



The Anglo-Social Model: space for subsidiarity, responsibility and freedom

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Introduction

Britain's welfare state is in many respects a hybrid of Esping-Andersen's 'liberal' and 'social democratic' models (Pearce and Dixon 2005). Traditionally, the liberal elements have undoubtedly dominated, but since 1997, when New Labour came to power, the model has been evolving, adopting features from the Scandinavian model. This has helped the UK to make serious advances in boosting employment and reducing poverty. Looking ahead, new challenges provide an opportunity to build on this shift and transform the British welfare state into a genuinely distinct 'Anglo-Social' welfare model (Pearce and Dixon 2005). Such a model would seek to incorporate the best elements of the liberal and social democratic traditions, combining economic dynamism with equity and social justice.

In this paper we argue that in order to achieve the Government's aspiration of an 80 per cent employment rate and to meet their historic pledge to end child poverty by 2020, a truly Anglo-Social model must be developed. We begin by very briefly describing some of the characteristics of the British model focusing in particular on the welfare state¹. We then discuss how the concept of rights and responsibilities might best be applied as a progressive framework for an Anglo-Social welfare state. Finally, we discuss how the development of a distinctive and progressive Anglo-Social model of welfare requires greater levels of personalisation and therefore highly devolved decision-making.

The Anglo-Social model

The foundations of Britain's economic system are essentially liberal. There are few constraints on the market determination of wages, which under a social democratic model would be checked by strong unions and centralised wage bargaining, and under a corporatist model by heavy labour regulation (Pearce and Dixon 2005). However, the introduction of the National Minimum Wage has set a wage floor for those at the bottom of the labour market. The UK's highly deregulated and flexible labour market produces relatively high employment but also creates a substantial amount of low wage, low skill employment, especially in the private service sector (Pearce and Dixon 2005). The preponderance of low wage employment generates persistently high levels of income inequality which Scandinavian countries have been able to avoid. Although the minimum wage and the massive expansion of tax credits

¹ The welfare state here refers to mean the benefits and tax credits systems and employment services.

have boosted the incomes of those on low pay, this has not been enough to reverse the significant levels of income inequality generated during the 1980s.

Whilst the UK has a predominantly liberal economic model, this is tempered by a welfare state that embodies some aspects of the social democratic tradition. Income redistribution does not match that achieved in the Scandinavian countries but a significant level is achieved through public spending and the operation of the benefit system (although the tax system remains largely regressive) (Pearce and Dixon 2005).

Since 2000 public spending has increased dramatically, with concomitant benefits for social justice. For example, since the pledge was made to end child poverty, 600,000 children have been lifted out poverty. In the late 1990s, 27 per cent of pensioners were poor but this had fallen to 17 per cent by 2004/5 (Palmer et al 2006). By 2006 pensioners were less likely to be poor than members of the population as a whole (Brewer et al 2006). However, further progress on these fronts is likely to be seriously constrained by a planned slowdown in the rate of growth of public spending from 2008.

There is some universal provision in the benefits system, and this has been consolidated in the last ten years and further bolstered by the Child Trust Fund introduced in 2005. There has been a significant growth in the range of means tested benefits, although the means test for some benefits (and tax credits) is set at relatively generous levels. Certain out of work benefits are also based on in-work National Insurance contributions but the actuarial link between the contributions made and income received is largely illusory, and very similar levels of out of work benefit can be claimed by those without the necessary contributions record.

Developments in Britain reflect wider trends in European social policy, as set out in the Lisbon Strategy. For example, spending on active labour market programmes has increased in recent years. Nonetheless it remains low compared to the social democratic countries. In 2005 the UK spent 0.52 per cent of GDP on active labour market programmes compared to 1.62 per cent in Denmark and 1.84 per cent in the Netherlands (OECD 2006). Disabled people's employment rate sits at a woeful 50 per cent and yet expenditure on programmes for disabled people is especially low, and has remained almost static for the last 20 years, accounting for just 3.9 per cent of Britain's total programme budget. This compares to 13 per cent in Germany and 28 per cent in Denmark (OECD 2006). Given the strong evidence of the effectiveness of active labour market programmes (see Gregg et al 2006, Work and Pensions Select Committee 2006, OECD 2006), it seems likely that expenditure on these programmes will need to increase if the government's 80 per cent employment aspiration is to be met.

At 70 per cent, female employment in Britain is higher than in states with corporatist models such as France and Germany, but remains below that of its social democratic counterparts as a result of a lack of universal affordable childcare, a fully embedded culture of flexible working, and structural disincentives in the tax and benefit system (such as household means tests, which reduce the incentives for a second household earner to work).

Although Britain faces many of the same challenges as its European counterparts, these challenges will play out through its distinct and evolving welfare model, requiring unique responses. Britain's less regulated labour market makes it potentially less vulnerable to the pressures of increasing European and global competition but this comes at the cost of relatively high levels of inequality. Up to

now, the strength of the UK system has been to generate high levels of employment, whilst a commitment to a strong welfare state has helped it to avoid the dramatic levels of inequality experienced in other liberal states, especially the US. Clearly, the UK still has some way to go to achieve the levels of equality and social justice that social democratic states have achieved. Moving further towards creating a fully Anglo-Social hybrid model could help to reach this goal, whilst ensuring continued levels of economic prosperity.

In the next section we consider how the concept of rights and responsibilities might best be interpreted in the context of this nascent Anglo-social welfare system.

Rights and responsibilities

Labour has striven to embed social democratic principles in the welfare system by seeking to realign the relative position of rights and responsibilities. The current government has been concerned about the “moral and disincentive effects of a rights-based system” (Harker 2005: 265) and has been keen to focus on the question of reciprocity within the welfare system, with an emphasis on individual responsibility.

The concept of ‘rights and responsibilities’ is now widely accepted as a key aspect of the welfare reform debate and ideas like ‘balancing rights with responsibilities’ have broad popularity (Sefton 2005). Politically, responsibility has been a key element of recent policy initiatives from both Labour and the Conservative Party, with both parties flagging up the need to emphasise responsibility more in the welfare system, and in society more broadly. But the phrase ‘rights and responsibilities’ can be used to describe a huge range of policy approaches.

Current debate about rights and responsibilities in the welfare system tends to focus on individual claimants’ responsibilities and so becomes dominated by a discussion of what (disadvantaged) citizens owe the rest of society (White and Cooke forthcoming). This leads to an emphasis on greater conditions on the receipt of benefits (known as conditionality). However, a genuine debate about rights and responsibilities needs to consider the full range of responsibilities across society.

If we want to have a fair welfare contract, we must recognise the three-way reciprocal relationship between the individual, the state and civil society. This relationship obliges every citizen to make a contribution to society according to their capacity to do so, and this may be in the form of paid work. However, the state and wider society also has an obligation to provide the conditions and support to enable individuals to make that contribution. White and Cooke (forthcoming) describe this relationship as ‘fair reciprocity’. Fair reciprocity has four key principles:

- Fair opportunity – citizens must have a fair level of economic opportunity, for example, an equal chance to set up a business, get a good level of education or do a job of their own choice.
- Fair reward – the structure of rewards for economic contributions must be fairly distributed across society.
- Universality – everyone who has the capacity to make a contribution must be expected to do so, and that expectation must be enforced equally, not just on benefit recipients.
- Diversity – society must acknowledge the full range of economic contributions, not just paid work.

Within a system of fair reciprocity, it is the responsibility of a citizen to make a contribution through work where possible, and in support of that, to take reasonable

steps to improve their economic potential, for example, by actively looking for work in periods of unemployment. An individual can only be expected to make a contribution according to their capacity and citizens have differing capacities, which needs to be recognised by the state and civil society. Individuals may also have a responsibility to make other kinds of contributions, such as caring for children or other relatives. Here, there may be a tension between an individual's responsibility to make an economic contribution and their caring duties. The welfare system must be able to recognise non-work responsibilities, and needs to acknowledge the differing capacities of citizens to contribute.

Within a relationship of fair reciprocity, the state has a number of obligations. It has a duty to ensure that adequate and accessible jobs are available and to support people who need extra help with moving into work and with remaining, and progressing, in work. The state must operate a fair and accessible tax and benefit system, and put in place the necessary structures and processes to ensure that responsibilities are enforced according to individual capacities. The state should also ensure fair reward, by providing some kind of decent minimum, such as a minimum wage, but also by seeking to limit the unfair distribution of employment rewards across society (White 2003).

Civil society has a role in helping both individuals and the state to fulfil their obligations. Employers have a responsibility to make jobs accessible to all, to help people into work and help people to progress by developing their skills. Given the need for individuals to make non-work related contributions, employers also have a duty to make a reasonable effort to accommodate these commitments. Trade unions can push for the elements of fair reciprocity to be more fully realised by promoting fair financial rewards, job security and flexible working rights, and by encouraging skills development and labour market progression.

Private and voluntary sector organisations will have an increasingly important role in providing welfare services on behalf of the state (we return to this subject below). As this role continues to develop they have a responsibility to ensure that individuals receive equal treatment and that their services offer value for money to the state. Community groups also have a role in fair reciprocity, by strengthening the ability of individuals to make their own contribution and reinforcing the state's efforts. At the same time, the state has responsibilities to civil society, by creating an enabling financial and legal environment and being prepared to cooperate actively with the full range of organisations (White and Cooke, forthcoming).

Ideally, each partner in this tripartite relationship would be able to completely fulfil their side of the bargain. However, at the moment, fair reciprocity cannot be said to exist in Britain. Our society fails to meet all the conditions of fair opportunity, fair reward, universality and diversity. In Britain, strong social class differences in educational attainment persist and there is evidence that social mobility has decreased between children born in 1958 and those born in 1970 (Brooks and Tough 2006; DfES 2006; Blandon et al 2004). Significant inequalities in wealth and income remain. Benefit conditions are not linked to an individual's ability to contribute and care work is rarely fully valued. The state and civil society are failing to fulfil their side of the bargain. Can the individual be expected to fulfil theirs? It is a complex question, but it indicates that an individual's responsibility must be proportional. As White and Cooke argue, "the less just a society is, the less it can reasonably expect from its disadvantaged citizens and the more measured any attempts to enforce such contributions must be" (White and Cooke, forthcoming).

The emergence of a rights and responsibilities agenda in welfare reform debates is closely tied to a general shift from 'passive' to 'active' welfare, which has occurred to varying degrees across much of Europe. In Britain, the post-1945 welfare settlement guaranteed a level of income maintenance to protect against the risks associated with unemployment, sickness and old age. Active welfare, which emerged in the mid-1980s, is much more concerned with providing citizens with the means to protect themselves against disadvantage (Stanley et al 2004). Increasing benefit conditionality and the introduction of active labour market programmes have been the two cornerstones of Labour's active welfare strategy.

The New Deal employment support programmes are the key plank of the government's drive to consolidate an active welfare strategy. A year after coming to power, Labour launched the New Deal for Young People, a mandatory programme which includes intensive job search, support from a personal advisor and the opportunity to take up training courses or work placements. This was followed by variations on this for other groups of out of work claimants. Voluntary schemes extended the idea of active welfare to individuals who traditionally have not been expected to actively seek work, such as lone parents and disabled people. There are plans for much greater work-related conditions to be placed on lone parents and disabled people, taking the responsibilities of these individuals to a new level and placing concomitant responsibilities on the state to deliver increasingly sophisticated employment support. We now turn our attention to this ratcheting up of responsibilities on all sides.

The need for personalisation in welfare

Implicit in the rights and responsibilities debate and the shift to active welfare is a recognition that a greater level of personalisation is required in welfare services. If citizens are required to do more in return for support, it is reasonable that the support they receive is more relevant to their particular needs and abilities.

Since their inception, the New Deals have helped 1.71 million people into work (DWP 2007). However, it appears that we are reaching the limits of what welfare to work services in their current form can achieve. Job entry rates for both the New Deal for Young People and New Deal 25 Plus have declined since their introduction and, while job starts in the voluntary New Deals are generally better, participation rates have been persistently low. Welfare to work programmes are also less effective for certain disadvantaged groups such as people with low skills, those with multiple needs and people from ethnic minority populations.

There are three major problems with the current structure of the New Deals. Firstly, the support offered to participants is determined by benefit category rather than by individual need. Individuals are excluded from some services by virtue of their 'category' regardless of whether they would benefit. Secondly, support is often inflexible and centrally prescribed, and programmes do not respond to differing needs or rates of progress. Thirdly, support stops when an individual enters work which can lead to lower retention, and can limit job progression for those with particular needs (One Parent Families 2007).

Currently, conditionality is almost entirely linked to which benefit category an individual happens to fall into. Conditions vary quite substantially between categories but do not recognise differences within categories of people (White and Cooke, forthcoming). This discrepancy can create unfair or unhelpful obligations for individuals, which does little to achieve their original goal of incentivising citizens to make a full contribution to society. This points to the need for a far more

personalised model of conditionality, which would better reflect the individual capacity of each citizen. Under such a system, emphasis would be placed on developing a partnership between the Personal Adviser and the client to achieve mutually defined goals. Every individual would negotiate an action plan with their Personal Adviser based on their specific needs and circumstances, with the expectation that claimants will stick to the agreed plan.

Within the drive for greater personalisation, more space must be created for citizens to have some influence and control over the kind of support they receive. Elsewhere in the public services it has been recognised that effectiveness will improve if services are more responsive to people's needs, but despite the shift to active welfare, this approach has been lacking in the welfare system. More regular consultation about the quality and nature of support, better information, more effective complaints systems and user forums may help clients to feel more in control (Harker and Oppenheim forthcoming). It is important to remember that the aim of greater flexibility in the welfare system should be to increase the control and agency of citizens, not to allow officials to have greater discretion over them (White and Cooke forthcoming).

Delivering personalisation in welfare

There is a strong case for greater personalisation of welfare to work services but this will be challenging to deliver in practice. The high degree of centralisation in Britain's employment and welfare policy and practice and will be particularly problematic. Here we consider some of the limitations of the current arrangements before assessing proposals which have been tabled to radically change the landscape of welfare to work in Britain.

Employment support programmes and the benefit service are now both delivered through JobCentre Plus, which provides services itself as well as contracting-out the delivery of employment support programmes to more than 900 private and voluntary sector providers. Regardless of who delivers them, programmes are designed largely at the national level and are very prescriptive. All jobseekers must work through a similar set of tasks, depending on which benefit category they are in, and there is little scope for deviation if these tasks do not appear to be relevant to an individual's needs or abilities. Individual providers have few opportunities to design their own programme of support which reflects the particular needs of their clients (Harker and Oppenheim forthcoming).

There is clearly a need for providers to be able to design employment support programmes without central prescription, although some national core standards will be needed to ensure a level of consistency across the country. Greater personalisation is more likely to be achieved when the nature of support can be determined by providers who have an understanding of their clients' needs, and some devolution of decision-making will be necessary to achieve this. Local providers are also more likely to have an understanding of the structure of the local labour market. Locally negotiated arrangements, whereby employers are offered work-ready candidates in return for a commitment to supporting individuals to remain and progress in work, will help build these partnerships. More broadly, locally developed strategies will enable more 'joined up' working between the range of local stakeholders with an interest in boosting employment amongst disadvantaged groups, which is unlikely to happen under centrally determined programmes (Schmeucker et al 2007).

The Department for Work and Pensions is currently piloting two initiatives which allow for substantial local input into decision-making and programme design. Employment Zones have been piloted in 13 areas of high long-term unemployment since 2000. Within these zones, services are contracted out to local providers with no central prescription, other than that clients must attend fortnightly sessions with their Personal Advisor. The Personal Advisor and the client work together to identify barriers to work and the Advisor is free to offer the support they feel is most appropriate to individual clients. Funding is largely outcome-based and can be used more flexibly. Although the cost per job is greater in Employment Zones than under the New Deal, retention is higher, so the cost per sustained job is equivalent to the New Deal (Freud 2007). This goes some way to demonstrating that support is more effective when locally-based agencies are able to tailor programmes to an individual's needs.

Another model for devolved decision-making is the City Strategy pilots. These pilots are designed to tackle localised unemployment, poverty, low skills and poor health by improving coordination between the public, private and voluntary sectors. Local stakeholders come together in 'consortia' to agree stretching targets and priorities, in return for greater flexibility from central government. The pilots aim to align or pool existing budgets, and also receive some limited central funding from central government, although all spending decisions are made locally (Schmeucker et al 2007). A key test will be to what extent the consortia can gain leverage over the budgets of organisations like JobCentre Plus, local Learning and Skills Councils and local authorities, which in part will be a test of to what extent central government departments are prepared to allow their agencies to devolve decision-making and resource allocation (Schmeucker et al 2007).

Local JobCentre Plus offices in particular will need to become more involved in strategic decision-making rather than simply acting as commissioning and delivery organisations. A major benefit of City Strategies is that many appear to be operating at the same spatial scale as local labour markets, which in many cases is the city-region level. This will enable links to be made between areas of opportunity and areas of disadvantage within the strategy area, but is also of a sufficient scale for the local focus to be retained (Schmeucker et al 2007). City strategies also have potential because they focus on retention and progression, which have traditionally not been a central feature of policy in a 'work first' agenda.

David Freud's review of the government's long-term strategy for welfare-to-work was published in early 2007. It was commissioned by the government and gives an indication of where government policy may go in the future. The report's central recommendation was for much greater contracting-out of welfare services within a regional structure.

Under these proposals, contracts would be agreed regionally with providers operating in the nine regions and two countries of the UK. Freud argues this model would offer contracts on a large enough scale to attract major players, whilst allowing contractors to take account of local needs. A prime contractor would operate services within each region. Jobcentre Plus would retain responsibility for providing services to clients for an initial period, in most cases the first 12 months, but after this point services would be contracted out to the private and voluntary sector. However, Freud is not clear about whether these prime contracts would simply replicate the current contracting regime in terms of the level of central prescription, or whether they would allow for much greater flexibility for providers, although he does agree that the greater flexibility embedded in the Employment Zones has produced substantial benefits (Freud 2007).

Freud does suggest that smaller sub-regional contracts may be appropriate in some areas where strong local strategies have already been developed, for example in City Strategy pilot areas, so that the local focus is not lost. Prime regional contractors would also be encouraged to sub-contract to specialists and work with local authorities and other local stakeholders. Freud largely dismisses the idea of widespread sub-regional or specialist contracts, but there are distinct advantages to this kind of contracting model in the ability to respond to local needs. In practice, there will need to be a balance between some elements of devolved decision-making and some national procurement. There is also no evidence to suggest that the employment support provided by the state is less effective than programmes run by private and voluntary sector organisations.

It is not clear that these proposals will generate choice for clients. In this case, client choice may not be the overriding priority or compatible with the best contracting structures. However, it would be desirable to enable client choice wherever this offers distinct benefits. For example, it ought to be possible for providers to allow clients a choice of Personal Advisers (comparable to the way surgeries allow patients to move GPs). Given the pivotal importance of the Personal Adviser/client relationship this could deliver real benefits.

Conclusions

Since 1997, Labour has sought to entrench key social democratic principles in Britain's welfare system. In the context of a favourable macroeconomic environment, this has generated tangible benefits, including reductions in child and pensioner poverty, and higher levels of employment. Britain's welfare state must continue to evolve if further progress on these key goals is to be made.

The shift to active welfare has embedded a culture of rights and responsibilities in the welfare state, although there is still considerable debate what this means in practice. As the Anglo-Social model has developed, the state has increasingly expected more from benefit claimants. A relationship of fair reciprocity requires that the state also does more to support individuals in their efforts to meet their growing obligations. Greater personalisation will help the welfare state to achieve this, and is likely to enhance the effectiveness of welfare services. Yet the drive to greater personalisation is limited by the overly centralised nature of Britain's welfare state. Reform of the contracting regime for welfare services is imperative if we are to enable both providers and their clients to have greater control over the support they receive. Local decision-making and flexible, outcome-based funding are key to creating a welfare system that genuinely responds to the differing needs and capacities of claimants.

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