

GOVERNANCE: THE LOMBARDY WAY
Assessing an experience, designing new perspectives

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

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Testo non rivisto dall'autrice

Thank you. I would like to start up with a very brief description of the Anglo-social model. I understand that people here have a good grasp from previous seminars of what happens in Britain, and concentrate in particular this morning on the welfare system, in particular benefits for out-of-work people. I will give a brief description of the model in the U.K., in particular I want to talk a bit about the British conception of rights and responsibilities as it has taken place over the last ten years. I want to talk about some of the deficits in understanding rights and responsibilities that we have in Britain, and about the limitations in understanding how to move forward and face the challenges of the next 10 years. I would like to focus on the need for greater personalisation in the welfare state and the British model, and look at some of the challenges that exist in terms of delivery of that personalisation moving forward and, in particular, highlighting some of the deficits in the U.K. model. There may be parallels in Lombardy or areas where Lombardy is avoiding some of those limits: I would be very interested to hear about those. In terms of moving forward and overcoming some of the challenges that we are now facing, my sense is that Lombardy is a little ahead of the game. So, as Prof. Le Grand said earlier, there may be more in the U.K. to learn from you than the other way round, and I would be keen to talk about that.

The Anglo-social model is essentially a liberal economic model combining elements of socio-democratic welfare state. Over the last 10 years, this emerging model has generated some clear, positive benefits in a context of a stable macroeconomic climate, with rising employment – 5,000,000 people have moved into work since 1997 – and lowering child poverty. However, there are many big challenges that lie ahead. In terms of equality in the U.K. approximately 600,000 children have been lifted out of poverty since when in 1999 the Government first pledged to end child poverty, however there is still well over 2,000,000 children living in poverty. The Government has a range of targets for the employment rate

for particular groups of people and indeed in particular areas. However, they look extremely challenging on current trends and we have seen some of the games made under the current system seem to be [...] in recent years. Therefore, there is a picture emerging, [...] is not going to be enough to face the challenges that still exist moving forward. Particularly given the context of slowdown in public spending, which has been anticipated at least over the next 3 years, and no doubt beyond. There is a need for a new approach. [...] responsibilities of being at the centre of the new Labour approach for the welfare state.

Indeed, across the political spectrum, everybody loves rights and responsibilities, and means whatever you want it to mean. But when it comes to talking about how to move people out of work into employment, the rights and responsibilities monitor becomes translated into: how do we get the [...] individual [...] responsibilities to invest in themselves and take steps towards work, we tend to leave sight of the other two sides of the equation. At [...] we've recently been talking about how to establish a welfare contract, and we described that as requiring a fairer reciprocal relationship between the three different parties: the individual, the State and the civil society. There are really four principles that lie behind a system of fair reciprocity, and I will just briefly talk through them. In fact, I think they are fundamental to our expectations of those three different parties moving forward. The first principle is fair opportunity, and by that I mean fair economic opportunity so that everybody has an equal chance to get a good education and do a job of their choice. The second principle is fair award, meaning that the structure of awards in the labour market must be fairly distributed, so that it does not generate two highly differentiated levels of income and equality. The third principle is universality, so that these expectation are applied across the board and enforced equally across the board. Finally, the fourth principle is diversity: it is not just participation to the labour market which is appreciated as a contribution to society, we also think about the contribution of care work, which strikes me as a particularly important dimension of the reciprocal arrangement in the case of Lombardy (I think that we have to refer the challenges that you were talking about earlier in terms of the birth rate to gender relations, specifically recognizing the value of care work). Under this system of fair reciprocity, assistance has a responsibility to make a useful contribution through work, where possible, and take reasonable steps to improve that economic potential. Civil society, on the other hand, has its own set of responsibilities, so, for example, employers have a responsibility to make their jobs accessible to all, and operators in the private and voluntary sector have a responsibility to make opportunities available equally and to treat all clients equally.

It is patently clear we do not have a system of fair reciprocity now in the U.K. In fact, the conditions that are applied to individuals who are out of work and receiving benefits are determined by the group or the category of claimant they belong to as opposed to their individual circumstances. In this system, if you are a lone parent, one set of conditions apply, if you are a disabled person, another set of conditions apply. Those conditions do not vary according to the individual and their ability to contribute as an individual, and over all the less fair the welfare contract is, the less robustly the State can be expected to enforce those

responsibilities. We often talk about finding the right balance between rights and responsibilities, but I actually think the challenge moving forward, certainly in Britain, is about establishing the right balance of responsibilities between the different players rather than the right balance of rights and responsibilities for the client, or the welfare claimant. The language of rights and responsibilities has really taken us from a passive welfare state to a much more active welfare state in the U.K. What this is meant in practice is greater benefit conditionality on individual claimants and increased investment in active labour market programmes, most importantly through the new deals for unemployed or out-of-work people. Mandatory programmes for young people unemployed in the long term and, specifically, greater benefit conditionality for lone parents and disabled people is planned moving forward. As I said earlier, this has all taken us so far, but we are now reaching the limits of what the current model can achieve. So, in order to achieve a system of fair reciprocity, if claimants are expected to do more, then the State will also have to do more by providing more effective employment support. In terms of that system of employment supports, the main issues at the moment do not relate particularly to clients' responsibility or the failure of individuals to fulfil their responsibility: they relate to the structure of the system, and the system of delivery. As I mentioned earlier, the improvement support that has been made available to people is driven primarily by their benefit category rather than their need as an individual. So, for example, if you are a lone parent with a health problem and you do not qualify for disability benefits, your status as a lone parent trumps your disability. You are taking down the lone parent path and there is very little flexibility and opportunity to respond to your needs as a person with health problems.

As a consequence, the programmes are very inflexible and do not respond to varying needs. Again, as I said earlier, the conditions on benefit do not reflect claimants' differing capacities to contribute, but simply reflect the category to which they belong. Claimants also have very little say: once they are in, the programme is very inflexible, there is very little opportunity to say: "this is the kind of training I would like to do, this is the way I would like to invest in myself". In a workshop with out of work people that we recently did a person said he was offered a job as a life-guard, and they did not even ask him if he could swim. People are put on a particular track as opposed to reflecting their individual needs and abilities. Also, under the current system, support ends pretty much as soon as a person gets into a job, so we have an endemic problem with people getting into work but very quickly moving out again back into this system. What does it happen in such a case? The system responds exactly in the same way as it did the first time around, with very little emphasis on how that individual is supported to stay in work.

I think these problems in the current formulation of out-of-work supports and the welfare system all pointed us towards the need to personalise our interventions, and to deliver much more individualised and tailored packages of supports. We have a big problem with this, in that we have a highly centralised welfare system, and this creates a very significant barrier to delivering greater personalisation. Therefore, we have got a very strong need for much greater

devolution and decision-making to the local and regional level, in order to allow the providers of support to respond to their clients' needs, allow them to design programmes around the needs of the local labour market and to work with other partners to respond to both the clients and the local labour market, by working in partnership. Some effects have been made to deliver these kinds of programmes; a number of them have been piloted. Improvement zones have been running for some time and cities rush [...] more recent innovation to try to deliver this kind of more localised intervention. And it strikes me that the opportunities here are great for delivering exactly this kind of much more devolved programme. In the improvements ends there is no central prescription, but instead the programmes are designed by the local providers. The personal advisors are the persons who are working as a casework individually with the client. They are free to recommend a wide range of support to their clients and to pick between different kinds of supports available for them. This is greatly expensive, but obviously has much greater potential to deliver more appropriate jobs to the individual, with greater retention rates and evaluations of [...] than the equivalent new deal programme that I talked about earlier. It does lead to higher retention rates, therefore it does not cost any more in the longer term. City strategies are on more recent innovation and they are essentially consorted to public, private and voluntary sector organisations working in partnership at the level of the city region to agree an action plan to deliver employment supports in that area. Those partners are required to pull or align their budgets to achieve their shared goals, and this delivers much greater flexibility and independence from central prescription. I believe there is great hope for the benefit of those programmes and their ability to deliver real benefits on a local level.

There are things that we can do differently. The Government recently commissioned a former investment banker to look at the welfare market in the U.K., and he came up with some recommendations on how we might move forward over the coming years. They commissioned at David [...], who is the grandson or a descendant of Sigmund Freud, to do this work, and he made some fairly bold recommendations on how a market might be developed much more fully in the welfare system. His proposals were really designed about how you bring in [...] a really big place particularly in the private sector into the welfare market. I think we ought to be learning from those lessons, we need to go down this path, looking at what has happened with quasi-markets in health. David [...] recommended much greater contracting out of welfare services as well as a regional structure dividing England's 11 regions, Scotland and Wales. There is contestability within those regions for contracts, but each area, each region has one primary deliverer of welfare services. This is obviously a recommendation made to introduce a stronger market model into improvement services, but I think it is important to note there is actually no evidence that the private and voluntary sector have been more effective in Britain in delivering improvement services than the State. They are neither less effective nor more effective. So there are arguments in response to the third review that the State will continue to be able to compete alongside the private and voluntary sector to deliver those services. It is

not at all clear that this system would actually generate greater local and regional decision making.

I think that this system certainly would not deliver choice in the way that other reforms do: the health service, e.g., have delivered choice [...] based essentially on regional monopoly [...]. That is not to say it is a problem: what we know is that the choice matters for welfare claimants in quite precise ways. There has been very little take-ups of options of choice between different providers. In particular areas, people want choice in terms of individual personal advisors they see, rather than necessarily the organisation that they work for. So, it is important to differentiate when we are talking about choice in the context of welfare. The kind of choice that people want appears to be delivering real benefits. We have to think in terms of which programme do a person go on, what kind of support is available to him/her, who is his/her personal adviser, as opposed to what is the organisation that is going to be delivering this package.

Therefore, what is clear is that further reform of the British welfare model is required if more progress is to be made on achieving our key goals. Increased expectations are being placed on individual claimants, but this requires at least an equal effect in increasing the State's contribution in delivering and its responsibility to deliver the kind of support that individuals require. That means increasingly sophisticated and personalised welfare services which historically we have not been very good at delivering. It is an enormous challenge, but this much greater personalisation is much more likely to be achieved if decision making and resources can be devolved to the local level, if not regional level, where there is much more capacity to respond to individuals and local labour market requirements, where the central government is ready to let go giving the crucial involvement [...] employment rate targets. It is clear that that is the direction that is required over the coming decade.

Answering to questions

Earlier, you mentioned the resistance or the lack of popular support for the idea of financing education. The data show very clearly that 30 years ago the same was true in the U.K., but the attitudes have moved on massively in that period, and that coincided with a period, particularly the last 10 years, of significant expansion of the child care sector, and in particular a driving availability, but also quality. And the experience of the U.K. does seem to suggest you can expand child care, but in particular expand high-quality child care, then attitudes do shift, and these things work in parallel with one another.

If I could just add some to the baby bond as well, I think a very important characteristic of the baby bond is the limits on parental contributions. The baby bond could very easily become a vehicle for increasing inequality, as it is shown in the table that shows a different amount that may be available to an 18-year-old

depending on how their parents chose to invest the money and the level of parental contributions over time. Increase the contributions for the poorest children can help account for that, but also a very important feature in the British model is limits on the amount that parents can save into that fund over its lifespan, in order that it does not generate further inequalities between poorer and better off families.

Somebody asked about where health and welfare policies have been integrated. There is one particular example in the U.K. which I think is a very promising example of how this can happen. It is a scheme called “pathways to work” ; really it was developed to tackle the very high numbers of people who over the last 20 years have moved on to disability benefits (I think a characteristic of many welfare states across Europe); really very little has been done over the last 20 years to support those disabled people off the benefits system and back into work again (it’s kind of just put to one side). But “pathways to work” is really the first time that a serious attempt has been made in the U.K. to support disabled people back into work again. That actually is a scheme which requires people to attend a work-focused interview, but then individuals work together with advisors to develop a package that may include health support, rehabilitation, interventions, as well as specific training needs and so on, to have them move back into work. I think that example of health services locally and improvement services working effectively together to help those people back into work. And any evidence has shown those schemes are proving significantly more effective in increasing movements out of benefits into work than doing nothing or less sophisticated alternatives.

In terms of the extent to which personalisation can overcome challenges in the structure of benefits systems, there is two issues: the first is, in order for personalised welfare to be effective, it is important to have the appropriate structure of out-of-work benefits in place, so I think there are strong arguments being made for the separation out of need-based benefits and earnings, replacement benefits, so that it becomes a more straightforward calculation in terms of: if you move back into work you’ll be this much better off, because the need-based benefits are based on whether you’re in work or not, they’re based on what your needs are (perhaps if it’s a carer or a disabled person). And I think separating out the concept of earning replacement and other needs is quite important in helping people to realise partly how they might be better off in work, but also to get people remove that disadvantage in the labour market, and they have additional need that aren’t catered for [...] in the labour market. I think the critical factor is also how sophisticated the information personal advisors have about their individual, and it’s clearly essential that they’re able to sit down and make a calculation [...] of somebody’s position when they’re moving into work to help make the right choices for that individual. So, information has to be key in that relationship.