a specific level, they resisted strongly the idea of giving up their own savings and possessions to fund a care system.

Interview with social work students

As successive reforms to higher education funding have shown, governments are able to move the debate if they have support for initial propositions – that the user should pay some of the costs of their education directly – and strong support at an elite level. A similar combination exists for social care funding, with most respondents accepting the need for a measure of individual sacrifice, and a recognition among the commissioners of care that costs will have to be partially met by users.

Rather than funding social care through general taxation, which would be difficult with an ageing population and less money around, the students argued that “it is hard to see that social care will not have to be paid for by the individual” through a contributory, pensions-style mechanism.

Our interviews with social work students uncovered widespread anxiety about how austerity will impact the quality and provision of social and care work, but they also suggested ways of moving closer towards whole person care. There was concern, on both an philosophical and practical level that some of the policy choices made by the Coalition were imperiling the sector:

“The ‘Big Society’ doesn’t really work with social care, because high quality social care needs a highly trained workforce.”

“Councils have had to cut nearly a third of their budgets on social care services. Although there are areas where efficiency savings could be made, cuts this deep will undoubtedly diminish service quality.”

However, the students did identify a number of areas where savings could be made within the sector, largely through breaking down the ‘silo’ of care provision. *“Every social worker should have a laptop, so that they could do the paperwork online with the patient at the time.”* In the London Boroughs of Croydon and Merton, “de-silosation” of care services has saved money and space, while bringing care services under one roof and moving towards the ideal of ‘whole person care’.

There was also strong support for reform within the sector. An overly defensive bureaucracy, and a litigation-fearing culture were strongly criticised, particularly within childcare services.

“Social care services focus too much on procedure and process; on numbers and meeting targets, rather than front-line care. [...] There is no real assessment of the work we do with their patients. Performance should be rated from service user satisfaction rather than meeting targets.”

Students felt that the casework burden on individual social workers was too high, arguing that smaller caseloads would improve quality of care and patient satisfaction, as *“patients want continuity; the same social worker for a long period of time, so they can build a relationship.”* Conversations with patients and carers alike confirmed that lack of continuity was a perennial source of discomfort for stakeholders.

Students agreed that a move to a preventative model of care would save money and prevent *“social care services from becoming overheated in the future.”* Early intervention mechanisms were cited as an area that should be protected at all costs as local and national governments make savings and pare back services. The students also expressed a strong concern that patient satisfaction was not given sufficient weight by the bureaucracy, arguing that *“happiness should be a key measurement of success in services”*.

This should hearten Labour, indicating that there is a strong bedrock of support within the sector for de-silosation and the whole person care model, while the idea of ranking local authorities through patient satisfaction might also prove a key driver of reforms.

Interview with a young carer

In speaking to young people, and to the future class of social workers, we spoke to those who were destined either to pay for, receive or provide care, but we also spoke to a group that is often forgotten. Valerie³, a young carer, is one of a ‘hidden army’ of young carers, estimated at numbering 750,000 in the UK. This averages out at 12 young carers in every secondary school⁴.

Valerie was clear: “I wouldn’t change that fact that I was a young carer. It has made me the person I am today and every young carer I have worked with over the years would say the same.” But she was equally clear that her role as a carer lacked both adequate recognition and support from either care professionals or other authority figures:

“[I wanted] teachers, social workers and health professionals to have a better understanding about the huge responsibilities I had at home. [...] A lot of young carers are providing 50+ hours of care a week and so handing in a piece of homework late should not be met with detention at school. Every school should have a key ‘young carers’ person. [...] Young carers still remain hidden and so are not receiving any support. Awareness campaigns are desperately needed and can be done through young carers projects. I think a holistic family approach is needed in order to provide support that recognizes the needs of not only the cared for, but the wider family and the impact changes have on everyone.”

Conclusions

Even allowing for the partisan bias inherent to conducting a poll largely advertised through Fabian networks, the poll finds a broadly similar outlook amongst 16-31 year olds as their older peers. Unfortunately for policymakers, these offer no clearer a set of policy guidelines than their older peers have. There is strong support for adult social care; but incoherence as far as funding is concerned. Similarly, there is broad support for childcare; but uncertainty as to provision.

While there is a greater level of coherence about funding mechanisms amongst young producers and providers within the sector, and a widespread appreciation of the need for so-called ‘switch spending’, complex and at times contradictory impulses remain; for example, the same students who recognise that they could be tasked with more paperwork on the go also argue for a smaller overall caseload.

How might we cut through the incoherence and the contradiction? For young people, it is inescapably difficult to imagine what their care needs might be in the event of old age, infirmity or illness, to bridge the gulf between what they know of their grandparents’ needs, and what they might yet need themselves, while care-users and young carers find their own needs are often ill-served.

A new model of measuring results in the care sector, as mooted by both social work students and ‘Valerie’ might yet provide the answer. A ‘happiness index’, of patient and carer satisfaction,

should be used to assess the performance of care services alongside current performance-based indices. In the future, this would help develop a care system in line with the wishes of care users, while speeding along the break-up of the NHS and care services' silo models. A measurement for success that puts happiness, not just numbers, at the heart of social care, could prove the best way of separating what we think we want from what we actually want.

[1] Falls in the overall number of people becoming social workers have been observed for almost a decade: [E. Harlow, *Why Don't Women Want To Be Social Workers Anymore?* European Journal of Social Work, 2004). Surveys of the motivations and experiences of care workers themselves are low. However, the sector has one of the highest rates of staff turnover in the United Kingdom, and sixteen percent of the total work force is drawn from recent migrant populations, so it is safe to say that the industry faces a problem in both recruitment and retainment of staff.

[2] D. Aitkenhead, Andy Burnham interview: 'We've lost the art of thinking bigger', The Guardian, 9 August 2013, <http://www.theguardian.com/theguardian/2013/aug/09/andy-burnham-interview-thinking-bigger>

[3] Not her real name

[4] BBC News, *Research highlights Britain's young carers*, 16 November 2010, http://news.bbc.co.uk/local/shropshire/hi/people_and_places/newsid_9192000/9192515.stm

About the Authors

Joel Mullan is an advisor on education, employment and skills policy. He has had research published by Policy Connect, CentreForum and the Institute of Education Press, and also co-edited the Young Fabians pamphlet on “Generation Crisis”. Joel is a trustee of the vocational training charity Skills for Growth and Policy Officer on the Young Fabians Executive.

Richard Bell is currently a political assistant at a Labour-run local authority in London. He has previously worked as a policy officer for the Society of Local Authority Chief Executives and as a regional field campaign organiser for the Ed Miliband for Labour Leader and the Yes to Fairer Votes campaigns. Richard has also served as election agent and organiser for numerous Labour party campaigns in London. He holds an MSc in Democracy and Comparative Politics from University College London.

Alvin Carpio is Chair of Young Fabian Policy Commission on Youth Unemployment. He is also a board member of the UpRising Leadership Programme which equips young people from diverse backgrounds with the knowledge, networks, skills, and confidence to transform their communities across Britain. As a community organiser for London Citizens, he led the Citizens’ Inquiry into the Tottenham Riots. He also did research on social policy for the think-tank Demos, and ran soup kitchens and a welfare drop-in service. He recently completed his MSc in Social Policy at the LSE and now works for Catch22 and the Transitions to Adulthood (T2A) Alliance.

Charles Malissard is part of the Government Affairs team at Arup, a global multi-disciplinary consultancy. He assists the firm’s energy, transport and infrastructure business leaders in managing strategic relationships in Whitehall and beyond. Charles has been seconded on a part time basis in the office of Caroline Flint, Shadow Secretary of State for Energy and Climate Change where he assists her team in energy policy research. Charles has an MA in Diplomacy and Energy Policy and is a Law graduate.

Charlie Samuda is an adviser on energy and environmental policy at Shell. He studied International Relations at LSE and has an MSc in International Development from Oxford University. Charlie is a Vice-Chair of the Labour Campaign for International Development and is also a trustee of the Blackfriars Settlement in Southwark.

Felicity Slater has been a member of the Fabians since 2008. She has helped to set up the Fabian Women’s Network mentoring scheme, and is a regular contributor to Fabiana magazine. After studying politics at Cardiff University and Sciences Po Bordeaux, Felicity went on to gain a masters in European affairs. She now lives in London and works for Progress.

Jack Storry is Young Labour’s International Officer. He is also currently a member of Action for Southern Africa’s National Executive Committee and was formerly International Officer for the Young Fabians.

Ian Tennant is a public affairs consultant, an active member of the Labour Party and of the Young Fabians. As a consultant at the global agency FleishmanHillard, Ian specialises in advising clients on energy policy and communications, with an expertise in nuclear power, renewables and the retail market. Prior to joining FH in 2009, he worked in the office of Kerry McCarthy MP, Labour Member for Bristol East. Ian has a MA in Contemporary British Politics from Goldsmiths College, University of London.

Acknowledgements

The editor would like to thank the Young Fabian executive for the time and support they have given to this project – particularly Steve Race, Alexander Adranghi, Ellie Cumbo, Graeme Henderson, Vicki Butler, Rayhan Haque and Hetty Wood.

Thanks also go to Simon Sapper and colleagues at the Communications Workers Union, who kindly provided financial support for this project and to Impetus-Private Equity Foundation, particularly Rhian Johns, who provided intellectual and financial support for the work of the Youth Unemployment Policy Commission.

I am also grateful to Patrick Diamond, who once again facilitated a policy-making workshop for Commission Chairs, as well as leading a discussion for the Care Crisis policy commission. On the editorial side, thanks to Sarah and Rachel for looking over draft chapters.

The Young Fabians are also grateful to the organisations and individuals who have supported to the work of our Policy Commissions through speaking at events or providing support in other ways. These include: the Society of Local Authority Chief Executives (SOLACE), Katy Jones (Work Foundation), Tess Lanning (formerly IPPR), Faiza Shaheen (new economics foundation), Gus Baker (Intern Aware), Symeon Brown (former researcher to the Guardian's Reading the Riots project), Sophie Richardson (UpRising Leadership Programme) and Suzy Stride (Labour's PPC for Harlow). Thanks also to the staff and young people at City Gateway who kindly hosted a learning visit for the Youth Unemployment Commission.

Most importantly though, I would like to thank the Young Fabian members whose ideas and challenges have fed into the content of this pamphlet: Joe Anderson, Rachel Megan Barker, Simon Bunney, Katrina Gajevska, Douglas Gilbert, James Hubbard, Jasper Kain, Prasanna Kannan, Sophie Keenleyside, Ian Kugler, Shane McIntyre, Keith Millar, Andrew Noakes, Ian Odiwe, Ben Powell, Peter Ptashko, Afzal Rahman, Jack Stenner, Chris Terry and Sarah Webster.

Bridging the Policy Gap

Big Ideas for the Next Labour Government

Edited by Joel Mullan

In March 2013, with the next General Election firmly on the political horizon the Young Fabians challenged its members to come with a set of policy proposals for a future Labour government to explore. This pamphlet, which draws on a policy process involving scores of Young Fabian members, politicians, businesses and community organisations, is the result.

Our underlying premise is that British politics needs big ideas, which will both position Britain for the future and mobilise the electorate. The government taking office in Spring 2015 will have to get to grips with a multitude of longer term domestic and global policy challenges: the implications of an ageing population, greater uncertainty around the UK's energy supply and the growing importance of the emerging economies. These challenges cannot be tackled by tinkering around the edges.

In a series of four essays, our authors call for boldness: a manifesto which offers more than managed decline, but appeals directly to the hopes and aspirations of the British people.

“The Young Fabians have played a crucial role in developing new policies for the Labour Party. More than ever before their fresh ideas and clear thinking will be important to creating the politics of the new generation.”

- Rt Hon Ed Miliband MP, Leader of the Labour Party

ISBN 978-0-7163-2062-3

£5