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LABOUR IN ACTION

**Low cost
socialism**

*Edited by
Gordon*

*Marsden and
featuring*

*Caroline
Abrahams*

*Andrew Adonis
Sir Jeremy*

Beecham

Anne Campbell

Bernard Crick

Karen Grudzion

FABIAN
SOCIETY

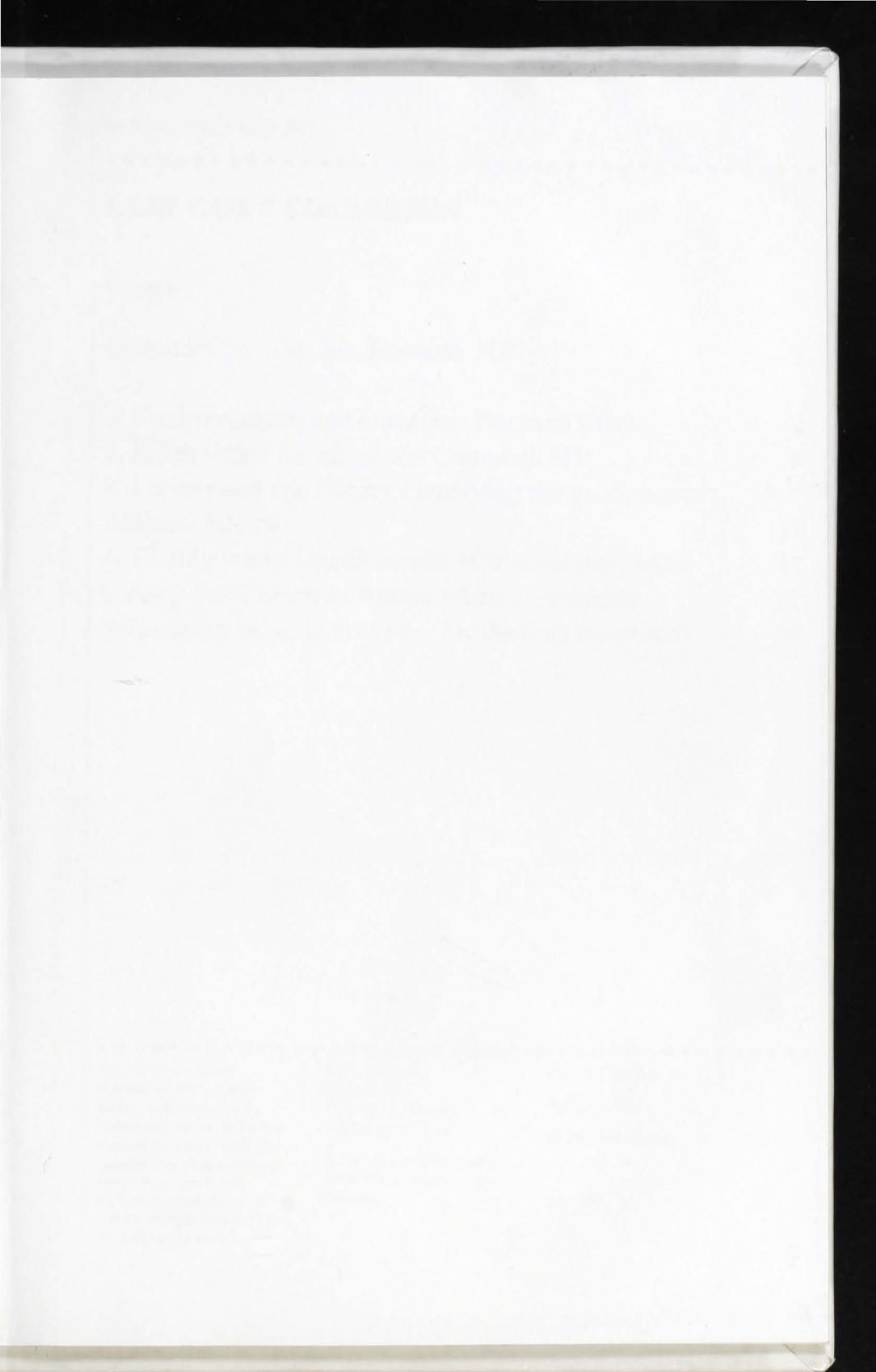


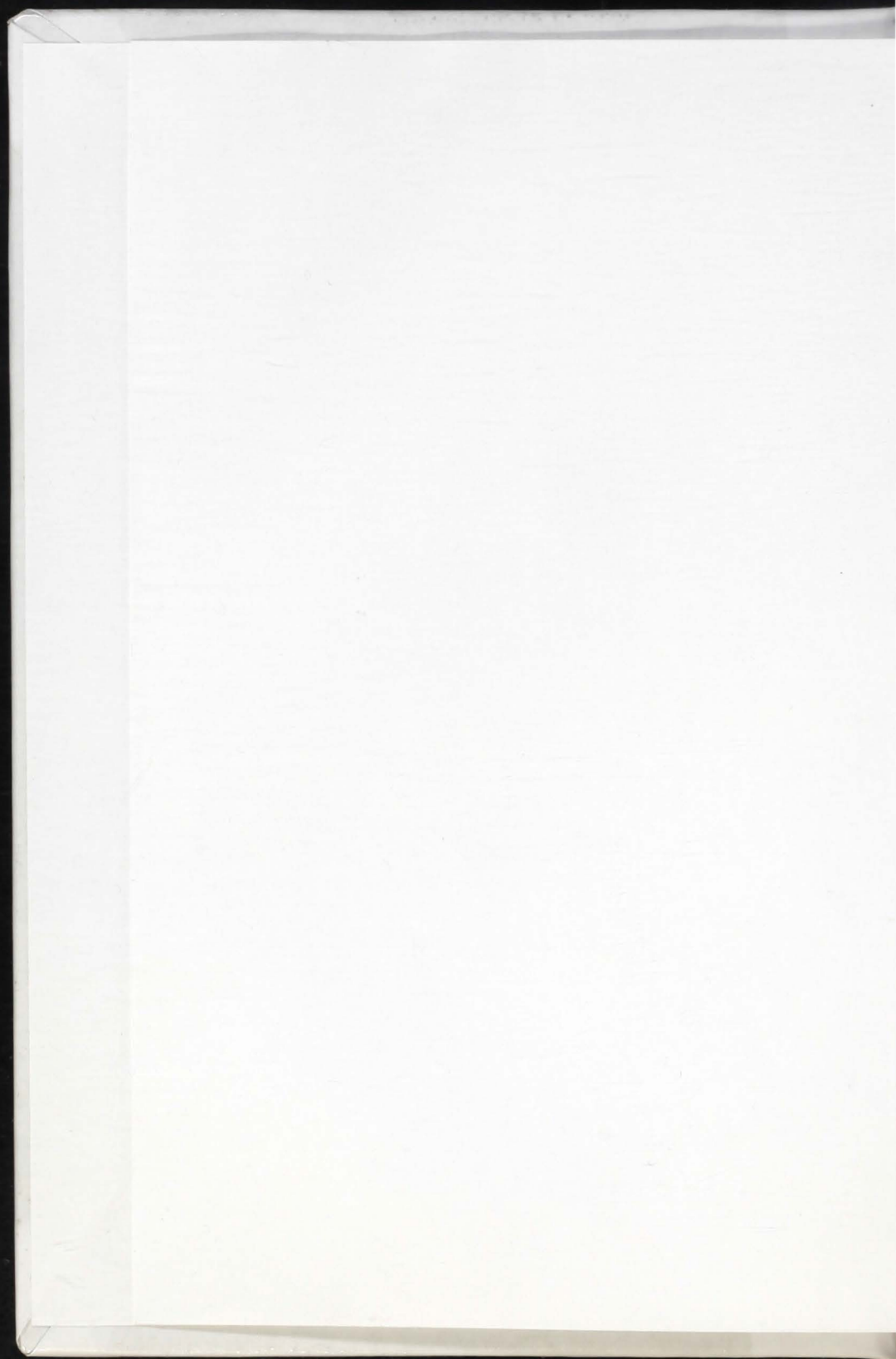


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LOW COST SOCIALISM

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The Government has
 announced the
 results of the
 election. The
 Labour Party has
 won a majority
 of seats in the
 House of Commons.
 The Government
 will now be
 formed. The
 Prime Minister
 will be Gordon
 H. Lasker MP.

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INTRODUCTION

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Gordon Marsden MP

“He who would do good must begin in minute particulars.” At a time when much has been made of the ethical roots of Tony Blair and the philosophy of New Labour, perhaps I may be forgiven for introducing this ‘modest proposal’ for initiatives the new Labour government might undertake with the wise, if gender insensitive, words of George Fox, the seventeenth-century Quaker.

For Fox’s words get right to the heart of what will help the early stages of the Labour government to be a success and gather momentum. People are rightly suspicious of theoretical constructs that do not deliver practical benefits for themselves and those they see struggling and care about in the Britain of the 1990s. Governments in turn, as the process of globalisation gathers pace, are restricted in their ability to be autonomous in traditional areas of state activity. They must look more keenly at what they can do, here and now, at the level of the nation state, to make a difference.

Added edge is given by the particular circumstances of Labour taking office. 18 years in opposition have ended in our acceptance of the market economy and the evidence, for all Kenneth Clarke’s pre-election feelgood and bonhomie, of coffers considerably barer than the Conservatives admitted.

And yet people want to see New Labour making a difference - and soon. The sheer ache of expectation - not just from those traditional Labour supporters who exclaim “free at last”, but also from new converts who were enticed and then betrayed by the Thatcherite dream - means we have to get moving.

We should not be frozen with fear by those expectations. 1990s Britons are realists - in the uncertain world of work, social and now even genetic change, which has opened up since the collapse of the old World Order in 1989, they have had to be. Many of them are braced already for the fact that as Gordon Brown has opened the public purse, he has found that the moths have flown, leaving an even deeper gaping hole than had been anticipated.

The new Labour government has indeed hit the ground running but at the same time Tony Blair has wisely avoided a frenzied '100 days' of gimmickry in emulation of Kennedy or Wilson in the 1960s. That way madness lies - and in these less innocent times the voters would soon see through it anyway.

So what are brought together here are a series of proposals for government to take up that will not cost a fortune, whose benefit to the public good is reasonably self-evident (or can be rapidly communicated as such) to augment in Government that sense of energy and renewal that Tony Blair is successfully carrying over from opposition.

The 'Low Cost Socialism' articulated here ranges across a number of areas - social, economic, cultural - Anne Campbell's contribution, for example, embraces all three. They are proposals designed to be of the age but not in thrall to every passing trend or fad.

In several cases they build on the 'best practice' of Labour in local government - an approach that has already successfully imbued much of the policy on which the 1997 General Election was fought.

The Left has often been very good at articulating Utopianism - but somewhat less good at spotting the changes that ordinary people feel will benefit them and their families and empower them in a way that the old post-war consensus can no longer do. This is why the Labour Party was so often caught on the back foot during the long years of Thatcherism.

Now we have to inspire and satisfy an electorate that remains sceptical of what government can do to make a difference in their lives but is also fearful of the uncertainties of the market and its often random and sometimes cruel delivery.

It is a daunting task but not an impossible one. This Fabian initiative is far from the only source of inspiration to a government that has eschewed the traditional recourses of Labour newly in office. Gavyn Davies, in reviewing Richard Layard's book *What Labour Can Do* in *The Independent* back in February, rightly praised his suggestions "for modest stakeholder-type reforms to discourage the culture of short-termism and hostile take-overs which permeates British industry. . . plenty can be done to change and improve the working of the economy without resorting to tax and spend."

The key words there are 'can-do' - the necessary philosophy to motivate and act as an antidote to the charges that the British people have just swapped one set of managers for another who will make little difference. The proposals contained here in this pamphlet are designed to uplift as well as offer practical pointers for legislation and ministerial initiative. They are imbued with something of that same spirit of 'Progressivism' that made such a positive contribu-

tion to Western society at the turn of the century and to which the early Fabians made so important a contribution.

At the same time they rub along with the sentiment that Tony Blair has articulated - for us to be proud of and learn from our past, but not to live in it.

In all of this - and in the positive response we hope the pamphlet will receive from policy makers and Ministers as well as the general public, the ability of what we say to set the right tone for New Labour in a New Britain is crucial. As Bernard Crick emphasises in his contribution, recognising the long-haul nature of our enterprise 'if we can only achieve our aims *gradually* we can live by our values now and every day.' Low Cost Socialism it may be - but with the objective of turning out a high-values (and highly-valued) society and citizenry for the new millennium ●

1

EGALITARIANISM AND EXAMPLE

Bernard Crick

“Low cost socialism”!? Hardly a concept or slogan that, as the Greek poet said, “warms the blood like wine”. It could make mine run cold and thin. But I have not preached political realism for donkey’s years to give up yet. Now is a season for Burkean prudence rather than for socialist extravagance. So let me respond to the title of the essay set and think hard about basics. So easy to be complicated about social policy, more difficult to be simple, to see the heart of the matter.

The socialist project began before Marx with a moral aspiration towards equality (in truth, if not in rhetoric, always *greater* equality - less unjustifiable inequalities, as Rawls would have it) and a critique of the theory of wages: that a free market does not result in a fair return for work done and is likely, without intervention from the state or society, to increase human inequality and misery rather than diminish it. But since then there have been two thoughts or dawning recognitions: capitalism driven by competition and market pricing has been far more successful than direct state control in increasing production of goods, and that some or possibly most of the resulting inequities and inequalities can at least be mitigated and made tolerable by welfare provision from the state. And the second thought is that mixed economies represent local variants on a general principle of social organisation, not an uneasy compromise of contrary elements. This, of course, demands acceptable public philosophies of just taxation and proper criteria to distinguish public from private spheres.

The recent ideological fervour for privatisation has been in part an indiscriminate reaction to the ideological fervour for state ownership and direct control of not so long ago. But it has also been an at first sight plausible attempt to simplify matters that are not simple. What is the best mix of a mixed economy in a particular culture? Certainly the theory of trickle-down from increased

GNP is abruptly contradicted by down-sizing and measurements of efficiency only in terms of reduced labour costs. Hurrah for retraining and re-skilling the unemployed, indeed; but the tide carries us backwards remorselessly if the favoured technologies are all capital intensive rather than labour intensive.

However, we are a long way from a publicly acceptable philosophy of either taxation or the public/private division of powers. This is the fundamental reason behind the restraints on otherwise obvious democratic socialist projects that electoral considerations so plainly pose. The climate of opinion has to be prepared. The failure of a government is not enough to vindicate the essential *higher* public expenditure commitments of any party of social reform. A party that gets ahead of public acceptability will always lose, lose nobly, but lose. Yet a party that does not also work to change public opinion, gradually but definitely, that takes both its aims and values from short-term opinion polls, that mistakes tactics for strategy, will simply sink, as the popular press has done, into the lowest common denominator and, frightened to offend any section of opinion, and unconvinced that opinion can be changed or mobilised for social change, will inherit poverty and unemployment and, by default, perpetuate them, grow hardened to their existence and may lose the next round.

But preaching public philosophies comes low cost (except in mental effort). Only thought, iteration and reiteration, and example are needed. Yes, we do know (most of us) what cannot be done quickly; not simply in narrow political terms, meaning electoral terms, but in a wider sense of politics that embraces long term aims and changes in social values. To talk of those two things we must talk of generational change not of life of any one parliament.

The tax pledges have been made. So now what cost or harm in talking more that we want, slowly but surely, to create a more egalitarian society - as the economy permits and as the public gradually comes to realise and can be persuaded that the public services they want have a bigger price than we are at present, it seems, willing to pay. I once wrote a Fabian Tract called *Socialist Values and Time* (No 495, 1984). It certainly does not now read, overall, like New Labour, but nor is it what New Labour calls Old Labour. Indeed it was, in part, an kind intellectual polemic against both Bennites and the Marxists. It could be summed up as "Rome was not built in a day", or Sidney Webb's old Fabian slogan, "the inevitability of gradualness".

But the way forward to where? Our aims need constant discussion. Not always commitment to policies, but speculative discussion about the ills of our society and possible remedies: literally, *thinking out loud* - especially when we differ. Raw conflict and civic debate and matters of tone. Leaders can surely find and set a civic tone: they have so much prominence. The long British tradi-

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tion of public political thinking now hardly exists apart from a few columnists and editorial writers in the broadsheets, and the occasional extended discussions or debates on the BBC. Academics now only talk to themselves. But the public are concerned about unemployment, poverty, health, environment, moral standards in public life; all things for which we know there is no quick fix, and on which many fear for their pockets until they can be convinced that neglect of the public realm will hit private selves and families ever harder and harder. Even if it is as vague as "concern" our leaders must sound that note more often, for "concern" at least sets the agenda for the task of developing public philosophies of taxation and the right division of public and private. The party wants reassuring (not just in Scotland) that there still is some moral vision of a way forward in all our minds. The revised Clause Four, by the way, is pretty good and worth taking seriously; let us not forget it.

But what is the way? Surely the long-term aim is towards a more egalitarian society. Not an equal, but an egalitarian society is our aim. And that we are not, and this can and should be said loudly. It does not need commitment to immediate public policies to preach that we should respect each other as equals and mitigate extreme individualism. People are not all equal in talents, and we are not all equally deserving of praise; but in both religious and humanist ethics, we are all equally worthy of respect, care and concern.

Political leaders have a great public platform and opportunity to influence aspirations and values, both by words and example. Example and *mimesis* are fundamental mechanisms of human change. Simplicity of dress and life-style, ostentatious unostentation, candour in discussing difficulties, debating courteously and exhibiting the virtues of citizenship and neighbourliness are far from unimportant. They could be of the essence of reform. So many in Britain grow disturbed at the media diet of consumerism, fashion and sensation, and would welcome some sense of purpose in life beyond individual competition. Equality of opportunity, even, is not enough. To talk more of values that have been traditionally socialist, say "liberty, equality, fraternity" - some difficulty about the latter, so say instead *community, co-operation* and *neighbourliness*, oh and add *democracy* certainly. To talk that refreshing, recharging way, without always tying prescription to policy, is not hypocritical (say "empty rhetoric") so long as the listener has reason to believe that the long-term aims are still there. Democratic socialism needs a theory of time as well as its animating ethic.

But I will get a low mark on this essay as set if I don't produce some concrete examples of low cost socialism and quick fix actions - well, at least necessary democratic preconditions for an evolving socialist project. Obviously to return the nation's schools to local control, but perhaps with the governing bodies

chosen partly from parents as juries are chosen, as well as elected political appointees. Less obviously to turn the national curricula into broad guide-lines to allow regional variants in actual syllabuses (dare I say like in Germany?), to escape from state control. The whole idea of a national curriculum has already proved dangerous both to liberty and knowledge. There should be guide-lines for civic education. We need to create a civic not a "subject" culture. And therefore devolution of power must be taken seriously; the best political education is widespread participation in making real decisions. The British state is far too centralised. The presumption of legal power should be reversed - *subsidiarity*: local authorities able to do anything not specifically forbidden. And the same for the local authorities even under the Scottish parliament. We should ride the consequences tolerantly. Standards and provision need not be the same everywhere. But this, of course, is only a piece of a now familiar agenda of constitutional reform that must include a Bill of Rights, a constitutional court and genuinely proportional representation. The latter is necessary not merely in principle but politically so that reforming governments may remain in power long enough to reform our sad society.

Some symbolic things: abolition of first-class travel entitlements for all public servants, including ministers and MPs, would not merely be exemplary, but help them to see how the rest of us live. Would they fear for their lives or that people might talk to them? Ministerial cars are necessary, but need they be *such* cars? This would hurt proud ambition, but that's the point. The monarchy has to be diminished in its palatial extravagance. That is cheap, indeed cost-efficient; and public opinion is turning that way. No, not to threaten abolition (that depends now on how they behave); rather, as in the Netherlands, a monarch as a respected symbol of the unity of a republic, a civic society; not the keystone of the English conceit and constraint of class. That makes it doubly important that the hereditary peerage should lose all political rights, and become private citizens. A familiar agenda; but just as an egalitarian society can only follow the economic achievements of capitalism, so it needs the precondition of a radically more democratic, decentralised and civic, participative institutions. So cumulative small steps continually.

The short term is relatively easy: for all leaders and activists to live by egalitarian values and talk them up. The middle term is to persuade the electorate that good public services and support for all our people have to be paid for. In the long run there is no democratic socialism (or say a socially just society) on the cheap. But if we can only achieve our aims gradually, we can live by our values now and every day ●

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INFORMATION FOR ALL

Anne Campbell MP

When Nicola Horlick was dismissed from her job, she challenged her firm. After unsuccessfully storming their London offices, she jumped on a flight to Frankfurt to visit the head office. Had she been a parent on a low income with no childcare, she would have had considerable difficulty reaching the local Council offices or the Citizen's Advice Bureau, let alone the Frankfurt head office. Yet it is the lone parent on low income with reduced opportunities who most needs help and advice.

It is clear that lack of access to information is one of the great social dividers. People without the necessary intellectual or financial resources to gain relevant knowledge, in a timely manner, are disadvantaged in work, in social communications and in many other areas of their daily lives. Many of the people who visit my advice surgery find that well-directed information gives them additional choices and can solve their problems.

One such constituent was an elderly pensioner, who had lived for years in pain and discomfort. She needed a knee joint replacement. When her doctor referred her to a consultant, she was appalled to be given a date for her first appointment four years hence. After letters to the hospital and some useful publicity in a national newspaper, it emerged that her doctor had referred her to a consultant who had a particularly long waiting list. There were, in fact, other consultants who had much shorter lists. Neither she nor her doctor knew this because the information was not easily available. It would have saved her some anguish and the hospital some embarrassment if the information had been more easily accessible.

When the Benefits Advice Centre in Cambridge ran a take-up campaign on benefits, they discovered people who could raise their weekly income by a fifth

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or more, simply by claiming the benefits to which they were entitled. Advice on benefits may increase take-up, but could also help people to make more informed choices about employment.

I know from the experience of my constituents that lone parents seeking work need information on childcare, jobs and training and benefits advice. But if to get this information they have to travel from one end of town to the other, with two children in tow, then the barriers become insuperable. One solution is to stop trying. Yet this means that a lone parent is trapped on benefit for the rest of her working life. For her, this means no satisfying job, no opportunity to progress, no social life outside the home and a life spent in struggling to make ends meet. Her child becomes one of the one in three children brought up in poverty in this country.

Technology is available that will improve people's lives. Sometimes it needs no more than a telephone. At other times it may be an electronic noticeboard with specific information about the expected underground trains, for example. Much of the useful information is on the Internet. Those with the resources have computers, modems and Internet connections at home. Others are able to access the information highway at work. Students will normally be able to connect to the joint academic network, giving them free electronic mail and Internet access. But there are a considerable number of people who cannot use this technology and have no hope of doing so without help.

I would like to see a network of public access information points, which are easy to use and contain information which is relevant to the ordinary citizen. Libraries and Council offices are ideal places to provide these, but they could also be placed in supermarkets, launderettes and railway stations. There are good reasons why commercial companies should be happy to sponsor such information points. As well as giving them the means of advertising their companies, there must be a commercial interest in ensuring that their future customers and employees are familiar with the new technology and the ways of electronic communication. If a company's own employees can gain useful information - such as lists of childminders and after-school clubs - it would benefit some of the larger companies to make information points available on their own premises.

Several Local Authorities are now beginning to realise the possibilities for improving people's lives in this way. Many are putting together helpful information and programmes which give advice or present the user with options. Others, such as Cambridgeshire County Council, are working with voluntary groups as well as public and private sector organisations to provide integrated information targeted at particular groups of users. Cambridge City Council feeds its air quality information directly into its web pages, which is certainly

2 helpful to asthmatics and others with respiratory problems. Employment opportunities and advice on benefits are areas which would help users in to work and help them to calculate how much they have to earn in order to be better off in work. This kind of programme could provide helpful information for government too, since if it is found that many individuals are much worse off in work, then this problem must be addressed.

Advances in digital technology will soon make it possible to interact with people in their own homes. It should be a condition of a public digital broadcasting license that broadcasters provide or subscribe to a public information channel. This would make benefits calculations possible from an armchair in your own living room. It is obvious how much easier it would be for groups such as pensioners or disabled people if applications for Council Tax Benefit or Housing Benefit could be made electronically. After providing the information once in this way to the local authority, applicants could then send off the same information to the Benefits Agency to claim for Income Support. Jobs, training courses, NHS dentists, library opening hours, public transport timetables, Council house exchange lists - these are all areas which most of us have wanted to access at some time. What an improvement it would be if we could find out through our own TV sets!

Many of these electronic advances will happen without government intervention. The real challenge lies in ensuring that the information explosion is designed for the many, not for the few. We must make the new technology available to all ●

LABOUR AND THE LOTTERY: PURIFYING THE GOOD CAUSES

3

Andrew Adonis

Chris Smith has made an excellent start in reforming the National Lottery. But he should consider going further than simply allocating the proceeds of the new Wednesday draw to health and education projects. The same “people’s lottery” arguments apply to the main weekly draw, which raises more than £1 billion a year for “good causes”; and to the procedure for deciding on deserving projects to benefit from lottery cash, which at the moment is secretive and unresponsive to popular sentiment.

Labour stands for the many not the few, and too much lottery cash goes to exclusive, well-heeled causes which would otherwise be poor candidates for taxpayer funding. This happens as a matter of policy, because the Lottery was designed to shield the arts and heritage lobbies from justifying their claims alongside other “good causes”. Most lottery players do not realise what is going on. If they did, they would support a Labour reform to ensure that the entire proceeds available for “good causes” are applied to projects offering broad social benefits. By this November, the lottery’s third anniversary, around £2 billion will have been spent on capital projects in the heritage and arts sectors. It is time that other causes with stronger claims on state spending got a share of the cake.

The Lottery and “Good Causes”

Today’s National Lottery has its origins in the 1978 report of the Royal Commission on Gambling. Chaired by Lord Rothschild and including an array of other ‘Great and Good’, the commission unashamedly recommended a National

Lottery as a lifeline for elite heritage and arts in a world without rich patrons. It even invented the term "good causes" to describe these pursuits. Its rationale for so doing deserves full quotation:

"A Government of any party, subject to day to day public and political pressures, finds it impossible to devote more than meagre resources to good causes of the kind which are desirable rather than essential ... There is a crucial need in our society for a source of substantial funds to provide support of a kind with which any Government experiences great difficulty. The objective should not be to replace the function of central Government but rather to fill the gap created by the inevitable disappearance, in a society where the accumulation of private wealth has become much more difficult, of private support of worthy causes on a large scale. The proceeds of a national lottery should not only be allocated outside the normal Government machinery: they should be immune, subject to annual scrutiny by Parliament, from Government influence."

The argument put here - which underpins the National Lottery as established by the Major government - amounts to this. Nowadays there are too few super-rich around to patronise high art and culture. Nor can a government, elected to do the bidding of ordinary voters, be expected to provide much money for such purposes within the annual budgetary scramble. Yet these *are* vital activities - "good causes" - and they can only flourish if the government heavily subsidises them somehow. How better than for the government to licence a national lottery, enticing the punters through the prizes which such a lottery alone can offer (as a monopoly), and then devoting a large slice of the proceeds, by prior agreement, to the "good causes"? To make doubly sure that elected ministers do not siphon off the cash for, say, the NHS, ministers should sign a self-denying ordinance to ensure that, in Lord Rothschild's words, lottery revenue "escapes or by-passes the normal government decision making procedures for resource allocation".

Note two further things. First, the point about there being too few super-rich around to patronise high culture. In the high-tax and low-salary 1970s, that was a fair argument; in the 1990s, with the rise of a new class of super rich whose tax burden has shrunk significantly, it is based on a false premise. Secondly, the idea that the punters themselves should have a say over the distribution of the lottery cash is not even considered.

Yet the National Lottery established in 1992 by the Major government was set up on these lines, although with the addition of sports, charities and the Millennium among the "good causes". It was felt that without charities the beneficiaries might appear too elitist. But it was never intended that they should be principal beneficiaries; the five "good causes" (heritage, arts, the Millennium,

sports and charities) were to receive equal shares. Indeed, including the Millennium among the new causes reinforced the arts and heritage dimension, since much of the Millennium Commission's support has gone to prestige projects like the Tate Gallery of Modern Art at Bankside. No public consultation was undertaken on the identity of these "good causes".

As for the underlying ministerial motivation, we have the word of David Mellor, who as the first National Heritage Secretary after the 1992 election was responsible for framing the lottery legislation. "It was never part of the original thinking of the lottery that charities would be beneficiaries," he told the Commons in a debate on the lottery in October 1995. They had been included only because "nothing could be worse than debates in this place being disfigured by people saying that charities were going to lose out and so we could not have a national lottery". As to the prime object of the exercise: "In public spending, one cannot expect the restoration of the Royal Opera House or the construction of a new opera house in Cardiff to take priority over the legitimate demands of the health service, and that is why the lottery was created". As we shall now see, it has served that purpose admirably.

Deconstructing the "good causes"

When the lottery was set up, Parliament paid little attention to the identity of the "good causes" which were to reap most of the non-prize money. This was a sin of commission and omission; the arts and heritage lobbies were (and are) strongly represented on both sides of the Commons and Lords, while the lottery's opponents had other issues on their mind, notably the principle of state-licensed gambling, its impact on the pools industry, and who should get the operating licence. Insofar as the "good causes" featured much in the parliamentary debates, it was on the perverse argument that they might actually *lose* from the lottery. Much hot air was - and still is - expended on the subject of "additionality"; that is, whether lottery cash for the arts, heritage and sport would be treated as additional to existing public spending, or as a replacement for it. There was particular concern that the budgets for the Arts Council and the National Heritage Memorial Fund should not be cut. Yet in all the discussion about additionality, the relevant figures are almost never mentioned. The National Heritage Memorial Fund had a Treasury grant of £9 million in 1995-96, a year in which it received about £270m from the lottery. The Arts Council for England received more than £200m, exceeding its total Treasury grant of £190m. For arts and heritage, the lottery would have been a massive windfall even if Treasury grants had been abolished in one fell swoop (in the event they were only trimmed slightly). The Millennium Fund, moreover, was additional

to no prior Treasury grant. Taking arts, heritage and culture together, the lottery boosted public spending from about £200m a year to more than £1 billion. The problem for these sectors has not been too little public money, but too much. The original lottery rules stipulated that grants could be used only for capital, not for revenue spending. Given the sums available this became a manifest absurdity, raising the prospect of cultural white elephants galore. Bit by bit the rules have been eased, making the lottery increasingly a straight public subsidy for the arts and heritage industries.

Yet from the outset, there has been a sustained exercise in official misinformation to disguise this state of affairs. Even MPs have not been shielded from it. One striking instance was the evidence of Virginia Bottomley, Heritage Secretary in the last government, to the National Heritage Select Committee enquiry into the lottery (February 1996). Bottomley "underlined the huge success of the National Lottery" with these figures. Two-thirds of grants to 'good causes' had been for less than £100,000; 92 per cent had gone to schemes outside London; and almost 80 per cent had gone to charitable or voluntary organisations. The committee took such statistics at face value.

But deconstruct Bottomley's figures and a radically different picture emerges. (The following figures apply to the lottery's first 15 months, yet the relative position has not changed since.)

"Two-thirds of awards are for less than £100,000, reinforcing the community emphasis of lottery funds." In fact, barely one-seventh of the total sum of £1.07 billion distributed to 'good causes' had gone in grants of less than £100,000. Nearly half of the £1.07 billion was consumed by 25 grants of more than £5 million apiece.

"92 per cent of awards are made to schemes outside London." Entirely spurious, for London gained the lion's share of the 25 multi-million pound awards just mentioned. London and the south-east, with 21 per cent of the population, received about 40 per cent of lottery awards by value, while the north-east, north-west and midlands combined, with nearly one-third of the population, gained just 15 per cent. Furthermore, 20 per cent of the £1.07bn went to just seven London institutions; an opera house, a ballet company, two art galleries, two theatres and Kew Gardens. This 'reinforced the community emphasis of lottery funds' for those living in London and enjoying ballet, opera, modern art and rare plants.

"Almost 80 per cent of awards are to charitable and voluntary organisations." This takes the biscuit. Almost every artistic, cultural and heritage organisation in the land has charitable status. Yet charities as most people understand them — the Oxfam and RSPCA variety — are only one of five good

causes, receiving little over 5p in each lottery pound. Even the small grants to local organisations are in many cases for activities, such as preserved steam railways, not widely regarded as "charities". Unsurprisingly, given the official misinformation, surveys show that the typical punter believes that 20p in each lottery pound goes to "charity".

It is also necessary to deconstruct the punters, where the misinformation is equally pervasive. The official claim is that all classes participate in roughly the same degree, and bet roughly the same amounts. But let the unvarnished figures speak for themselves. Camelot data published in December 1995 shows that the proportion of the AB professional and managerial class taking part is far lower than for other social groups; and those ABs who play spend a far smaller proportion of their income. The distinction is starker still taking household income as the yardstick. In late-1995 the average weekly bet among players from households with income of between £6,500 and £15,599 a year was £2.49 — 14p *more* than the average bet of those from households with more than £15,600.

The conclusion is simple. The National Lottery is a tax paid largely by the poor to subsidise the pleasures of the well-off.

Purifying the good causes

This November marks the third anniversary of the National Lottery. It should be the occasion for Labour to purify the "good causes".

Of the five existing good causes, only charities should be left alone, since public opinion clearly supports the use of some lottery funds for welfare charities. The other four, accounting for nearly £1 billion a year in lottery spending, should be recast. The recasting might proceed as follows, given Labour's overriding priority to see educational achievement boosted, particularly among the less advantaged.

In place of the Millennium Fund, a one-off contribution should be made to a suitable millennium exhibition for the year 2000, spread over the following three years. Subtracting this sum (about £100m a year), plus the one fifth for charities (c.£250m), some £900m would be left for other good causes.

This £900m should be devoted to "Lottery Opportunity Projects" in the broad field of education and skills development. "Broad" is the operative word. Many of the projects currently open to lottery bids — from local sports and music facilities through to national museums — would remain eligible. But they would compete for funds alongside mainstream school and college projects (e.g. homework centres, school libraries and facilities, superhighway education schemes, distance learning initiatives for adults), and national projects such as the Uni-

versity for Industry.

The funding should be split half and half between essentially national and local projects. Capital and revenue schemes should be equally eligible, although revenue funding would only be for limited periods. Clearly there will be "additionality" concerns. A stipulation that no project *currently* receiving public funding should be eligible would go some way towards meeting them. Awarding bodies should also have regard to the desirability of sponsoring projects which might not otherwise expect public funding. But it is as well to recognise, not deny, that there would be grey areas and attempts to manipulate the rules, as with every other regime for public spending.

While applications from individuals should not be acceptable, initiatives to establish national or regional scholarship schemes ought to be encouraged (e.g. music bursaries and special training courses for teachers in "difficult" schools). Schemes with a particular focus on the less advantaged should be particularly encouraged.

Lottery funds for local opportunity projects should be divided equally between the regions of the UK by population, and distributed by regional not national boards. This would reduce the dominance of London and the south-east. National projects should be required to demonstrate a national benefit, wherever based.

The process of awarding 'good causes' funds should be more open than now. Quangos are inevitable, but awarding boards should be encouraged to use citizens' juries and other such instruments to help frame their grant-awarding strategies, although it would not generally be appropriate to decide individual applications by such means.

It is hard to see good arguments against relaunching the National Lottery on these lines. The lottery would be more popular and democratic. Labour's priorities would be advanced — on behalf of the many, not the few — without new taxation. The arts and heritage industries would still be left with their wind-fall, and the possibility of more modest lottery funding in future. All in all, it seems an ideal candidate for radicalism in Labour's first year ●

ENDING YOUTH HOMELESSNESS

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Caroline Abrahams

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The problem of youth homelessness in Britain - a problem which has only attained its current nature and scale over the last ten years - is primarily a *symptom* of a much wider crisis affecting disadvantaged young people. Youth homelessness is the end result of a complex mix of demographic, economic and individual factors, to which the recent policy response has been at best inadequate and at worst perverse.

My organisation, NCH Action For Children, believes that the problem of youth homelessness can be solved, and at a much lower cost than most people think. This belief is the foundation of the youth homelessness campaign which NCH Action For Children launched in February 1997 - House our Youth 2000 - at a seminar attended by Tony Blair and other politicians. We believe that ending youth homelessness is a realistic national goal, but only if public policy develops to address the issues at local level within a coherent national strategy. In our view, the first step towards the development of these policies is an understanding of who the young homeless are, and how the current problem of youth homelessness has come about.

There are two broad groups of young people at particular risk of becoming homeless. The first are those with care backgrounds. Research consistently shows that care leavers comprise between 30% and 40% of all young homeless people, although they make up less than 1% of the same age population. Many local authorities and voluntary agencies run high quality projects to support care leavers in making the transition to independence, but this provision is patchy, even though relatively cheap.

Most young people leave care at 16 and 17, but research shows that most young people live at home until at least their early twenties, and the average age for leaving home in Britain is steadily rising. Yet young people who have been in care are among the most vulnerable in our society because of the expe-

periences which brought them into care, and sometimes also because of disrupted placements and disruptive experiences within care. When they leave, the stakes are high. Many care leavers are found rented accommodation, but if they lose this first tenancy because they fall behind with the rent for example, there is generally no way back into the system. And of course, most care leavers are keen to assert their independence.

Undoubtedly, local authorities want to do their best to help care leavers, but the relevant Children Act provisions are weak and local authorities have never received adequate resources to put them fully into effect. A recent change to the Housing Benefit system has made this problem even worse. Under new Regulations, care leavers are only entitled to Housing Benefit once they have been discharged from care, otherwise the local authority is responsible for paying their housing costs. This provides local authorities with a clear financial incentive to discharge young people from care at the earliest possible opportunity - their 16th birthday - regardless of the young person's individual needs. Once young people have been discharged, research suggests that many rapidly lose touch with support services and thus become additionally vulnerable to homelessness and destitution.

These factors mean that the over representation of young people with care backgrounds in the homelessness and prison statistics is virtually a self-fulfilling prophecy.

The second group of young people at special risk of homelessness are those who leave home in an unplanned way, with few resources. Research shows that this invariably happens because they are thrown out, or are compelled to leave due to family breakdown. "Family breakdown" is an anodyne, blanket term which frequently glosses over deeply painful situations, including domestic violence, the sexual and physical abuse of children, alcoholism and mental illness. One study found that 40% of young homeless women had experienced sexual abuse as children. Sexual orientation may be an underestimated factor: a significant proportion of gays and lesbians report being told to leave the family home after revealing their sexuality. There is some evidence to suggest that family conflict may be particularly prevalent for some same gender step-relationships. In addition, racism and harassment by landlords and neighbours appears to make young black people particularly vulnerable to homelessness.

It may seem surprising that there has so far been no mention of a need for more social housing to be constructed. To be sure, in the *longer term* Government must ensure that the supply of appropriate, affordable housing better meets current and future demand. How that housing is provided and by whom - local authority, Housing Association, Friendly Society, Housing Co-operative,

Housing Company, Self-Build Association - is less important than that it should be enabled to come into being.

However, NCH Action For Children's contention is that Government could do a great deal at reasonably low cost to end youth homelessness in *the short and medium term*. This could be done by developing a strategic programme to reform our education, benefit and social support systems for disadvantaged young people, coupled with some special measures to improve the prospects of care leavers.

Education and training

Government must take the lead in creating a partnership with business, trade unions and the voluntary sector, to develop an effective national strategy for helping disadvantaged young people into training and employment. Two of the earliest tasks of this partnership should be to gather information about effective local schemes, and to disseminate good practice widely.

There is no doubt that projects which adopt the "Foyer approach" - i.e. which provide young people with accommodation plus a contractual obligation to undertake training and/or education - have a great deal to offer many young people who are vulnerable to homelessness. This is because such schemes successfully address the "no home/no job" spiral which otherwise tends to develop, and because they entail rights as well as responsibilities. Because of their proven success, foyers have mushroomed over the last two years, many of them set up and run by multi-agency partnerships and part funded by the private sector. Every major centre of population should have a foyer; perhaps the corporate tax system could be "tweaked" to offer the private sector additional incentives to become involved.

Mentoring schemes would help some young people who have never worked to gain a better understanding of the world of work, and so better equip them to succeed in training placements and jobs. In many areas there may be potential adult volunteers prepared to help young people in this way, if provided with appropriate support.

Training and Enterprise Councils and Further Education Colleges must work with community based projects to help disadvantaged young people catch up on their education. We need new, exciting ways of delivering learning to young people who have been excluded from school or who have excluded themselves - the Internet may have a role to play in this. To be successful, programmes may need to rebuild young people's self esteem in the first instance. Without this help, most have little chance of achieving financial independence.

Benefits

The current Housing Benefit system "traps" many young people who are vulnerable to homelessness into a cruel choice between dependency or a roof over their head. Similarly, young claimants often find it impossible to continue their studies because of the "availability for work" rules. These systems must be reformed so young people can be positive about the future, by easing the transition from benefits into employment, as suggested by Gordon Brown and David Blunkett in their paper *From Welfare to Work*.

Payments for young people in training placements should be set at levels which are not exploitative and which encourage them to view their personal contribution with self-respect, while also recognising the intrinsic training element. This suggests a need for payments to be raised by a relatively modest amount, as would automatically have happened had the current levels been allowed to rise with inflation over the years. The training element must be meaningful and appropriate, with structured goals.

A number of improvements could be made in the Benefit system's response to young people who are currently homeless. For example, resettlement would be much easier if the Benefits system made adequate provision for the costs of basic furniture and possessions for new tenants. At the moment, young people are often highly dependent on the ability of voluntary agencies to provide them with the basic necessities - help which is not available in all areas.

Support

An effective strategy for solving youth homelessness must include measures to prevent family breakdown by supporting parents and their teenage children. There are some excellent projects in Britain doing precisely this, largely in the voluntary sector, on which a more coherent youth homelessness prevention programme could be based. They have failed to proliferate only because this provision is all too often regarded as the "icing on the cake". This is a problem which extends far beyond the field of youth homelessness - the Audit Commission recently found a similar situation in the youth justice system.

Many landlords are reluctant to let to homeless young people, for a variety of financial and other reasons. Rent deposit and guarantee schemes and workers who support these tenancies build confidence among private landlords and should be expanded. There would be an immediate impact on youth homelessness, at minimal cost. Most of these projects are run by voluntary organisations and Churches and rely in large part on the contribution of volunteers.

Housing Authorities and Social Service departments must be placed under a duty to develop joint policies to respond to and prevent youth homelessness,

backed by joint financing arrangements. These policies should help to ensure vulnerable youngsters are not passed from one department to another; their needs are assessed; a return home is mediated wherever possible; and if it is not, young people are helped to access accommodation and support.

In major cities, especially London, a city-wide policy and a central point for co-ordinating available resources such as emergency hostel places and the development of services which work across borough boundaries, are needed. Similarly, young people living in the country must be helped to access advice and support, without the need to travel to a city. Again, the Internet may help.

Care leavers

Special measures are needed to help care leavers. At the very least, appropriate rented accommodation must be brokered by the local authority - or a voluntary agency working in partnership with them - and vetted in terms of standards. Adequate support and reassurance should be provided to the care leaver and the landlord. The safety net for care leavers who become homeless must be strengthened. The easiest way of doing this would be to grant homeless care leavers automatic "vulnerability status" within the homelessness legislation.

The transition to independence for care leavers must become less of a high-risk enterprise and be better supported. Preparation for leaving care must be tied in to a young person's individual Care Plan and should begin early. Incentives for local authorities to discharge young people from care at age 16 should be removed, and recent changes to Housing Benefit regulations must be reversed. The leaving care process must become more flexible, allowing a return to a more supported environment if necessary. The power to discharge care leavers at 16 should be reviewed and probably raised to 18. In any event, foster carers need more support and financial assistance to help them hold onto the young people they care for beyond their mid teens. New legislation would not be needed to make any of these changes.

NCH Action For Children does not pretend that the measures outlined above could be implemented with *no* financial outlay, but in most cases they require money which is spent on responding to emergency situations to be used in a more strategic way. The costs of our failure to tackle youth homelessness are well hidden by our current public accounting systems, but they certainly exist. This is without taking into account the opportunity costs of our failure to make full use of the talents and energies of the young people concerned. If this full calculation was made, NCH Action For Children is convinced that the price for ending youth homelessness would be minimal. Over the next five years, the House our Youth 2000 Campaign will give us with the opportunity to prove it ●

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KEEP THE CITIZEN'S CHARTER

Karen Grudzien

Since its introduction in 1991, the Citizen's Charter has been subject to both political and public ridicule. The Charter was intended to be the culmination of the government's public sector reform programme; to make public services more responsive to customers and to turn the government-initiated reforms into a popular, permanent part of the culture. Instead, it became an easy way to raise a laugh at the expense of John Major.

It must be rescued. A focus on the customer service aspects of public provision is an excellent way of ensuring that the government is delivering what people need, and the Charter fits in well with non statist left ideas of stakeholding and mutuality. A Labour government with the commitment and understanding to run good public services should use it and improve it.

Ideas and the charter

The Citizen's Charter was created in a search for a 'big idea' for the Conservatives to replace old style (what might be described as anti-Morrisonian) privatisation, a model not practicable for most of the remaining public sector enterprises. It was, therefore, part of the same project as contracting out and market testing. However, it also drew on John Major's more populist - even radical - instincts on how state institutions should relate to citizens in a non-patronising and accessible way. Some Labour councils had arrived at a similar place by a different route during the 1980s. Lewisham, for example, had produced a charter guaranteeing minimum standards of service, and similar measures were introduced in York.

The intellectual origins of the Charter are of relevance to the Labour government. Decentralisation and accountability have long been central concerns of the liberal left, and have been given particular significance by the arrogance of power so apparent after 18 years of single party control in Westminster. De-

centralisation is certainly about creating new institutions, such as elected bodies in Scotland, Wales and London, but participation and accountability is about how all aspects of government, as well as certain private concerns such as utilities, behave when their operations affect the citizen.

Contracting out is less congruent with the traditions of the left. However, having that option is the only meaningful way of ensuring that performance standards are met. Given the constraints the government is operating under, namely no rises in income tax rates and observance of the previous government's spending totals, it is more important than ever to get more output from public services for the same amount of money. The framework of standards set by the Charter programme, and the spur to meeting them provided by real markets, is essential. As the 1997 Labour manifesto states: 'We reject the dogmatic view that services must be privatised to be of high quality, but equally we see no reason why a service should be delivered directly if other more efficient means are available'.

Labour's response to the charter

Labour's response to John Major's announcement in 1991 resembled the Conservative's initial response to New Labour - it managed to be both negative and incoherent at the same time. It was attacked as:

- A 'rip-off' that derived directly from schemes pioneered by progressive Labour councils;
- trespassing on ground that belongs to Labour, namely public services;
- against the interests of the public sector unions;
- 'tainted' by its association with privatisation;
- a trivial idea that demonstrated John Major's unfitness for office.

While hardly original, and certainly related to deregulation, the Charter as promulgated in 1991 deserved a more gracious response, building on the positive aspects. Labour party policy has certainly evolved in this direction since. While not mentioned specifically in the 1997 manifesto, the obligation on councils to publish a local performance plan with targets for service improvement is congruent with the thrust of the Charter philosophy.

A new identity for the charter?

It has been suggested that the whole idea of the 'Citizen's Charter' has been so irreparably damaged by the embarrassments of the 'Cones Hotline' and the Charter Line that it should be scrapped.

This would be a mistake. It would be a retrograde step to abolish perform-

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ance standards for public service operations, and contrary to the manifesto commitment. The problems of the Charter are not best addressed by abandoning the basic principle.

What about the name? A case exists for re-styling the scheme to escape the connotations of motorway cones, but renaming the scheme is actually not necessary. Preserving the structure while changing the name would be just one more opportunity for the idea to be ridiculed. While 'Windscale' was a nuclear installation regarded with suspicion, 'Sellafield' for its first few years was a nuclear installation - still regarded with suspicion - with a much mocked PR makeover. For all its faults, the Charter brand name - if not a positive accompanying image - was well established as early as 1992.

The Charter Mark

There has always been a tension within the Charter programme about whether it was better to promise guaranteed standards or give awards for best practice. The latter course, followed through the Charter Mark, involves minimal extra public expenditure, while guaranteeing a reasonable standard of service.

As well as being cheap, the Charter Mark awards system offers a route for recognition of the work of public sector employees. It is failing to make an impact, not because adequate publicity materials have not been distributed, but through a lack of urgency among public sector managers and the unwillingness of consumers to praise. It has always been easier to stigmatise failure than to recognise excellence - or, most importantly, to keep upward pressure on the standard of the average. Charter Mark awards are affected by quality of application as much as quality of service delivered. The government should step up publicity for the scheme, and encourage managers to involve as many members of staff as possible in drawing up applications for a Charter Mark.

Rights and responsibilities

As Rick Nye pointed out (*The Citizen's Charter Five Years On*, SMF Memorandum 23) the Charter is one of the last areas in which people are assigned a 'right' without being asked to take any responsibilities. There are a few exceptions, mainly dealing with financial transactions. Recipients of social security benefits, tenants in public housing, and companies who have been given public sector contracts are expected to fulfil their side of the bargain, and indeed some Charters - that for Taxpayers being a notable example - do spell out what is expected of the citizen. Quite correctly, the Taxpayer's Charter spells out an obligation to submit prompt and honest tax returns. In schools, there has been a trend towards contracts asking for co-operation from pupils and parents.

Regrettably, the Citizen's Charter in more consumer oriented services has become an excuse for the most selfish and irresponsible consumers to behave badly. In the case of people demanding night visits from NHS general practitioners for trivial conditions, this is a waste of money and puts the lives of others at risk. Initial resistance to the Charter from public service unions, for instance expressing concern at identifying staff by name, was not without reason. It is not only front line social services professionals who have to cope with people who behave in violent, irrational or simply rude ways; this applies to every employee who has to deal directly with the public.

For most public services, customer behaviour contributes to low morale among staff and an unpleasant atmosphere for other customers. Staff should not have to put up with racial or sexual harassment, or persistent insulting conduct. As part of the deal for improving performance, public servants should be given more rights to complain about customers, and if complaints are justified then withdrawal of service should be an option. Where procedures for exclusion exist currently, they are often cumbersome and involve the use of police time. The number of exclusion cases should be relatively small, and could be dealt with by a tribunal representing staff, accountable management and customer interests.

A charter should be about raising standards for the unassertive, normal consumer rather than providing a megaphone for the loudest voices - who have always known how to work the system, Charter or no Charter. Where possible, monitoring of a charter should go beyond the 'activist democracy' of suggestions boxes and optional comment forms, and involve scientific market research to find out what the ordinary customer thinks.

A general charter

The Citizen's Charter has always been a hybrid of one big, but vague idea and a lot of practical, nuts and bolts improvements to public services. Many of the problems the Charter has experienced are because the previous government tried to build it up into a bigger idea than it really is. The abortive 'Back to Basics' drive of 1993-94 suffered the same fate, leaving the government open to ridicule. There is no sense in trying to particularise overarching ideas in every single sector of government - there is no sense in 'Back to Basics' in transport policy, or - as the Major government realised - introducing a Charter for the armed forces.

By attempting to cover every conceivable public service, the government turned the initiative into a laughing stock. The 'Cones Hotline', designed to allow the public to telephone a free number to find out where roadworks were,

failed not only because it was too highly publicised and trivial, but also because it was ineffective. The road cones were, despite bar-room wisdom to the contrary, nearly always necessary.

An effective Charter framework does not need to cover everything in detail. Although there are 42 'national' charters, many of these apply only in one or other constituent part of the UK. In England, there are 20 in force; in Wales 17, Scotland 15 and Northern Ireland 15. However, the real profusion of charters is not at the level of centrally provided services, but through local delivery - there are over 10,000 local charters. Without micro-management of local initiatives, the government must ensure that anything calling itself a charter sets real performance targets, is sufficiently publicised and provides for consumer response. The government should offer advice on best practice and the indicators that involve real improvements in services as well as clamping down on poorly specified local charters.

Part of the point of the Charter was to establish habits of thought for those occasions when individuals encounter the apparatus of the state. Judicial decisions have established the right of the citizen to demand that many categories of government decision making are conducted according to the rules of natural justice and due process. Scandalously under-used mechanisms such as the Ombudsman exist to provide redress of grievance. Charters have applied common general ideas in many specific areas. Incorporation of the European Convention on Human Rights into British law, already Labour policy, would spell out citizens' rights with respect to the coercive parts of the state.

In the Charter area, the 1996 White Paper, *The Citizen's Charter - Five Years On*, summarised the 'Six principles of public service' (standards, information and openness, choice and consultation, courtesy and helpfulness, putting things right and value for money) and the 'Six service standards for central government' (answering letters, keeping appointments, clear information, consultation, complaints procedure, accessible to all citizens) which came into operation in April 1997 and are due for review in April 1998. Most of these are positive and unexceptionable statements, although the government should consider expanding their coverage and enforcing them. The White Paper promises only 'a full explanation' for lapses.

Most of the framework for a broad statement of principles governing how the government should treat its citizens has already been constructed. The general charter is a part of the wider process of making government democratic and accessible, whose advancement is so central to Labour's programme.

Another concept of the Charter was informing users of public services. Even the Cones Hotline was, in its own peculiar way, informative. Rather than blame

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lazy road construction workers, people stuck in traffic jams alongside rows of cones now have more of an idea why it is sometimes necessary to cone off sections of roads. Highways Agency signs offer significantly more information on what is happening, and how much is being spent, than ever before. Labour's commitment to open government should be reflected by broadening and publicising the range of data collected under the Charters.

A Charter in operation, at its best, is a practical example of stakeholding. Funding, management, ownership, employees and consumers are bound together by an interlocking web of obligations.

Pulling the disparate elements together in a short, coherent general Charter would be a meaningful statement about a new relationship between government and governed. It combines stakeholding, open government, civil rights and building awareness of the benefits of public spending. As well as a general Charter, there should be more monitoring of the content of local charters, more customer responsibilities to go alongside more rights, and more participation in the Charter Mark. The Labour government should make the Charter something to take pride in ●

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REVIVING LOCAL DEMOCRACY

Sir Jeremy Beecham

In 1984 speaking at a stormy Labour Party Local Government Conference in Nottingham, Neil Kinnock proclaimed that the “dented shield” held up by Labour Councils was better than no shield at all. Thirteen years on, after capping, the poll tax, the abolition of the GLC and Metropolitan Counties, a botched local government re-organisation, the extension of CCT, the promotion of opting out of education, the removal of Further Education, the introduction of nursery vouchers, the re-organisation of the Police service, the de-regulation and privatisation of public transport, and years of misrepresentation and denigration the shield has sustained an enormous battering. The wonder is that after such a prolonged onslaught it remains at all. But remain it does.

Labour's victory was crucial to the future of our local democracy. Despite fine words about a local government renaissance and about recognising the role of local authorities in community leadership, the reality is that a new Conservative government would have sought further to diminish the capacity of local elected councils to take decisions on behalf of their communities in response to local needs. Education and, it seemed, Social Services, would effectively have been removed from local democratic control. The juggernaut of privatisation would have rolled over more services until local authorities at the very best were confined to a role as Commissioners of services and perhaps of weak regulation.

Local Government has sustained such terrible damage partly because it has

been unable to enlist the support of the community and its social partners in defence of a coherent set of principles. The formation of the Local Government Association, drawing together the three separate associations which existed from 1974, at last allows for a concentration of effort on the part of politicians and officers alike in presenting local government's case and in shaping the agenda.

That agenda must be to assert the value of local democracy and local choice and to exalt the principle of diversity rather than uniformity, whilst acknowledging that in key areas such as the provision of early years learning, national minimum standards should be respected.

We need to remind people that Local Government is on the whole efficient as a mechanism for delivering services and that that efficiency is enhanced by the capacity to adopt an holistic approach across services, weighing priorities and allocating resources in a strategic context which is denied to the atomised world of the Quango state.

Local authorities will have to recognise too that the legitimacy they derive from their status as elected bodies must be broadened and deepened by practise which ensures continuing involvement with the local community in its manifold aspects - not merely as individual electors, but as parents, householders, users of leisure facilities, shoppers, pedestrians, car owners, employers, community activists and the like. The process will be helped by the return of a real element of choice at local level through the effective abolition of capping and the reduction of the enormous distortions caused by the so-called gearing effect - in which a 1% increase in council expenditure translates into a 6 or 7% increase in local taxes because 80% or more of a council's income is determined by central government.

But pluralism, like subsidiarity, cannot end at the boundaries of the local authority. Annual elections will help and an improved electoral process will contribute. It is not healthy for virtual one-party states to exist whatever the colour of the party in control. Other parties with a substantial percentage of the vote are effectively denied representation. There is a case for changing the local government electoral system to provide for the alternative vote and for an additional member system on an authority-wide basis elected by proportional representation. Minority parties would at least be guaranteed some presence on the Council and a positive incentive is given across an authority's area for supporters of all parties to vote. At the moment this would largely benefit the Tories and Liberal Democrats but in due course, and even now in some of the rural areas, it will also help Labour. More importantly it will help Local Government.

But if Local Government is to achieve a higher status in the eyes of the com-

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munities it serves it must be able to operate within a fairer and more stable financial system. The ending of capping will help and the return of the national non domestic rate will remove a significant element of distortion and make local expenditure decisions relate more closely to local taxation. Councils have to recognise that they cannot have it both ways; they cannot demand autonomy whilst demanding that the vast majority of their expenditure is financed by the Government. At least 50% of local revenue should be raised locally. John Major as Chief Secretary to the Treasury in 1989 took the view that local self-financed expenditure should not count in the public expenditure control system. That view has been supported by the House of Lords Select Committee chaired by Lord Hunt. It appears logical and is also the practice of other countries.

The removal of capping would take some of the heat out of the vexed distributional questions which surround the present revenue support grant system. This complex structure is simply a means of distributing a pre-determined government grant. It has been called upon to perform a very different function, namely to act as a basis of controlling not only the aggregate but also the individual expenditure of every Local Authority. Technical changes in standard spending assessments translate therefore not merely into a loss of grant but into a low ceiling on a Council's expenditure. The system is volatile and capable of being abused to direct resources at favoured authorities, not least amongst them Westminster.

But in addition to the appalling cuts in vital services which have led to burgeoning class sizes and a desperate shortfall in care and community provision, there has been a real scandal over capital programmes. Increasingly instead of a needs based objective allocation of credit approvals the government has substituted a variety of lotteries or beauty contests, essentially without rules, whilst curtailing the use of capital receipts and abandoning any concept of medium-term programming. This is highly inefficient, costly, and deeply damaging, not least to the construction industry and the job opportunities of those whose skills are being wasted.

Moreover whilst most councils now endeavour to work closely with private sector partners, the legal structure inhibits effective partnerships at local level. The Private Finance Initiative which began as something to augment capital programmes is now a substitute for genuine capital programmes. The transfer of risk upon which it was supposed to rest is more apparent than real and the costs are as yet unquantified. There is a real case for PFI programmes, particularly where private sector expertise can be harnessed and where a venture in whole or in part reflects a commercial activity. But PFI, like the market generally, is being imported into areas to which it is inappropriate, largely as a

means of financing projects off balance sheet - a device much used by some Labour Councils in extremis in the 1980s and much denounced by the Tory government! The PFI should be restricted to a genuine additional role and the legal framework which currently inhibits the creation of partnerships amended.

In the area of compulsory competitive tendering much unnecessary prescription has been inflicted at a considerable cost. Many of the claimed savings have been achieved not by genuinely improved productivity but simply at the cost of reducing the pay and working conditions of low paid staff. Yet there is no case simply for reverting to the status quo ante which prevailed in the days of the last Labour government. There are areas, notably on the construction side, where local government without the spur of CCT was making insufficient progress to improve efficiency. What we should now seek is best value in which the object is to deliver high quality services in the most economical fashion.

Given a genuinely level playing field - with basic equity in terms of wages and conditions and the capacity for local authority direct services departments to compete for work outside the local authority - efficient public services departments should have nothing to fear. Instead of wholesale CCT a percentage of the defined categories of work could be subjected to bench marking and/or market testing. Authorities should recognise that whoever provides the service there is a need for rigorous monitoring of standards and redress for aggrieved users. Further, where it is consistent with the delivery of effective services across an authority's area, there should be a choice of provider.

Labour's approach is consistent with most of the themes identified above, though there will clearly be tension - not least over public expenditure. But a Labour government's objectives - whether in terms of reducing class sizes or getting people into work - will very much depend on an effective partnership with Local Government. Moreover Tony Blair's oft proclaimed and deeply held views about the need to encourage de-centralisation, pluralism and accountability sit well with the local government agenda.

Local authorities have a long and honourable tradition of pioneering new services and activities across a range of services and of embracing important agendas in the realm of economic development and the environment. They are increasingly aware of the need to act as representatives of the Community in dealing with national and international organisations, both public and private. That role will need to be reinforced in terms of the relationship with whatever Quangos survive but members also need to be encouraged to experiment with internal political management as well as the actual development of services.

Performance review of a council's own activities and services should be regarded as a high profile political responsibility to match that of service commit-

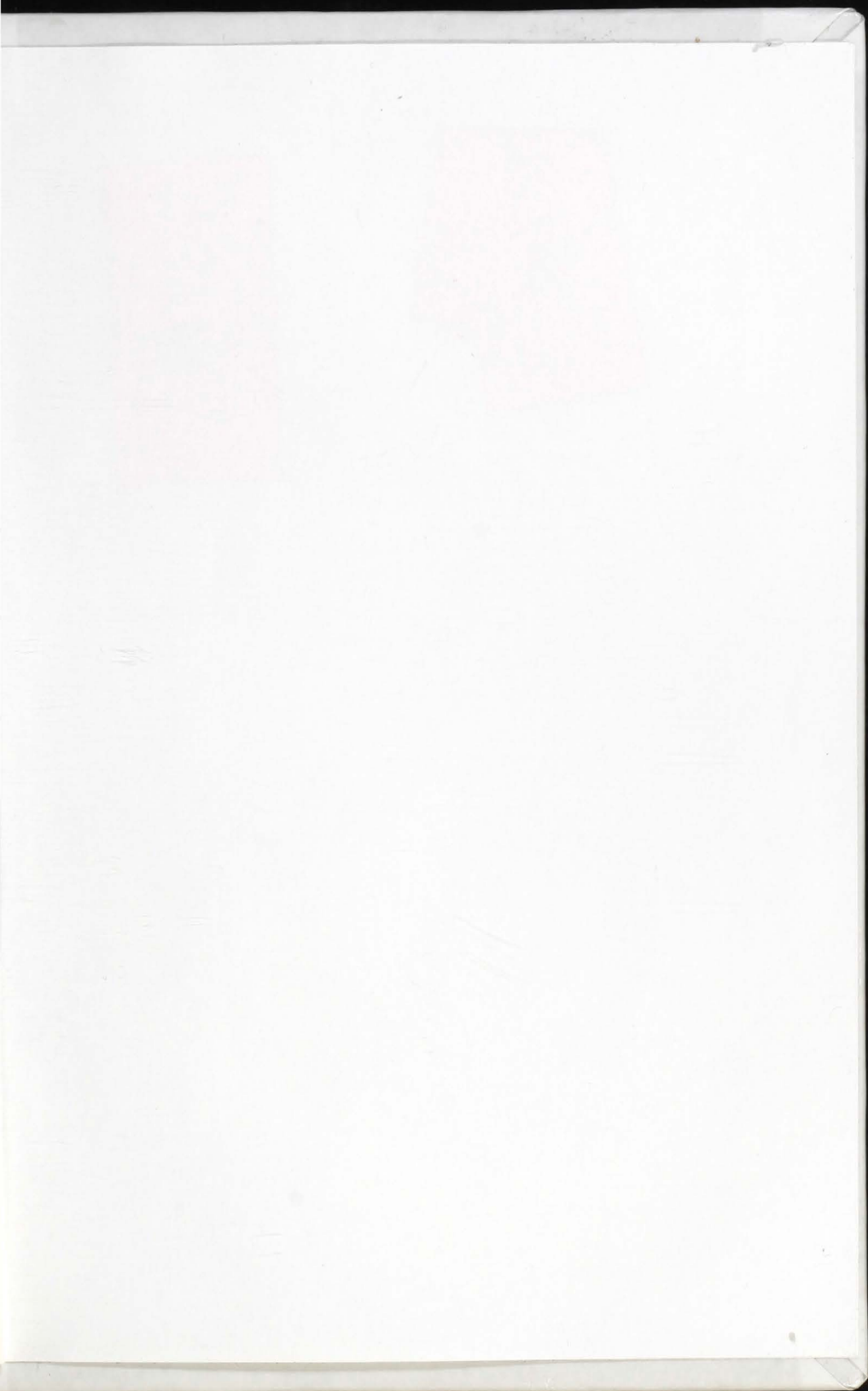
tees. Scrutiny of external agencies like the health service trusts and TECs on the Kirklees model should be encouraged. Members representing an authority on outside bodies should be adequately supported and provided with a reporting back mechanism. The law on responsibility of such members should be re-examined in the light of recent court judgements which emphasis the member's responsibility to the body on which he or she represents the council rather than the council itself.

Internally, experimentation with cabinet-style government alongside back bench scrutiny committees could be encouraged and delegation to single members - the old "chairman's action" - restored subject to the safeguards of proper recording and reporting of decisions. Members should be encouraged to delegate routine decision-making and to devote more time and consideration to long-term and cross-service issues, preferably in groups small enough to allow meaningful participation, and wherever possible seeking an input from outside the authority itself. Members should be adequately supported in their role and receive compensation for the time and effort, and the not infrequent financial loss involved. Allowances should be determined objectively through a review process involving experienced private sector people from outside the council.

Councils should experiment with citizens' juries, referenda and other participatory methods of involving the public, whilst recognising that as members elected to serve the whole of an authority's area the decision making buck stops with them.

Elected mayors could be experimented with although there are grave doubts as to whether such a system is either desirable or likely to achieve its proclaimed objective of raising interest and participation in local affairs. Experience of the US does not suggest that an elected mayor system necessarily increases the turnout in local elections or leads to significantly "cleaner" local government. Many problems appear to remain unresolved - such as what happens when a council is of one complexion and the mayor of another. So long, however, as the proposition does not become prescriptive it should be open to authorities, perhaps after a referendum at a local level, to develop and run such a model.

The election of a Labour government provides a desperately needed last chance to revive local democracy. The Local Government Association will propose an agreement on the role of local government and the conduct of relationships between the two tiers. We expect to be consulted properly and to participate responsibly and we cannot wait to begin ●





LOW COST SOCIALISM

Subscribers to the belief that socialism is about massive state spending are difficult to find in today's political environment. Yet incremental change is still to be found only in Civil Service briefings not tub thumping speeches. To argue for Fabian gradualism, though it remains the approach of government, is to open oneself to ridicule.

This pamphlet endorses the virtues of a gradual approach. It sets out a series of fresh ideas which require neither massive spending nor enormous legislation but would have an immediate effect on people's lives. They are low cost but highly effective measures.

The authors do not argue that government should dedicate itself simply to the pursuit of the incremental but rather that these are effective measures which can be taken in the here and now, not 'when circumstances allow'. 'Low cost socialism' is not a contradiction in terms but a recognition of the need to bring swift and measurable benefits to the working people of our country.

The Fabian Society brings together those who wish to relate democratic socialism to practical plans for building a better society in a changing world. It is affiliated to the Labour Party, and anyone who is eligible for membership of the Labour Party can join; others may become associate members.

For details of Fabian membership, publications and activities, write to:
Fabian Society, 11 Dartmouth Street, London SW1H 9BN