

REFORM

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Promoting responsibility and freedom

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Reform is an independent, non-party think tank whose mission is to set out a better way to deliver public services and economic prosperity.

We believe that by liberalising the public sector, breaking monopoly and extending choice, high quality services can be made available for everyone.

Our vision is of a Britain with 21st Century healthcare, high standards in schools, a modern and efficient transport system, safe streets, a free, dynamic and competitive economy and a welfare system worthy of the name.

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- Charitable
- Non-party
- 1 million € annual budget
- Growing influence on national policy-making

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Lombardy and SE England –
so much to learn from each other

- In summary:
 - Similar problems
 - Similar solutions
 - Similar obstacles to overcome

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Lombardy and SE England

	Lombardy	SE England
Area	23.8 km ²	19.4 km ²
Population	9.5 million	8.1 million
Employment	66.7%	79.2%
GDP / head	28,900€	28,700€
Social problems	Congestion Regeneration Social cohesion Ageing population	

NB does Italy have an IPOD generation?!

- 18-34 year-olds are the “IPOD generation”:
 - Insecure
 - Pressurised
 - Over-taxed
 - Debt-ridden
- Paying higher taxes for services that they do not use (healthcare, pensions)

and

- Increasingly paying for their own services – higher education, private pensions, healthcare

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“Subsidiarity” vs “reform” I

- Different context
- Constitutional reform has not affected the UK in the same way as Lombardy
- Scotland and Wales have received greater decision-making ability, but not English regions

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“Subsidiarity” vs “reform” II

- *Some* debate public sector change in terms of constitutional reform
 - “localism”
 - “devolution”
 - Often means, in practice, shift in decision-making power from central to local government
- But *most* debate public sector change in terms of “reform”; “choice”; “competition”
- Still amounts to *empowerment*

Why reform?

- Society is changing:
 - Wealthier, better educated, more consumerist
- Private sector delivery has raised expectations of public services
 - Mobile telephones, low-cost air travel
- Public finances are tight

Lombardy

- Summarised from the outstanding paper Colombo, A. & Mazzoleni, M. (2006) "Lombardy's model of governance – empowering communities and society with the freedom to grow" (Italy: IREER).

Lombardy – policy model

- Government should fund and regulate but not necessarily provide
- Aim to favour “maximum freedom of choice”
- Examples:
 - Limited funding of children at non-state schools
 - Funding of independent family organisations
 - Free choice of hospital provider, whether state-run or for-profit
 - Vouchers for elderly and disabled people

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Lombardy – barriers to reform

- “Bureaucratic resistance”
- “Policy choices are often driven by the desire to accommodate rather than innovate”
- “The results still have to come, and the actual benefits for the whole of Lombard society and economy still have to emerge.”

SE England – policy model

- Government should fund and regulate but not necessarily provide
- Aim to favour “choice”
- Examples:
 - Vouchers for elderly and disabled people (“self-payments”)
 - Limited funding of children at non-state schools
 - Free choice of hospital provider, whether state-run or for-profit
 - Charges for higher education

SE England – barriers to reform

- The “Blair legacy”:
 - Higher spending – which absorbs resources for new services
 - Centralisation – which prevents innovation
 - Marginal change – which leaves most services untouched

Barriers to reform

- The inputs-led approach 1999-2008
 - E.g. National Health Service staffing has increased by 40 per cent, to 1.4 million people (England). 100 new hospitals have been built
 - No change in key output trends
- The dominant centre
 - 1997 onwards: command-and-control. Cf Public Service Agreement targets
 - 2001 onwards: central commissioning. Leads to local hostility!

Answers?

- Structural reform
- Health and education: choice and deregulation of supply side
 - Netherlands, Switzerland
- Policing: local accountability
- Economy: firm limits on public spending

Scenarios for UK

- Best: actual commitment to consumer led reform from both main parties
 - Shift in funding to local control
 - Willingness to support change
- Likely: incremental change (leading to rising public discontent)
- Worst: moratorium on change

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Conclusion: dialogue

- Let Lombardy and SE England support each other!
- Share results of research
- Improve quality of discussion on public service reform

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**Public service reform and the partnerships
industry**

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