

Key policy lessons of the “Blair years” for future governments

Andrew Haldenby

Peter Hoskin

Helen Rainbow

Henry de Zoete

REFORM

June 2007

The authors

Andrew Haldenby is the Director of *Reform*.

Peter Hoskin is *Reform's* Economics Research Officer.

Helen Rainbow is *Reform's* Education Research Officer.

Henry de Zoete is *Reform's* Health Research Officer.

Reform

Reform is an independent, non-party think tank whose mission is to set out a better way to deliver public services and economic prosperity. We believe that by reforming the public sector, increasing investment and extending choice, high quality services can be made available for everyone. Our vision is of a Britain with 21st Century healthcare, high standards in schools, a modern and efficient transport system, safe streets, a free, dynamic and competitive economy and a welfare system worthy of that name.

Contents

Executive summary	4
1. Facts and figures	10
2. Policy	18
3. Lessons for reformers	35
4. The challenges of the next decade	37
5. Conclusions and recommendations	40
6. Statistical annex	43
References	96

Executive summary

- The end of the “Blair decade” offers an ideal chance to review the progress of public service and economic reform; to learn the successes and errors of ten years of different approaches to these key political priorities.

Facts and figures

- In his valedictory speeches Tony Blair presented statistics that gave the impression of a better Britain across the board. A truer picture would recognise that:
 - the record in both the economy and public services is mixed (at best), with aggregate performance very poor in many areas;
 - society and economy remain profoundly divided between different interest groups, age groups and regions;
 - a large number of improvements – both in the economy and public services – are due to private initiative. These include key government measures for public services such as mortality rates, examination results and crime; and
 - given the key role of private initiative, the most worrying indicators concern taxation and public spending. Contrary to the post-1970 trend, in 1999-00 the public spending-to-GDP ratio began a major expansion of five percentage points. Taxation is rising to pay for it; from a trough in 2002-03 of 35.2 per cent, the tax burden will reach 38.1 per cent in 2008-09 which will be the highest level since 1984-85.

Policy

- Tony Blair’s other key message is that the policy set that he leaves behind – with a clear focus on choice, competition, decentralisation and markets – is the right one. It is true to say that he has bravely argued for the principles of reform, often in the face of opposition from his own party. But the key approach has been to centralise decision-making and, to increase spending on existing services, both of which are actually barriers to reform.
- On the economy, the great policy triumph of the last decade was the granting of independence to the Bank of England which embodied many of the key principles of successful public service reform. The great error is on the fiscal side: the Golden Rule has allowed public spending to GDP to increase at an unprecedented rate, and the public spending framework has pulled accountability to the centre. Academic research indicates that the increase in taxation over this decade will penalise annual economic growth by 0.3 – 0.5 percentage points.
- A particular concern is that the Government has ignored the economic consequences of policies for young people. It has loaded young people – the IPOD generation (Insecure, Pressurised, Over-taxed and Debt-ridden)

- with higher taxes at the same time as introducing tuition fees and, soon, private pension contributions. It is striking that in a recent interview, Tony Blair said that the key economic challenge was no longer “boom and bust” but instead how to help first-time buyers onto the housing ladder.

- In crime, the success has been to increase prison places (although, due to hesitation in the Home Office in 2003-04, the increase has not kept pace with the demands of the criminal justice system). The problem area is policing. In a recent article John Reid recognised the need for greater local accountability for the police but the thrust of policy has been to centralise. The police remain the least accountable public service.
- In education, policies have restricted both parental choice and deregulation which are at the heart of schools reform. Even the greatest step towards reform – city academies – has been driven by central government rather than through parental choice.
- The National Health Service has seen the greatest steps towards reform. A series of Ministers have taken steps to introduce market measures, in particular in the hospital sector, which will improve access to services. The reforms to hospitals raise questions as to why similar reforms have not been introduced in education or policing. But as in those areas, higher spending and centralisation have erected steep barriers to the modernisation of healthcare as a whole around the real needs of patients and local communities.
- The combination of the inputs-led approach and a lack of reform mean that resources have been extremely poorly used. The Government’s evidence for good use of resources is mortality rates, GCSE results and crime rates as measured by the British Crime Survey. But each of these trends has been completely unchanged by the massive extra resources.

Policy development

- Tony Blair himself has said that the Government’s approach on public services has evolved towards reform. A truer description of the stages of the Government’s policies would be as follows:
 - 1997-1999: a view that goodwill and a change of Government would be enough to transform the performance of public services.
 - 1999-2001: an advocacy of higher spending and central decision-making through the new public spending framework.
 - 2001-2007: an intensification of the drive to centralise policy through a complex system of targets and reporting and to increase spending. At the same time a rhetorical case for reform based on markets; some pilots of choice and competition particularly in the hospital sector; and the introduction of some mechanisms for greater diversity which have had little impact in the absence of real empowerment of individuals and communities.

Lessons for reforming politicians

- The key lessons of the last decade include:
 - Make your reform plan before your election. Ministers have made the clearest rhetorical commitment to reform in this Parliament, when their political capital is at its lowest.
 - Resist the temptation to centralise. Faced with a lack of progress, the temptation for Ministers is to try to take a personal grip. But central direction weakens the accountability of frontline managers and restricts opportunities for innovation. Central direction of reform – such as city academies – does not build local support.
 - Understand that superb communications skills are necessary but not sufficient. It is likely that successful reform will need superb communications skills – of the kind that Tony Blair undoubtedly possesses – to persuade other politicians and the public of the need for change. But those skills must be used to describe the right policies.
 - Don't just “trust the professionals”. The aim of decentralisation is not to replace the government interest with the producer interest.
 - Understand that higher public spending can frustrate reform. The very big increases in NHS manpower and capital, for example, are huge barriers to change; they absorb resources that could be better spent elsewhere, and they make change expensive and difficult. The mantra “investment tied to reform” is wrong.
 - Don't expect new reform mechanisms to be used without incentives to do so. The Government has introduced a number of means for public services to be organised differently, from school federations to powers to vary education regulations to private GP practices. But in the absence of genuine empowerment of consumers, they have been little used.

Conclusions and recommendations

- It falls to the next generation of political leaders to learn from the lessons of the Blair decade and make the changes that he could not.
- In this light, the current positions of Tony Blair's successors give cause for both concern and hope. Both have spoken of higher spending and centralisation, repeating the core mistake of the Blair years. But both have spoken of a new politics which localises decision-making and empowers individuals. True structural reform can deliver this.
- The first set of recommendations addresses immediate issues for the next Prime Minister. These are:
 - review the public spending framework between the Treasury and government departments. This is the key barrier to reform of public

- services; it entrenches central direction and fails to link resources with results;
- review the major capital spending programmes in both health and education. New services will require new buildings; yet current spending plans may well reinforce the existing pattern of services, at enormous cost (Building Schools for the Future – the programme to rebuild or refurbish every school in the country – will cost fully £45 billion);
 - review recurrent costs of public services. The staffing increases in both health and education have been gigantic. The NHS, for example, is probably 25 per cent overmanned; and
 - strengthen – and then implement – the Freud Review’s recommendation to open up the provision of welfare services.
- The second set of recommendations address the longer term issues of reform. These are to introduce:
 - a “Growth Rule”, aiming to reduce public-spending-to-GDP from the current level of 43 per cent of GDP to the levels of Ireland and Australia (around 35 per cent) in two Parliaments;
 - structural reform of public services. For health and education, it means real spending power for consumers. For crime, it means empowerment of local communities;
 - a phased programme of tax reductions to increase incentives, to give individuals room to invest in themselves and to foster the economic contribution of young people; and
 - reform of public service financing. Real reform must extend to demand as well as supply. Without change in financing, any supply side reform is likely to run into new problems of rationing as supply side improvements increase the demand for services.
 - Left untouched, the Blairite policy legacy would not lead to economic collapse. But it would lead to slower growth and deeper social division. Better-off people would take a stronger grip on private schools and good state schools. Social mobility would fall. The tax burden on young people would rise. The regional divide would worsen. The Government’s basic objective – economic efficiency and social justice – would recede.
 - A path of true reform will deliver both greater prosperity and equality of opportunity. Crucially, Britain is ready for it. In large part due to private initiative, the country is richer, healthier, more educated and safer. It is more consumerist and has higher expectations. This backdrop is ideal for the kind of consumer-led reform described above. The profound division that remains in UK society makes such reform essential.

Summary – key statistics of interest

The key role of private initiative

- In 2006, 46 per cent of A grades in A-level mathematics and physics were achieved in independent schools and 60 per cent of A grades in A-level modern languages.¹
- 27 per cent of state school pupils receive private tuition.²
- 63 per cent of main family cars now have an alarm, for example, compared to 23 per cent in 1992 and 38 per cent in 1998.³

Social division in public services

- At GCSE, only 19.5 per cent of children in receipt of free school meals attain five GCSEs at grades A* to C including English and Maths compared to 47.5 per cent of those not in receipt of FSM.⁴
- The gap between the highest and lowest socio-economic groups has widened for both infant mortality and life expectancy.⁵
- The poorest 20 local authorities by deprivation suffer three times the level of crime per head than the 20 least deprived.

The IPOD generation

- In 2012 the average graduate will face an effective tax burden of 47.2 per cent including student loans and pensions contributions.
- Whilst earnings have increased by 28 per cent since 1999, the price of the average first-time property has nearly doubled. As a result, first time property prices are now over eight times higher than the median earnings of 22 to 29 year olds; they were only five times higher in 1999.⁶
- A survey by Nationwide mortgage lenders revealed that only 20 per cent of first time buyers are aged 20-24, down from 30 per cent ten years ago. Only 20 per cent of 20-24 year-olds are homeowners, down from 34 per cent ten years ago.⁷

¹ Independent Schools Council. Reform bulletin, 17 August 2006.

² Ireson, J., Rushforth, K. (2005), *Mapping and evaluating shadow education*, Institute of Education, University of London.

³ British Crime Surveys.

⁴ *Ibid.*

⁵ Department of Health (2006), *Tackling health inequalities: Status report on the programme for action – 2006 update of headline indicators*.

⁶ Office for National Statistics (2006), *Annual Survey of Hours and Earnings*; Department for Communities and Local Government, live tables on Housing Market and House Prices.

⁷ Nationwide (2006), *The Truth about first time buyer affordability*.

Public service manpower and costs

- *Health.* The NHS workforce has increased by 280,100 since 1997, from 1,058,700 to 1,338,800.⁸ An increase of over a quarter.
- Particular increases have occurred in relatively expensive hospital grades. Between 1997 and 2006 the number of consultants has increased by 53 per cent and the number of registrars by 58 per cent.⁹
- *Schools.* The overall schools workforce in England has increased by 39 per cent; from 532,700 in 1997 to 740,400 in 2007.
- The key growth has been in the numbers of teaching assistants – from 60,600 in 1997 to 162,900 in 2007, an increase of 168 per cent.¹⁰
- *Police.* Total police service strength in England and Wales has increased by around 25 per cent; from 181561 in 1998 to 226270 in 2006.¹¹
- Again, the key increase has been in support staff. Between 2003 and 2006, the number of full-time police officers increased by 7.4 per cent; however, when police officers and Police Community Support Officers (PCSOs) are taken together, the increase was 11.5 per cent.¹²

⁸ Headcount. Figures are rounded. The Information Centre for Health and Social Care: General and Personal Medical Services; Medical and Dental Workforce Census; Non-medical Workforce Census.

⁹ *Ibid.*

¹⁰ Department for Education and Skills (2006), *Statistical First Release 37/2006*.

¹¹ Home Office (1998-2000), *Police service personnel in England and Wales*; Home Office (2001-2006), *Police service strength*. The “total police service” is the sum headcount of police officers, police staff, traffic wardens and (after 2002) police service community officers.

¹² Home Office (2001-2006), *Police service strength*. PCSOs were introduced in the 2002 *Police Reform Act*.

1. Facts and figures

1. In his valedictory speeches Tony Blair presented statistics that gave the impression of a better Britain across the board. In other words, things really had “got better”. He covered both the economy and public services:

“There is only one government since 1945 that can say all of the following: more jobs, fewer unemployed, better health and education results, lower crime and economic growth in every quarter. Only one government. This one.”¹³
2. A truer picture would recognise that:
 - the record in both the economy and public services is mixed (at best), with aggregate performance very poor in many areas;
 - society and economy remains profoundly divided, with better opportunity and better security heavily skewed towards the better off people, older people and residents in the south and east of the UK;
 - a large number of improvements – both in the economy and public services – are due to private initiative. Some of the most positive developments of the last ten years, which have done most to spread opportunity to people on low incomes, have taken place in where government has minimised its role; and
 - many of the key trends of the last decade can be traced to before 1997. This is important for measuring the impact – or lack of impact – of key policies introduced in the last decade.
3. The analysis in this section draws on the statistical annex (see page 43).

1.1 Economy

4. Certain key aspects of the economy have performed extremely strongly over the last decade. Certainly there is a much greater stability than in the period of the previous Conservative Government (1979-1997) in terms of inflation, growth and productivity. The achievement of formal independence for the Bank of England in 1997 led to an immediate fall in inflation expectations, measured by UK 20-year government bond yields.¹⁴
5. Both employment and unemployment have continued their positive trends begun in 1993 (although unemployment has been trending upwards very recently). Working days lost in strikes have remained at a very low level reached in the late 1980s; household disposable income has risen steadily at the trend begun in the early part of that decade.
6. It is striking that the economy has greatly advanced in areas where previous governments introduced deregulation. These include universal access to mobile phones; much greater access to air travel; an active

¹³ Blair, T. (2007) Speech at Trimdon Labour Club, 10 May 2007.

¹⁴ King, M. (2007), *The MPC Ten Years On*, Speech to Society of Business Economists, 2 May.

housing market; and employment opportunities in financial services. All of these areas have increased opportunity to low income groups, as well as benefiting growth. The granting of independence to the Bank of England is another key example of success where government has minimised its role.

7. The much more worrying indicators concern taxation and public spending. Public spending has been trended downwards in the UK since the mid-1970s. But in 1999-00 the public spending-to-GDP ratio began a major expansion of five percentage points. Taxation is rising to pay for it; from a trough in 2002-03 of 35.2 per cent, the tax burden will reach 38.1 per cent in 2008-09 which will be the highest level since 1984-85.
8. Such an increase will bear down on private initiative. Recent econometric research indicates that a ten per cent increase in the tax burden reduces long-term economic growth by one per cent. The cost of the tax increases in this decade will be a reduction in long-term growth of between 0.3 per cent and 0.5 per cent per year.¹⁵
9. A particular concern here is that the tax burden is falling disproportionately on young people, as *Reform* has shown in a series of reports.¹⁶ In 2012 the average graduate will face an effective tax burden of 47.2 per cent including student loans and pensions contributions.
10. One of the aims of higher public spending was to reduce the variation in economic performance between the regions but this remains one of the most important characteristics of the UK economy. London, the South East and East of England are characterised by high rates of business formation, gross value-added per head and low ratios of public sector employment. Regions such as the North East, Wales and Northern Ireland are the opposite. There appears to have been no change in this division over the last decade. The division of opportunity also imposes costs on London and the South East – in particular congestion – as increasing numbers of workers migrate towards those more enterprising regions.¹⁷
11. Another aim of higher spending was to improve outcomes for people on low incomes. But there remains a persistent group who are excluded from the benefits of growing prosperity. The number of people claiming non-pension benefits has stayed constant at about 5.4 million since 1997; as has the cost of these benefits, at around £75 billion in real terms. Steady

¹⁵ Leach, G. (2003), *The negative impact of taxation on economic growth*, Reform.

¹⁶ Bosanquet, N. & Gibbs, B. (2005), *The Class of 2005: the IPOD generation*, Reform; and, Bosanquet, N., Gibbs, B., Cumming, S. & Haldenby, A. (2006), *The Class of 2006: a lifebelt for the IPOD generation*, Reform. The first of these reports claims that “The balance of taxation and public spending has tilted against young people so that they now face an unfair burden Taken together, these changes amount to the end of the welfare bargain People under 35 could be described as a cross-over generation who are paying the cost of the welfare state without being able to expect many of the benefits.”

¹⁷ Bosanquet, N., Cumming, S., & Haldenby, A. (2006), *Whitehall's last colonies: breaking the cycle of collectivisation in the UK regions*, Reform.

economic growth has not contributed to the transformation in the numbers of people on welfare that was seen in the USA in the 1990s.¹⁸

12. Perhaps most worryingly for the Government, progress towards its key target – the “eradication” of child poverty in 2020 – has stalled. The target of reducing the number of poor children by a quarter was missed in 2004-05, and further ground was lost in 2005-06. Additionally, there has been no change since 1997 in the numbers of children in severe poverty, and some one-in-five children remain persistently poor.¹⁹
13. In its latest review of the UK’s economic performance, the OECD also presented a mixed verdict. It judged that, of the 30 OECD member states, the UK was the best performing on measures of stability (such as having the “smallest absolute output gap” and the “lowest variance of CPI inflation”). However, the UK’s ranking for measures such as productivity per hour (15th), GDP per capita (14th) or skills (17th) was either average or worse.²⁰

1.2 Education

14. The Prime Minister is much more bullish on examination results in state schools than he ought to be.
15. The key statistic to which Ministers refer is the steady improvement in GCSE results, from 25 per cent in 1997 to 61 per cent in 2006 achieving 5 GCSEs A*-C.²¹ But this improvement overstates the impact of the Government’s contribution:
 - it is at exactly the same trend as that followed since 1988;
 - in 2006, only 44 per cent of 16 year-olds achieved five GCSEs at A*-C including English and mathematics. Lord Adonis recently said that every child should be expected to achieve that level in a decade. On current trends, the Adonis benchmark will be achieved in 2062; and
 - GCSE exams themselves have become easier.²²
16. In earlier years, Ministers concentrated on the improvement in results in primary schools. Here similar caveats apply. It is true that indicators for

¹⁸ Boys Smith, N. (2006), *Reforming welfare*, Reform.

¹⁹ Field, F. & Cackett, B. (2007), *Welfare isn’t working: child poverty*, Reform. Given these findings, the report notes that “To come anywhere near hitting the target for 2010-11, the Government would need to spend an additional £4 billion a year. But does anyone think this is a realistic option? A radical restructuring of the Government’s anti-poverty strategy is needed.”

²⁰ Organisation for Economic Co-Operation and Development (2005), *Economic survey of the United Kingdom*.

²¹ Blair, T. (2006), speech at Specialist Schools and Academies Trust Conference, 30 November: “In 1997, just 25 per cent of pupils achieved five good GCSEs. This year, 61 per cent do so.”

²² Reform (2005), *Standards of Public Examinations in England and Wales*; and Tymms, P., Coe, R., and Merrell, C. (2005), *Standards in English schools: changes since 1997 and the impact of government policies and initiatives*, University of Durham

numeracy and literacy in primary schools improved between 1997 and 1999 but:

- those indicators overstate the true level of improvement. It is likely that around a third of 11 year-olds do not reach the required standard;
 - the trend in improvement began in 1995, caused by the discussion around the improvement in primary school literacy and numeracy led by Chris Woodhead. It has levelled off since 1999.
17. But the strongest criticism of Tony Blair's confidence is the tremendous gap in attainment between children of different backgrounds. Disadvantaged groups have lower attainment at all levels of education. The gap increases as the level of education rises.
- at primary level, in key stage two tests, only 61 per cent of children on free school meals (FSM) reached the target level in 2006 compared to 79 per cent for all children and 83 per cent for those not on FSM;²³
 - at GCSE, only 19.5 per cent of children in receipt of FSM attain five GCSEs at grades A* to C including English and Maths compared to 43.8 per cent of all pupils and 47.5 per cent of those not in receipt of FSM;²⁴ and
 - only 28.3 per cent of students from socio-economic classes 4, 5, 6, and 7 attend university compared to 43 per cent of students nationally.²⁵
18. Private initiative has played a key role in improving education outcomes. This is particularly the case for the top end of academic education: 46 per cent of A-grades in A-level physics and mathematics and 60 per cent of A-grades in modern languages are achieved in private schools.²⁶ 27 per cent of state school pupils receive private tuition.²⁷ Further, in 2005 44 per cent of Oxford admissions and 38 per cent of Cambridge admissions, representing the most globally competitive aspects of the English education system, were from independent schools.²⁸ In other words national performance in several key areas now largely depends on the private sector. Improvements in domestic technology, in particular access

²³ Department for Education and Skills (2006), *Statistical First Release*, 46/2006.

²⁴ *Ibid.*

²⁵ Higher Education Statistics Agency (2006) *Performance indicators in higher education in the UK, 2004-05*. The social classes referred to are used by the Office for National Statistics and are small employers and own account workers, lower supervisory and technical occupations, semi-routine occupations and routine occupations. There is only one lower socio-economic class (8) which is never worked and long-term unemployed.

²⁶ source

²⁷ Ireson, J., Rushforth, K. (2005), *Mapping and evaluating shadow education*, Institute of Education, University of London.

²⁸ Oxford University (2005), *Undergraduate Admissions Statistics, 2005 entry* and Cambridge University (2005), *Undergraduate Statistics of Applications and Acceptances for October 2005*.

to the internet via broadband, are also likely to have contributed to learning, though again low income groups have less opportunity.²⁹

19. There is much clearer evidence on training. While the number of people engaged in government-sponsored training courses has been considerable, the latest academic research indicates that the value has been negligible, because it reflects neither employer nor individual initiative.³⁰

1.3 Crime

20. The data on crime is controversial. While the headline figures on crime (measured by the British Crime Survey) have fallen, many people's perception is that crime has risen.
21. It seems incontrovertible that property crimes have fallen, and again private initiative has a key part to play. Private provision of security equipment has increased hugely since 1997, continuing the earlier trend. 63 per cent of main family cars now have an alarm, for example, compared to 23 per cent in 1992 and 38 per cent in 1998.³¹ This goes almost unnoticed in the political debate but clearly will have had a tremendous downwards pressure on crime.
22. At the same time, sentence lengths for burglars have increased sharply, from around 16 months in 1994 to 20 months in 1997 to 25 months in 2005.³² Put together, this does suggest that property crime has fallen.
23. Statistics in other areas of crime are less positive. Numbers of robberies and anti-social behaviour have remained high, despite increasing personal attention from the Prime Minister and repeated legislative interventions. Individual types of anti-social behaviour, from vandalism to drug use to drug sales remain higher than in 1997 while down from a peak around 2001. This suggests that while a larger prison population and private spending has borne down on crime, the police have made little extra contribution.
24. The profound division in society is also clear in this area of policy. The poorest 20 local authorities by deprivation suffer three times the level of crime per head than the 20 least deprived.
25. New Labour was to be "Tough on crime, tough on the causes of crime." However, the past ten years have seen little improvement in those social factors – such as family breakdown, drug-use and unemployment³³ –

²⁹ Haldenby, A., Rainbow, H., Mitchell, H. (2006), *Supporting supply side reform: technology in English state education*, Reform.

³⁰ Wolf, A., Jenkins, A. & Vignoles, A. (2006), "Certifying the workforce: economic imperative or failed social policy?", *Journal of Education Policy*, Vol. 21, No.5, September 2006; and Wolf, A. (2002), *Does education matter? Myths about education and economic growth*.

³¹ Home Office (1992-2006), *British crime surveys*.

³² *Ibid.*

³³ Blair, T. (2001), speech at the Peel Institute, 26 January: "Crime will always rise as long as people are shut out from society's main stream. Without the hope of a proper job, a stable family, a network of friends, the chance of getting on." Blair, T. (1997), speech, 13 June: "The

identified by Tony Blair as being the “causes of crime”. The number of marriages per year has decreased since 1997, whilst the number of births outside marriage has increased. And there have also been increases in drug-use, particularly among young people: between 1998 and 2003, the percentage of 11-15 year olds who had used any illegal drug increased from 7 to 12 per cent.

26. On international comparisons, although the most recent international data are now quite old, they showed that England and Wales had the highest levels of recorded crime per head of any EU15 country other than Sweden, and also that people in England and Wales had the greatest chance of being victims of crime than any developed country other than Australia.³⁴ In its 2003 international benchmarking exercise, the Cabinet Office Strategy Unit described the UK’s performance on violent crime as a “weakness”.

1.4 Health

27. While the Government has been at great pains to stress the improved performance of the NHS, considerable caveats apply.
28. The key health statistic used by the Government in its review of public services is mortality rates from the major diseases of heart disease, stroke and cancer.³⁵ These have indeed fallen since 1997. But they have fallen at the same rate since the 1970s. Other organisations have pointed out that the Government’s policies have had little impact.³⁶ Strikingly, private initiative plays a key role here too; a key reason for falling mortality rates is changes in diet and smoking cessation by individuals.³⁷
29. The Government’s other key targets have related to NHS waiting times. Here the NHS can take more credit, but again the picture is mixed:

evidence we produce today shows beyond any serious doubt that a successful fight against crime has to target the criminal. That means not just effective prosecution and punishment, it also means attacking the reason for offending - drugs, poor skills, no job prospects. And it means, in a wider sense, re-building a decent society where there is opportunity for all and responsibility from all.”

³⁴ Van Dijk, J. et al (2005), *The burden of crime in the EU*, United Nations; United Nations Interregional Crime and Justice Research Institute (2000), *International crime victims survey*.

³⁵ Cabinet Office (2006), *The UK Government’s approach to public service reform*.

³⁶ Organisation for Economic Co-operation and Development (2005), *Economic Survey of the United Kingdom*: “In the health sector there are few indicators showing unambiguous improvements in outcomes over and above trend improvements that were already apparent before the surge in spending. Reductions in mortality from cancer and heart disease are a case in point: while a comprehensive set of initiatives targeted at these major killers in the late 1990s may have contributed to the continued decline, it is difficult to see any break so far in the trend already established.”

³⁷ Professor Mike Richards, the cancer “czar”, noted on BBC Radio 4’s *Today* programme on 28 October 2003 that improvements in mortality rates were due to changes in lifestyle. According to Department of Health (2006), *Health Profile of England*, a smaller percentage of the population smoke than ever before.

- the number of people on the inpatient hospital waiting list – i.e. those given an appointment to meet a consultant – has fallen since 1998, reversing a ten-year trend; but
 - latest figures for NHS referral to treatment show that one-in-eight patients are waiting over a year;³⁸
 - other patients in different categories still face very long waits, such as those with non-consultant appointments. For example in audiology there are an estimated 500,000 people on various forms of waiting lists with some waiting two years or more for a hearing aid.³⁹
30. As with crime, the overall standard of British healthcare remains behind other developed countries:
- both coronary heart disease mortality rates and cancer survival rates remain far behind competitor countries;⁴⁰
 - while mortality rates have fallen, the OECD's health data shows that the UK trend is in line with falls in mortality rates in other developed countries, which remain ahead;⁴¹
 - on waiting lists, one European agency has ranked the UK's performance as 23rd out of 26 European countries;⁴²
 - access to cancer drugs is much worse.⁴³
31. Health inequity is profound. In particular:
- The gap between the highest and lowest socio-economic groups has widened for both infant mortality and life expectancy.⁴⁴
 - The average death rate for cancer for ages under 75 is 122 per 100,000 population. For the least deprived fifth of local authorities the death

³⁸ Department of Health (2007), *Statistical press notice: NHS referral to treatment (RTT) times data – March 2007*

³⁹ Evidence submitted by the British Society of Hearing Aid Audiologists to the House of Commons Health Committee (2007), *Audiology services, fifth report of session 2006-07*. See also British Society of Hearing Aid Audiologists (2006), *Suffering in silence 2006, A new survey of NHS hearing aid waiting times conducted by BSHAA*. Waiting times are also long for lower profile diseases, such as mental illness and COPD, which are not affected by targets. See Bosanquet, N., et al (2007), *NHS reform – the empire strikes back*, Reform.

⁴⁰ Leatherman, S. & Sutherland, K. (2005), *The quest for quality in the NHS – a chartbook on the quality of care in the UK*. "Taking coronary heart disease as an example, in 1999, the UK had the highest mortality rate in people aged below 75 years from coronary heart disease among the comparator countries. Compared to France, UK mortality rates were four times higher for females and around three times higher for males."

⁴¹ *ibid*, Chart.1.11a, covering 1999-2001. Comparator countries: Germany, United States, Sweden, Australia and France.

⁴² Health consumer powerhouse (2006), *Euro health consumer index*.

⁴³ Karolinska Institute (2005), *A pan-European comparison regarding patient access to cancer drugs*. This report shows that the UK's cancer survival rates lag behind countries such as Moldova and Slovenia and way behind countries such as France and Germany.

⁴⁴ Department of Health (2006), *Tackling health inequalities: Status report on the programme for action – 2006 update of headline indicators*.

rate is just 107 per 100,000 population. The rate for the most deprived fifth of local authority districts is much higher – 138 per 100,000 population.⁴⁵

- Analysis from the Office for National Statistics has shown that five-year cancer survival rates are lower in more deprived areas.⁴⁶

1.5 Conclusion

32. In reality the statistical performance of the last decade is mixed, with clear negatives in some areas. Perhaps most strikingly, and despite Labour's commitment to social justice, social division remains profound.
33. The economic record is certainly stronger than in public services, and here the steady growth in the economy has enabled dramatic social improvements. But the key credit should have gone to the private sector; so many of the key advances of the last decade are in areas where government minimised its role in previous years.
34. The mixed statistical record implies that government policies have been less positive than Tony Blair has said. This is discussed in the next section.

⁴⁵ *Ibid*, statistics for 2002-04.

⁴⁶ Office for National Statistics News Release (2007), *Cancer survival rates are lower in deprived areas*

2. Policy

35. Tony Blair's other key message is that he has solved the problems of policy. In valedictory speeches and articles, he has argued that the policy set that he leaves behind – with a clear focus on choice, competition, decentralisation and markets – is the right one. A typical example would be Tony Blair's commentary in *The Economist* in June 2007; the key extract is quoted here in full:

“The role of the State is changing. The State today needs to be enabling and based on a partnership with the citizen, one of mutual rights and responsibilities. The implications are profound. Public services need to go through the same revolution – professionally, culturally and in organisation – that the private sector has been through. The old monolithic provision has to be broken down. The user has to be given real power and preference. The system needs proper incentives and rewards. The purpose should be so that public services can adapt and adjust naturally – self-generating reform – rather than being continually prodded and pushed from the centre. Public-sector unions can't be allowed to determine the shape of public services.”⁴⁷

36. But as with the statistical record, the policy approach is not as positive as the valedictory remarks would imply. The aim of public sector reform is indeed to make public services accountable to their users. And it is true to say that he has bravely argued for the principles of reform, often in the face of opposition from his own party.

37. But the key approach has been to centralise decision-making, to increase spending and to introduce “halfway-house reform” which generates opposition without building mass support for change. This means that even in the area of health, where real and beneficial changes have been made to the national policy framework, it is very unlikely that the service will have developed into a modern service in five to ten years' time.

38. The result of a combination of the inputs-led approach and a lack of reform means that resources have been extremely poorly used. The Government's evidence for good use of resources is mortality rates; GCSE results; and crime rates as measured by the British Crime Survey.⁴⁸ But each of these trends has been completely unchanged by the massive extra resources for each service.

39. These figures indicate that despite the great difficulties in measurement, there has been a collapse in public sector productivity. The phenomenon of “stagflation” has returned, but this time in the public sector. The extra costs pose grave problems going forward.

⁴⁷ Blair, T. (2007), “What I've learned”, *The Economist*, 2 June.

⁴⁸ This approach is demonstrated in: Cabinet Office (2006), *The UK Government's approach to public service reform*.

2.1 Economy

40. The key elements of economic policy – monetary, and fiscal – demonstrate the best and worst aspects of policy-making over the last ten years.
41. The great policy triumph of the last decade took place in the first five days – the granting of independence to the Bank of England. As Mervyn King has reported, the granting of independence led to an immediate fall in long term inflation expectations beyond what had been already been an effective policy since 1992.⁴⁹ Bank of England independence embodied the key principles of successful public service reform: accountability, freedom of management and transparency. It has “changed the rules of the game”.
42. The picture on fiscal policy is completely different. The spending policies of the Government have underpinned two of the key weaknesses of Blairite policy; centralisation and an inputs-led approach.
43. On the spending side, the “Golden Rule” has allowed public-spending-to-GDP to increase at an unprecedented rate and so has supported the inputs-led approach which has done so much to prevent reform. It is striking to compare Tony Blair’s rhetoric in favour of lower spending and the reality of the dramatic tax and spending increases in this decade.⁵⁰
44. Of even greater concern, the public spending framework introduced in 1998 has pulled accountability to the centre instead of devolving it to consumers. The framework specifies Public Service Agreements which specify public service outcomes. It also makes Secretaries of State formally responsible for their achievement of these outcomes, rather than local managers (or indeed individuals).⁵¹
45. The National Audit Office has shown that these targets are in many cases unmeasurable; in others they are absurd.⁵² But regardless of this, they enforce the Whitehall view that it is the centre to which services should be ultimately accountable.
46. Turning to taxation, the key achievement of the last decade is a negative one – not to introduce the penal rates of taxation of the last decade. But that has not been sufficient to maintain the UK’s competitive lead. In an excellent speech in 2004, Tony Blair said that “tax competitiveness” was an essential modern economic policy.⁵³ But the UK’s corporation tax is now

⁴⁹ King, M. (2007), *The MPC Ten Years On*, Speech to Society of Business Economists, 2 May.

⁵⁰ The 1997 Labour Party manifesto claimed that “New Labour will be wise spenders not big spenders. In a speech to the Confederation of British Industry, on 17 May 2000, Tony Blair said that “First we have to keep to disciplined economic management. That means saying no as well as yes to the vast number of demands that we spend public money. No sooner had we started the process of selling the broadband spectrum, then people had spent the money several time over in the name of every good cause. We have to keep fiscal and monetary policy in line with each other.”

⁵¹ Douglas, R., Richardson, R. & Robson, S. (2002), *Spending without reform*, Reform.

⁵² National Audit Office (2006), *Second validation compendium report: 2003-06 PSA data systems*.

⁵³ Blair, T. (2004), Speech to Goldman Sachs, 22 March.

in the top half of the EU15 having been at the top in 1997. There has also been considerable increase in complexity.⁵⁴

47. The increase in the burden of taxation is particularly worrying since it is one of a cocktail of factors that, simultaneously, are damaging the economic position of young people. Policies such as the introduction of tuition fees and near-compulsory private pensions indicate that today's 18-34 year-olds face a tremendous burden as the "crossover generation" who will not only fund their own provision but also fund their parents' existing entitlements. The tax and spending policy changes of this decade have made their position worse: higher spending has predominantly benefited older people (health, pensions) while certain higher taxes weigh particularly hard on the young (stamp duty).⁵⁵ It is striking that Tony Blair has recently begun to recognise, in a broad sense, the challenges facing young people – such as house prices – and the need to place these challenges at the forefront of any future policy agenda.⁵⁶
48. On the labour market, New Labour has been true to its promise not to reintroduce the trade union legislation of the pre-1979 period. From the perspective of a country such as France, this is enough to give the UK an enviable position.⁵⁷ But the specific policy decisions of 1997-2007 have not further improved it; in fact they have worsened the regulatory position. According to the Better Regulation Task Force, the annual direct cost of regulation to UK business is £100 billion.⁵⁸ Furthermore, British Chamber of Commerce estimates place the direct cost upon UK businesses of regulation introduced since 1998 at around £50 billion.⁵⁹
49. Welfare reform, which could have made a tremendous difference to the performance of the labour market, has remained a subject for government papers rather than action. As in public services, additional spending has been very poorly used.
- In welfare provision, the intention of New Labour was to link rights with responsibilities (a "hand up" not a "hand out"). However, over

⁵⁴ Tax Reform Commission (2006), *Tax Matters*.

⁵⁵ Bosanquet, N. & Gibbs, B. (2005), *The class of 2005: the IPOD generation*, Reform; and, Bosanquet, N., Gibbs, B., Cumming, S. & Haldenby, A. (2006), *The class of 2006: a lifebelt for the IPOD generation*, Reform.

⁵⁶ Blair, T. (2007), interview on BBC *Politics Show*, 15 April: "You know, when we came into power the big issue was boom and bust, recession, negative equity ... the challenge now, and this is what we're going on to address, is how do you help couples – particularly young couples – trying to get their feet on the first rungs of the housing ladder."

⁵⁷ King, M. (2007), *The MPC ten years on*, Speech to Society of Business Economists, 2 May: "It could be argued that the structural reforms of recent decades have made the UK economy and, in particular, the labour market, more flexible. Greater flexibility has enabled unemployment (and its natural rate) to fall steadily. Structural reforms also led to more stable growth of employment and output. If businesses are to stabilise employment in the face of changes in costs, employees must accept fluctuations in the real value of their take-home pay."

⁵⁸ Better Regulation Task Force (2005), *Regulation – less is more*.

⁵⁹ British Chambers of Commerce (2006), *Burdens barometer*.

80 per cent of the system (£64 billion) remains rights-based. Therefore, less than 19 per cent of expenditure places any demands upon recipients.⁶⁰

- The Tax Credit system has created marginal rates of up to 90 per cent – the highest in the OECD – for those moving from part time work to full time work. In practice, an estimated 20,000 women and 10,000 men have probably dropped out of the labour market as a result of Tax Credits.⁶¹
- Figurehead Welfare-to-Work schemes, introduced since 1997, are significantly outperformed by their international counterparts. For example, the New Deal for Young People has placed only 41 per cent of applicants into jobs, whilst some foreign schemes have placed 65 per cent of applicants, and cost less than the New Deal. The gross cost per job in the New Deal for Young People is about £3,500; outsourced schemes can achieve better outcomes for as little as £2,050.⁶²

2.2 Crime

50. Crime policy contains one clear policy success and one weakness. The clear success is prisons. While it is not frequently discussed as part of his Government's legacy, Tony Blair did refer to the increase in one of his valedictory speeches.⁶³ This has clearly borne down on crime; as David Green of the think tank Civitas has argued, since the average criminal commits 140 crimes per year, an increase in the prison population of 35,000 would reduce the number of crimes by 4.9 million per year.⁶⁴ It is particularly striking that sentences have lengthened in areas such as burglary where the British Crime Survey reveals dramatic falls.
51. The Home Office did display uncertainty on prison places in 2003-04; the Department's "five-year plan", published in 2004, proposed a limit on prison places of 80,000, despite the Department's own projections that tougher sentencing would see prison numbers rise to 90,000 or 100,000, by 2010.⁶⁵ Now, in 2006, the Government has announced an increase in places to 88,000. It is now possible to see that the failure to increase places earlier has placed the service in a state of recurrent over-crowding.
52. There are also grave problems with rehabilitation.⁶⁶ Performance here is woeful – 56 per cent of those who took drugs before entering prison still

⁶⁰ Boys Smith, N. (2006), *Reforming welfare, Reform*.

⁶¹ *Ibid.*

⁶² *Ibid.*

⁶³ Blair, T. (2007), speech at the Public Service Reform Conference, 27 March. "There are 20,000 more prison places since 1997, we are building another 8,000, so if people deserve to be in prison, that is where they should be."

⁶⁴ Home Office (2000), *Making punishments work*; Civitas website.

⁶⁵ Home Office (2006), *Prison population projections 2006-2013*.

⁶⁶ Ramsbotham, D. (2003), *Prisongate*: "Proper detoxification is a far longer and more detailed process than the supervised withdrawal that currently passes for it in some prisons."

take them whilst incarcerated.⁶⁷ The Government has discussed opening up the provision of rehabilitation services to the independent sector but the contribution from charities is still piecemeal.

53. In policing, too, the key trends have been an increase in spending and an increase in centralisation. Real terms police spending rose by 21 per cent between 1998-99 and 2004-05; whilst the number of officers has increased by around 20,000 since 2000.⁶⁸
54. In addition to the overall public service targets, decision-making has been centralised through measures such as the introduction of a National Policing Plan, The establishment of a Police Standards Unit based in the Home Office, and powers for the Home Secretary to intervene to suspend a chief officer or to require improvement in performance.⁶⁹ This trend to central direction has been the subject of increasing criticism. The Home Affairs Select Committee said: "We share the general concern that central interference in the running of individual forces is not desirable."⁷⁰
55. Again similarly to other public services, examples of reform have been driven from the centre. For example, the objective of "neighbourhood policing" – the creation of dedicated local teams of officers and support officers for each council ward – is the improvement of local police presence, along the lines of the "zero tolerance" policy that was so widely admired. The current plans for neighbourhood policing depend on the recruitment of 20,000 police community support officers. But this recruitment is driven from the centre – through the Neighbourhood Policing Fund – rather than due to forces' own decisions. As a result, mainstream police officers have opposed the introduction of PCSOs despite the clear potential benefit to public order of more visible, preventative policing.
56. For policing, as in other public services, real reform means true accountability to service users. In the case of policing, the accountability needs to be expressed by local populations democratically rather than through individual choice. In retrospect the nearest that the Government has come to real reform is the proposal for local accountability in the 2003 Green Paper *Policing: Building Safer Communities Together*. The proposal was fully supported at the time by Oliver Letwin, the Shadow Home Secretary. But the moment passed and the key policy drive has remained centralisation and spending.
57. Strikingly, both John Reid and Tony Blair have revealed the limits of government policy in recent articles. John Reid set out an agenda for

⁶⁷ Home Office (2003), *Prisoners' drug use and treatment: seven research studies*.

⁶⁸ National policing board (2006), *Vision for the police service*.

⁶⁹ Reform & The Smith Institute (2006), *Public service reform 2006-2010*.

⁷⁰ *Ibid.*

police reform that is right but embodies an entirely different approach to the last ten years.⁷¹

58. A focus on the “causes of crime” was to be Tony Blair’s unique contribution. Yet, as noted above, the key social indicators that he identified have all deteriorated since 1997.
59. Tony Blair has recently written that the Government’s approach here was wrong: very heavy extra spending on regeneration has missed the key reason for persistent anti-social behaviour, which is a relatively small number of individuals and families who should have been singled out.⁷² Frank Field, the former Welfare Minister, had been arguing for such an approach from the early days of the Government.

2.3 Education

60. Tony Blair has argued that his policies on education have shifted dramatically towards reform over the last decade. He has suggested that an initial approach based on centralisation and targets has been replaced by a focus on what are the two key principles of school reform: free choice of school, and freedom of management for headteachers and teachers in order to create a vibrant and strong ethos.⁷³
61. Certainly Tony Blair’s introduction the 2005 White Paper is the outstanding expression of education reform. He set out very clearly the characteristics of good schools; he also praised the school choice systems of Sweden and America. The former allows for-profit companies to run taxpayer-funded schools.⁷⁴

⁷¹ Reid, J. (2007), “People power can make our streets safer”, *The Sunday Telegraph*, 29 April. “And then, fourthly, let’s explore how to increase local accountability while decreasing central direction. Ensuring that the police are accountable to the public they serve is essential in retaining confidence in the work they do. We should not be frightened of exploring new ways of doing this. We need to look at what works. Ideas like providing dedicated local phone numbers for the public to contact their neighbourhood policing teams directly, where they know who is responding to their concerns. The best are already doing this and building trust and better relationships with the communities they serve. We need to go further.”

⁷² Blair, T. (2007) “I’ve been tough on crime: now we have to nip it in the bud”, *Daily Telegraph*, 28 April: “What I have learnt over these 10 years is that the original analysis I had was incomplete and therefore misguided, i.e., guiding us to the wrong policy conclusion, not in the sense that investment in poorer neighbourhoods and regeneration was wrong – it has been absolutely right – but in the sense that it will not deal with this small and unrepresentative minority.”

⁷³ Blair, T. (2001), Speech on reform of public services, 16 July: “In our first term, when we were often acting to stop the rot and introduce basic rules, there was heavy intervention from the centre. Now we have a national framework in place, power can and should be released to the front line and targets cut back to the essential.”

⁷⁴ Blair, T. (2005), *Higher standards, better schools for all*, Department for Education and Skills: “Parent choice can be a powerful driver of improved standards Many other countries have successful experience with school choice. There is increasing international evidence that school choice systems can maintain high levels of equity and improve standards. Swedish parents can choose an alternative school to their local one, including a diverse range of state-funded independent schools. Studies have found that schools in areas where there is more

62. But the true picture of reform is very different, for both choice and deregulation, which we take in turn.
63. Parental choice works when the provision of schools reflects the choices of parents. The abiding problem of the English school system has been that the provision of schools reflects the decision of planners, both in central and local government. In general those decisions have locked in an existing pattern of provision, despite clear weaknesses, particularly in deprived areas. As a result parental choice is frustrated and competition between schools does not apply strongly enough. There is a shortage of good school places and increasingly radical methods are being used to distribute them such as lotteries.⁷⁵
64. The Government's key improvement, in the 2006 Education and Inspections Act, has been to change legislation so that the providers of new schools, in areas of population growth, are chosen through a competition, rather than automatically being the local authority.⁷⁶ But this leaves existing provision unchanged. It is also no guarantee of new provision. The first such competition resulted in the award of the contract for a new school to Haringey Local Authority, despite the fact that it has below average results both for London and England.⁷⁷
65. The 2006 Act also places a responsibility on local authorities to listen to parental campaigns for new schools. But it is extremely unlikely that parents will be able to organise with sufficient ability to carry forward proposals for actual new schools (as opposed to exercising choice for their children). One piece of recent research found that recent parental campaigns have been split between supporters and opposers of new schools.⁷⁸

choice have improved most rapidly. In Florida, parents can choose an alternative school if their school has 'failed' in two of the last four years. Again, studies showed test scores improved fastest where schools knew children were free to go elsewhere" Blair, T. (2005), *Higher standards, better schools for all*, Department for Education and Skills:

⁷⁵ In some areas of the country less than 50 per cent of parents got their first choice of school of primary school for their child. In Wandsworth, south London, 48 per cent failed to get their number one school, the highest failure rate in the country.

⁷⁶ The Education and Inspections Bill in 2006, decreed that contracts for all new schools should be tendered and subject to a bidding process from a range of providers. The local authority is allowed to create its own bid if it has a good record on education, and under these circumstances an independent adjudicator would decide the result.

⁷⁷ Department for Education and Skills website. In 2006 51.7 per cent of students gained five GCSEs grade A* to C in Haringey at the end of Key Stage 4, compared to 58.3 per cent in London and 59.2 per cent in England as a whole.

⁷⁸ Pennel, H., and West, A. (2007), *Parents in the driving seat? – Parents' role in setting up new secondary schools*, RISE, London School of Economics, found that campaigns for new schools were generally successful but many of these had the support of the local authority. The majority of the campaigns against new schools were against Academies, showing rising opposition to this piecemeal reform. The study was however only based on 25 campaigns.

66. A key problem is the provision of capital for new schools, which is entirely at the discretion of the Department for Education and Schools, and national policy is not to encourage new schools even in areas of low standards. Strikingly the Department is about to embark on a capital project – “Building Schools for the Future” – of historic size. Fully £45 billion will be spent.⁷⁹ But the spending will be to refurbish the existing school estates rather than to provide new schools in greater demand.⁸⁰
67. In the absence of true reform to allow parental choice, the focus has been on changing the nature of existing schools, through the creation of new categories (“academies”, “federations”, “teaching schools”, “specialist schools”, “trust schools” and so on).⁸¹
68. In some cases, the new types of schools allow limited deregulation from the basic comprehensive model. But the limits are strict – for example, no school can vary its admissions policy in regard to selection, and only city academies can vary from the national curriculum and teachers pay settlements. Even in the case of city academies, which have the greatest potential flexibilities, evaluations have shown that key flexibilities – in particular variations in teachers’ pay and conditions – are ignored.
69. The most recent evaluation also shows that the pace of innovation in city academies has slowed, which suggests that without a stronger drive from parental choice and competition, the gains to innovation from the establishment of an academy may be short-lived.⁸² The expansion of the programme, all other things being equal, will see diminishing levels of quality.
70. Other reforms provide evidence that new mechanisms for change have very little impact if there are not bottom-up incentives to take them on:
- For example, since 2002, schools can apply for a “Power to Innovate”, to vary from existing legislation, for a period of not more than three years. In practice the Power to Innovate has had a negligible impact. In the three years of its existence (2002-03, 2003-04, 2004-05), only 185 schools out of the 25,000 schools in England and Wales have benefited from it (less than 1 per cent).⁸³
 - Since 2002, state schools have been able to become part of “federations” with other schools. The aim has been to enable good headteachers to, in effect, take over the running of poorly performing schools. The idea is good because the numbers of good headteachers are insufficient. But

⁷⁹ Building Schools for the Future website.

⁸⁰ The initiative was announced in 2005 and aims to rebuild or renew every secondary school in England over a 10-15 year period.

⁸¹ 84 per cent of schools are now deemed “specialist” but these schools experience little additional freedoms, and individual schools lack a distinctive character.

⁸² PriceWaterhouseCoopers (2006), *The third annual evaluation report of academies*, found that Academies have become less innovative.

⁸³ Innovation unit (2006), *Powers to facilitate innovation annual report*.

the programme is so far piecemeal – there are only 17 “hard” federations, which are the only example of real reform.⁸⁴

- The creation of “trust schools” – the *cause célèbre* of the 2006 Education and Inspections Act – has a similar aim but again initial signs of take-up are extremely weak.⁸⁵ Only 50 schools have currently applied for trust status. As with academies, the impression is that without a real pressure from choice, the incentives to innovate are weak.
- Teach First is an excellent programme which enables graduates from leading research universities to teach for two years in schools in deprived areas before beginning a business career. The scheme is run outside of government, by an independent charity. But it currently involves only ninety schools in local authorities across Greater London and Greater Manchester are employing Teach First graduates, with the scheme to be expanded to the Midlands in September 2007.

71. In fact the evidence of centralisation is much easier to find. On top of the PSA arrangements, new legislation has hugely increased the administrative burden on schools from central and local government. One analysis found that the 1998 Schools Standards and Framework Act alone created seventeen different “plans”, led by central and local government, for schools to follow.⁸⁶ Teachers’ pay and conditions are set by national pay bargaining.

72. One particular consequence of centralisation is the narrowing of the curriculum. For both primary and secondary education, the drive from the centre has been to focus on “core subjects” i.e. numeracy, literacy, English and mathematics. Other areas of the curriculum are now widely

⁸⁴ There are 56 different school federations in England, at all levels of education. Within these federations there are a number of different types of governance arrangement, with different federations being classed as hard, soft, or collaborative. 17 of these federations are collaborative, a very weak arrangement, which denotes a very informal agreement to work together in certain areas, with meetings between schools on an “ad hoc” basis and no shared governance. 16 of these are, or are in the process of becoming hard federations, this denotes that the schools have a shared governing body and in the majority of cases an executive headteacher in charge of the group of schools. This is the only type of federation that represents a distinctive new way of working. The remaining federations are described as soft federations, a term which covers all those groups of schools which have some kind of joint governance through a strategic committee, but who do not necessarily share a common governing body, and in the majority of cases do not have an executive headteacher.

⁸⁵ Most recently the focus has been on increasing the number of trust schools. A trust school is legally a foundation school supported by a charitable foundation that appoints some of its governors. It has no real freedom over its curriculum, admissions or terms and conditions for its teachers. The Education Select Committee has said of these schools: “We have established that trust schools are not a new concept; the Government has re-branded one type of foundation school and sought to promote it as the way forward for schools. Much more detail and clarity is needed on the process involved in becoming a Trust school. If the Government wants to allay fears about how Trust schools will operate, it needs to provide this detail and clarity as soon as possible” (Education Select Committee, 27 January 2006, First report, The Schools White Paper: higher standards, better schools for all).

⁸⁶ Haldenby, A (Eds.) (2006), *Public service reform 2006-2010*, Reform, The Smith Institute.

felt to have suffered.⁸⁷ The decline in language teaching may well increase the lead of independent schools.

73. Key reform initiatives – notably city academies – have also been driven from the centre. Bottom-up incentives for reform – in the form of choice – have not been introduced. The central drive has actually increased opposition to reform locally. There is now widespread opposition to academies from throughout the education establishment despite their clear advantages.⁸⁸
74. A final, and major, problem of decentralisation is examination standards. Central government is responsible both for the improvement of examination results – though national targets – and the administration of examinations themselves. As such it is no surprise that all examinations, at different periods over the last twenty years, have diminished in difficulty.⁸⁹
75. In the absence of reform, the key policy drives have been increases of spending and centralisation of decision-making. Education spending has increased by 55 per cent.⁹⁰ While the teaching workforce has only increased by 36,400, the number of support staff has increased by a dramatic 115 per cent – from 133,500 to 287,500.⁹¹ This is a reflection of decisions, in the national workforce planning process, to reduce the “burden” on teachers to allow them to spend more time preparing for lessons.⁹²
76. The exception that proves the rule in education is higher education. Here, and in the face of Conservative opposition, the Government has introduced a mixed funding system which can develop into a highly successful funding system. This is genuine reform which will increase opportunity and direct resources to place of greatest return.

⁸⁷ Ofsted (2005), *Annual report of her majesty's chief inspector of schools 2004-2005*. Ofsted has reportedly a narrowing of the curriculum particularly in primary schools, and the QCA has reported that schools spend a disproportionate amount of time on key subjects. Ofsted has said: “In many schools the focus of the teaching in English is on those parts of the curriculum on which there are likely to be question in national tests.”

⁸⁸ Academies are facing increasing opposition from teacher unions and parents, the most recent example is opposition to a proposed new academy near Wembley.

⁸⁹ Improvements in exam results can also be counteracted by Durham University research suggesting that standards have declined since 1988. The decline in difficulty at A-level has been most marked in key subjects such as maths with the research suggesting that a student awarded an E in A-level maths in 1988 would now obtain a B.

⁹⁰ HM Treasury (2007), *Public Expenditure Statistical Analyses*.

⁹¹ DfES (2006), *Statistical First Release 37/2006*.

⁹² Since September 2005 teachers have been entitled to have a minimum of 10 per cent of their timetabled teaching commitment for planning preparation and assessment time (PPA). This entitlement means that for half a day a week teachers are away from the classroom, leaving their lessons to be covered by another member of staff. In many cases the members of staff that cover these lessons are not qualified teachers but teaching assistants. This means that despite an overall increase in the numbers of teachers in many schools contact time between qualified staff and students is declining.

2.4 Health

77. The National Health Service has seen the greatest steps towards reform. A series of Ministers have taken steps to introduce market measures, in particular in the hospital sector, which will improve access to services in the long term. Indeed the reforms in the health service raise questions as to why similar reforms have not been introduced in education or policing. But as in those areas, the lack of real decentralisation means that there remain profound barriers to the modernisation of healthcare in line with patient need.
78. In retrospect the key focus of the Blair governments has been the hospital sector of the National Health Service. Here it is fair to say that the policy has been “spending before reform”, contrary to Gordon Brown’s specific pledge to *The Sun* in 2001 that there would be “not a penny” extra for the NHS until reforms were in place.⁹³
79. The size of the extra resources for the National Health Service are not in doubt. Since 1999, spending has doubled in real terms and the size of the workforce increased by 25 per cent to an astonishing 1.4 million people.⁹⁴ The inputs-led approach has had Tony Blair’s personal imprimatur. In particular, in 2000, he made a personal commitment to increase UK health spending to European levels in 2000, in an interview with Sir David Frost.⁹⁵
80. These resources have been targeted on hospitals. Partly this is as a result of targets; the Government’s key health targets have focused on reducing hospital waiting lists and, more recently, waiting times. Partly this is due to specific spending decisions, notably on capital. The 2000 NHS Plan provided for fully 100 new hospitals.⁹⁶
81. More recently, a series of reforms have sought to introduce market-based reforms to hospitals; they represent the Government’s best efforts towards reform across the public sector. They are a coherent attempt to open up

⁹³ “I am going to insist that any additional resources must be matched by reforms so that we get the best value for money. There is not going to be one penny more until we get the changes” (Gordon Brown quoted in *The Sun*, 30 November 2001).

⁹⁴ Department of Health (2006), *Evidence to the Health Select Committee*

⁹⁵ “If we carry on for the next lot of spending rounds, getting that extra money in, we will make a substantial difference. We will bring it up to the European Union average in time In the short term we have got to get more intensive care beds and to bring more nurses back into the National Health Service. I’m not going to sit here and say there aren’t problems in the NHS because there are and we’ve got to put them right” (Tony Blair, *Breakfast with Frost*, 16 January 2000). The Prime Minister has also specifically linked the speed of reform with an increase in inputs: “Can you not speed up the reform of the health service? I understand people’s frustration and impatience. But as those involved in recruiting nurses you know that the limits on how far and how fast we can go are firmly related to how quickly we can get in the extra staff we need” (Speech to the Chief Nursing Officer’s conference, 10 November 2000).

⁹⁶ Labour Party Manifesto (1997), *New Labour because Britain deserves better*; Department of Health (2000), *The NHS Plan, A plan for investment, A plan for reform*

the delivery of hospital treatment to the independent and voluntary sectors and to allow patients to choose between providers of whatever sector. Specifically:

- a payment system is being created so that hospitals are paid according to units of work (“payment by results”);
- since 2005, hospital patients have been able to choose between four NHS hospitals. From 2008, they will be able to choose between any hospital, of whatever sector, which can provide an operation at or below the NHS tariff;
- independent sector hospitals will be able to treat NHS patients. Up till now, their use has very largely been commissioned from the centre, with all of the disadvantages of that model of reform. But from next year, as noted, they should be able to compete freely; and,
- some NHS hospitals – foundation trusts – have greater freedoms over their use of resources.

82. The pilots of these reforms have been highly successful:

- The London Patient Choice Project (LPCP) was established to provide a choice for patients waiting for treatment at an NHS London hospital beyond a target waiting time (six months at the scheme’s inception, subsequently reduced). Research by the University of York found that there was a significant reduction in mean waiting times and that waiting times were reduced for all patients not just those that exercised choice.⁹⁷ A Picker Institute survey found that 60 per cent of people took the choice of an alternative provider when they were offered it and 97 per cent of these said they would recommend the scheme to others.⁹⁸
- Choice has also been piloted for heart patients (July 2002 – November 2003) and like in London it has transformed the waiting list resulting in the National Heart Hospital, bought to increase NHS capacity in cardiac surgery, finding that it was short of patients because waiting lists had been so reduced. In response it converted to non-surgical uses.
- Choice for patients having to wait more than six months for scans has dramatically reduced waits. In January 2006 there were 5,675 people waiting more than six months for MRI or CT scans. By April 2006 there were 1,031 and in April 2007 it was just 24.⁹⁹
- Where the independent sector has been used to treat NHS patients it has driven down waiting times and lists. The independent mobile

⁹⁷ Dawson, D., Jacobs, R., Martin, S., Smith, P., *Evaluation of the London patient choice project: system-wide impacts*, University of York, 2004.

⁹⁸ Coulter, A., Le Maistre, N., Henderson, L., *Patients’ experience of choosing where to undergo surgical treatment, evaluation of London patient choice scheme*, Picker Institute, 2005.

⁹⁹ Hewitt, P. (2007), Speech at the London School of Economics, 14 June.

cataract treatment centres have been a particular success, treating eight times more patients per day than NHS units have traditionally managed. A report for the Department of Health found that Independent Sector Treatment Centres had more robust quality standards than the NHS.¹⁰⁰

83. But it is already becoming clear that the potential benefits of this programme will be frustrated by the concurrent programme of spending. Reform has commented extensively on how the cost pressures of the services have built up beyond the services' ability to pay. The recent problems of deficits are well known; what is less well understood is the fact that current cost commitments, of staffing and labour, will continue to absorb resources going forward into future years. The workforce remains on open-ended contracts, negotiated centrally. The costs of hospital building will be felt for many years to come.¹⁰¹
84. As a result it is very likely that the level of provision of the independent sector will not reach what has been described as a "critical mass" – perhaps 20 per cent – at which the sector is stable and sustainable. Without such extra providers, the promise of extra choice will remain illusory. At present less than 1 per cent of NHS care is carried out by the independent sector. The lack of bottom-up incentives for change also makes the involvement of the private sector uncertain. It is striking that the Surrey and Sussex NHS Trust has not continued the contract of the BUPA-run treatment centre at Redhill despite high performance.
85. In addition, and as in other services, the pressures of centralisation will also make it difficult for local decision-makers to act on their own initiative. In 2003 the Nuffield Trust found that "politicisation" was the key problem preventing NHS improvement, as local managers were prevented from acting on their own initiative.¹⁰² One chief executive of a future Foundation Trust estimated in 2002 that 25 per cent of her office's time was spent responding to central requests for information.¹⁰³ Key drivers of centralisation have been the Public Service Agreements, since 1998, and the creation of a central monitoring unit, in the form of the Delivery Unit, since 2001.

¹⁰⁰ "There is a robust quality assurance system in place, more ambitious and demanding than that for National Health Service organisations. The KPI data to be collected and provided by the ISTCs extends beyond that used by the NHS" (*Preliminary overview report for schemes GSUP1C, OC123, LP4 and LP5*, National Centre for Health Outcomes Development, 2005).

¹⁰¹ Reform (2005), *The NHS in 2010: reform or bust*; Reform (2006); *Staffing and human resources in the NHS – facing up to the reform agenda*; Reform (2006), *Investment in the NHS – facing up to the reform agenda*; Reform (2007), *NHS reform: the empire strikes back*

¹⁰² The Nuffield Trust (2003), *The Quest for quality in the NHS – a mid-term evaluation of the ten-year quality agenda*: "Even if investment is maintained at satisfactory levels, the greatest threat to the sustainability and progress of the Quality Agenda is likely to be the unrelenting and often damaging politicisation of the NHS."

¹⁰³ *Financial Times*, 22 May 2002

86. The flurry of central initiatives and directives gives the lie to the idea that a “decentralised service” has been created. New evidence is also showing how poorly the centre carries out the functions of negotiating and planning, whether for doctors pay or for medical training.¹⁰⁴ The central regulatory force will also restrict innovation within the NHS. The NHS was recognised as being one of the least innovative international health services in the Wanless Report.¹⁰⁵
87. The more fundamental problem is the bias towards hospital care that all of the above policies embody. The key challenge in health policy globally is to see resources move from traditional secondary care to new provision, focusing on prevention and primary care services. This will see hugely more efficient health spending; it will deliver the frequent call that the NHS should turn into a “health service” rather than a “treatment service”.¹⁰⁶
88. The Government has understood this pressure. The clearest expression of the wish to modernise was the 2006 White Paper *Our health, our care, our say: a new direction for community services*, which called for exactly this shift to primary care and preventative services that we have described. But each of the Government’s changes has been too weak to modernise the pattern of health provision:¹⁰⁷
- Primary Care Trusts were created to represent the patient interest; even after an almost immediate reform, to amalgamate them, they have acted as conduits of resources to secondary care rather than as decision-makers. PCTs are also conflicted – they both provide services as well as commission them.¹⁰⁸

¹⁰⁴ House of Commons Health Committee (2007), *Workforce Planning, Fourth Report of Session 2006-07*: “There has been a disastrous failure of workforce planning. Little if any thought has been given to long term or strategic planning. There were, and are, too few people with the ability and skills to do the task.” National Audit Office (2007), *Pay Modernisation: A New Contract for NHS Consultants in England*: “We conclude that the [consultants’] contract is not yet delivering the full value for money to the NHS and patients that was expected from it although the Department believe that it is too early to judge this Some consultants are actually working the same if not fewer hours for more money.”

¹⁰⁵ Wanless, D. (2002), *Securing Our Future Health: Taking a Long-Term View*, HM Treasury.

¹⁰⁶ Despite talk of moving care into primary care settings, most notably in the Department of Health’s 2006 White Paper *Our health, our care, our say: a new direction for community services*, little has been achieved. In fact there is a clear contradiction as state of some current policies – most notably the 18-week target and payment by results – has the effect of driving care in to hospitals and the secondary sector.

¹⁰⁷ Bosanquet, N. *et al* (2007), *NHS reform: the empire strikes back*: “Ministers have set out the right reform vision. But for the vision to be translated into reality, actual measures are required. The absence of an underpinning costed reform programme is a critical policy weakness. Without an overall reform plan, central planning has remained the dominant mode. The reform programmes remain ‘bolt-on’ additions to a centrally planned monopoly rather than drivers of competition. The momentum of these programmes has slowed.”

¹⁰⁸ *Ibid.*: “PCT’s commissioning role should be given a new sense of direction by giving them a key role as health maintenance organizations with a clear ‘constitution’ to secure best value for the patient. Their provider functions should be shifted to independent social enterprise

- Practice-based commissioning aims to empower GPs to direct funding on behalf of patients in the same way as GP fund-holding. It will have undoubted benefits. But the initial signs are that the levels of innovation have been disappointing.
89. Crucially, the weight of spending on the hospital sector will impede the modernisation of the service. In particular the capital demands of new secondary care buildings and refurbishments have absorbed the resources that could have developed the next generation of health buildings.
 90. There is also a contradiction in current policy. On the one hand, care is to be moved out of hospitals and away from secondary sector into the community; but on the other hand policies such as the 18-week target and payment-by-results are mainly hospital focused and will drive more care to be done in those settings.
 91. Increasing pressures on the health service – from an ageing population, rising costs of medical treatments and increasing consumer choice – means that a general taxation system is not sustainable. Patients already top-up their NHS care with drugs and treatments from the private sector. This will only increase.¹⁰⁹ A new public-private partnership for the funding of the service must be investigated.

2.5 Conclusion

92. In summary structural public service reform has not been achieved. The principles are clear and indeed have been articulated by Ministers – devolve power to people at the right level, make services accountable to their users, enable professionals to innovate. In no public service have these been fully implemented – indeed, in most, they have been implemented hardly at all. The key drives have been to spend and to centralise, which are the enemies of reform. Because of the public spending framework, they are locked in the heart of government policy.
93. Ministers may respond that there are many examples of “reform” but it is important to understand why these have not been sufficient. In some cases, they have been too limited to achieve real change – for example, the failure to enable real school choice. In others, they have created market mechanisms without the incentives for them to be used. Examples include the Power to Innovate or the ability to introduce private GP.s. In still others, they have been centrally driven and therefore divisive and vulnerable to abolition, such as city academies.
94. Tony Blair himself has said that the Government’s approach on public services has evolved towards reform. He has said that an initial approach

and they should have one focus and one alone of getting a better service for patients within the financial constraint of the capitation funding for a local population.”

¹⁰⁹ Doctors for Reform (2007), *Free at the point of delivery – reality or political mirage? Case studies of top-up payments in UK healthcare*

based on targets and centralisation, which was suited to the early years, has been replaced by one based on markets, which is suited to now.

95. In fact the best description of the stages of the Government's policies would be as follows:
- 1997-1999: a view that goodwill and a change of Government would be enough to transform the performance of public services
96. What has become clear is that certain issues play a decisive role in determining the success of reform.
97. The first is the role of the centre. Most often the centre has sought to control outcomes, for example through targets. This remains the core of the Government's approach and is profoundly anti-reform.
98. At other times reforming Ministers have used their central power to commission alternatives to the traditional state model. Examples would include independent sector treatment sectors or city academies. These have some very limited benefits in providing an alternative to traditional state provision. But they have real drawbacks:
- They do not empower individuals with choice. The direction for the new services is due to top-down decisions rather than bottom-up pressure.
 - As such, they do not increase competition in the sector. Only some consumers are able to access the services.
 - They do not create local constituencies for reform. In fact, since they represent a top-down push from the centre, they create local opposition.
 - They do not create innovation. City academies may be freer from regulation than standard comprehensive schools but they still represent just one form of educational institution.
99. Ministers have argued in recent years that the focus should shift away from targets. But targets remain at the heart of policy due to the public spending framework. They also remain at the heart of politics because Ministers still use targets to express their concern about a particular issue.¹¹⁰
100. The second is central spending. The Government has pledged to deliver "investment allied to reform". In fact one lesson is that spending can frustrate reform. The very big increases in NHS manpower and capital, for example, are huge barriers to change; they absorb resources that could be better spent elsewhere, and they make change expensive and difficult.

¹¹⁰ Blair, T. (2007), speech to the Public Service Reform Conference, 27 March. "But I think you would find it very difficult if you got rid altogether for example the target that allows people suspected with cancer to have seen the specialists within a limited period of time, because it has made a difference to people."

101. The third is the latent power of the status quo. In the NHS, for example, significant changes have been made to policy on hospitals, with the result that the hospital sector should be more efficient in future years. But what is much more important is to ensure that health resources are spent in the right place, which very often means a shift of resources away from hospitals. This kind of fundamental change requires a fundamental decentralisation of power, to individuals (in health and education) or communities (policing). The absence of such reform in healthcare means that, despite repeated calls from Ministers, the NHS seems set to be dominated by the hospital sector in years to come.
102. We would highlight three events to illuminate the limits of the Government's reforms. The first open competition for the provision of a new school resulted in the award of the contract for a new school to Haringey Local Authority, despite the fact that it has below average results both for London and England. The Surrey and Sussex NHS Trust has not continued the contract of the BUPA-run treatment centre at Redhill despite high performance. The latest evaluation of city academies indicates a falling off of innovation.
103. The first two cases demonstrate that without genuine choice, to empower patients, diversity of provision is insecure. The third indicates that the absence of genuine choice means the absence of competition that will lead to sustained innovation and improvement.
104. The result is that the Government has not advanced policy very far beyond the position in 2002-03. In that year, the Office for Public Sector Reform produced a typology for reform – contestability, consumer choice, judicious use of targets – which has remained very largely unchanged. Ministers have repeated the themes of reform without moving on to discuss the difficulties of implementation. This is because reform remains a promise rather than a reality.

3. Lessons for reformers

105. Ten years of experience means that the last decade contains profound lessons for reforming politicians. Above all else, these include:
- **Go for structural reform.** There is no substitute for real reform which makes services accountable to their users, often by turning government from a provider into a deliverer.
 - **Resist the temptation to centralise.** Faced with a lack of progress, the temptation for Ministers is to try to take a personal grip. This is precisely what happened to Tony Blair in 2001. He ramped up the apparatus of central direction, through institutions such as the Delivery Unit, and devoted personal time to meetings (public and private) with public sector workers. But central direction weakens the accountability of frontline managers and restricts opportunities for innovation. And Ministers – even Prime Ministers – are subject to conflicting pressures; when another priority arrives, the momentum towards improvement is lost. Centralisation hinders public service improvement.
 - **Make your reform plan before your election.** Ministers have made the clearest rhetorical commitment to reform in this Parliament, when their political capital is at its lowest.
 - **Superb communications skills are necessary but not sufficient.** It is likely that successful reform will need superb communications skills – of the kind that Tony Blair undoubtedly possesses – to persuade other politicians and the public of the need for change. But those skills must be used to describe the right policies.
 - **Don't just "trust the professionals".** The aim of decentralisation is not to replace the government interest with the producer interest. The last decade shows clearly that public sector workers have their own interests which do not naturally align with the consumer interest. The task of reformers is to empower consumers so that professionals align their interests with theirs.
 - **Don't expect a change of personnel to make the difference.** The 1999 "scars on my back" speech shows that Tony Blair thought that new faces and greater goodwill would change the culture of public service workers.
 - **Avoid "halfway house reform".** Marginal changes, such as city academies or Independent Sector Treatment Centres, may be successful in themselves but they affect only a tiny minority of consumers and create political opposition. They also use up vast amounts of political capital; Tony Blair spent nearly all of the political capital of his third term on "trust schools", which, in the absence of school choice, are barely any different to normal secondary schools.

- **Find a new political language.** The political language of the last decade has expressed priority through targets. While politicians may gain through expressing a sense of commitment, public services lose because central direction is entrenched.
- **Don't rely on the public to lead.** Politicians may feel that they need support against vested interest. The temptation is to ask the public to provide the necessary thinking or leadership, through devices such as the "Big Conversation" in 2004. But the public is not sufficiently informed to develop policy or speak out for change. The right way to mobilise the public is to mobilise them through real reform.

4. The challenges of the next decade

106. The following analysis draws on *Reform's* submission to the Comprehensive Spending Review.¹¹¹ An analysis of the key trends for the next decade shines further light on the wisdom of the Government's policy approach.
107. The key trends for the decade will be globalisation and competition; technological change; and demographic change. Their impact will be profound.
108. Globalisation will require a new tax/spend balance. Global markets demand innovation, which in turn needs strong levels of private sector consumption. International competition will increasingly come from low tax countries in Asia and New Europe. International markets will favour pro-growth taxation and regulation policies.
109. Technological change will demand higher quality education and training. The latest US research indicates that "skills-biased technological change" is already the key reason that different groups enjoy different levels of income growth. Technological change will also increase the costs of public services such as health.
110. Demographic change will demand a fairer intergenerational balance. Older generations in the UK enjoy strong housing equity, advantageous tax allowances and rising benefits. Younger people currently pay over 40 per cent of income in tax – the same level as their parents – but also increasingly fund their own provision for higher education and pensions. Higher public spending on the NHS and state pensions will mortgage the future of a generation unless the balance is redressed.
111. Put simply, successful countries in the next decade will be defined by incentives and education quality. Incentives will determine the speed of economic growth; education quality will determine the extent of opportunity. There will be huge gains to those countries and individuals that get it right.
112. In these terms, the UK is very poorly placed for the coming decade:
 - economic incentives have weakened in the last decade due to increased public spending, taxation and regulation. In 2008-09 the tax burden will reach its highest level for 25 years; and
 - the education system delivers a poor and inequitable performance. Lord Adonis has rightly said that every child should achieve five good GCSEs including English and maths. Less than half of children currently achieve that level; on current trends his ambition will be achieved in 2062.

¹¹¹ Bosanquet, N. *et al* (2007), *UK growth and opportunity: the need for a fundamental reassessment*, Reform.

The new challenge: to allow individuals to invest in themselves

113. This means that the new direction is based on a new partnership between the State and the individual. Government can guarantee access to services, including the basic level of education which is the passport to participation in the global economy. But it must recognise the new requirement for individuals to invest in themselves and provide for their own and their families' welfare needs. It must also recognise the penalties that large government sectors impose on incentives.
114. The real road to growth and efficiency lies through empowering individuals to invest in their own futures.

Public service reform in practice

115. In education, the focus has to be innovation in services currently provided by the bottom half of schools by GCSE performance. Policy should aim for quality rather than quantity: initiatives such as increasing the period of compulsory education should be shelved.
116. The two components of successful school reform are:
- real choice for parents. School funding would follow parental choice – and allow children to be sent to a state or independent school. At present funding per-pupil only covers running costs and excludes funding for investment. By including capital costs, good schools would get the funds to expand and new schools could open; and
 - removal of central control, targets and intervention. Head teachers would have the freedom to run their schools as they see fit. Academies have demonstrated the benefits of this approach.
117. For health, the same principles apply. Government policy aims to create a competitive market in some acute services by 2008. The challenge is to deliver on this aim while introducing the incentives to reorient healthcare as a whole around the needs of the patient
118. One key recommendation would see PCTs' commissioning role should be given a new sense of direction by giving them a key role as health maintenance organisations with a clear "constitution" to secure best value for the patient. Their provider functions should be shifted to independent social enterprises. They should have one focus on getting a better service for patients within the financial constraint of the capitation funding for a local population;
119. For policing, the key is to introduce clear accountability to local populations. The changes in police force structure – with key decisions now taken at the level of the ward (neighbourhood policing teams), local authority (Crime and Disorder Reduction Partnership), Basic Command Unit and police force – means that the improvement of accountability is complex.

120. In all cases the ownership of successful reform changes from centre to locality. The current Government has moved from a central driver of systems through command and control through to a central commissioner of independent provision such as academies and ISTCs. Without local commitment, these initiatives are patchy and vulnerable. Reforms of the kind outlined above will be sustained because they are locally owned and driven.

5. Conclusions and recommendations

121. Much of the recent commentary on Tony Blair has concluded that politicians should seek to be “the heir to Blair”. This analysis suggests that in fact something very different is needed.
122. What is so clear from a review of the evidence, and so absent from Tony Blair’s valedictory remarks, is the crucial role of private initiative. It underpins so much of the best developments in the UK in the last decade, from low unemployment to universal mobile telecommunications to monetary stability. It also underpins much of the improvements in public service outcomes from which the Government regularly draws credit. Because the policy discussion tends to focus on the role of government, the role of private initiative can be neglected. In fact it is crucial.
123. For this reason the worst aspect of the “Blair legacy” is twofold: the downwards pressure on private initiative from tax rises, and the refusal to accept that government policies should seek to reduce such pressure. Without fundamental changes in policy, the expectation must be for spending and taxation to creep upwards from here.
124. Young people – the key engine of future economic growth – are under particular pressure. It is very striking that the Prime Minister said in a recent interview that the key economic challenge had changed from “recession” to “trying to help young couples get their feet on the housing ladder”. With tuition fees and private pension payments, the Government has begun what may well be the transfer of welfare state payments from the public sector to the private sector. The new deal must be that taxes are reduced to give individuals room to invest in themselves.
125. Where private initiative has not applied, the picture is much less positive. What is so striking from the evidence is the degree of social division experienced by users of British public services. This appears to be little changed by the weight of extra spending in this decade.
126. That social division has been one of Tony Blair’s key arguments for reform. But on public services, Ministers, including the Prime Minister, have regularly touched on the right reform ideas while in practice acting to frustrate them. The principles of reform are clear: make services accountable to their users. The practice of policy has been very largely the opposite: to centralise decision-making and increase spending.
127. This is not to say that there have not been examples of real reform at the micro-level. There have; from Teach First to Independent Sector Treatment Centres to Employment Zones. Each of them has succeeded and is hugely valuable. But their effects are marginal compared to the weight of existing services.
128. Tony Blair has described his own engagement in reform as a journey; from central direction and spending, to markets, choice and competition. It is true to say that, in 2001, he began to set out the reform principles and

continued to do so in almost identical words until his departure. But the most important shift in 2001 was his own personal commitment to central decision-making, which is in itself a barrier to reform.

129. It falls to the next generation of political leaders to learn from the lessons of the Blair decade and make the changes that he could not do. They require real political leadership; a new role for Government, based on funding rather than provision; and a new political language which does not express its priorities through targets.
130. In this light the current positions of Tony Blair's successors give cause for both concern and hope. Both have spoken of higher spending and centralisation, repeating the core mistake of the Blair years. But both have spoken of a new politics which localises decision-making and empowers individuals. True structural reform can deliver both of these.
- The first set of recommendations is addressed to current reform issues. These are:
 - Review the public spending framework between the Treasury and government departments. This is a key barrier to reform of public services.
 - Review the major capital spending programmes in both health and education. New services will require new buildings; yet current spending plans may well reinforce the existing pattern of services, at enormous cost (Building Schools for the Future – the programme to rebuild or refurbish every school in the country – will cost £45 billion over fifteen years).
 - Review recurrent costs of public services. The NHS, for example, is probably 25 per cent overmanned.
 - Greatly strengthen – and then implement – the Freud Review's recommendation to open up the provision of welfare services.
 - The second set of recommendations address the longer term issues of reform, and are directed to all parties. These are to introduce:
 - a "Growth Rule", aiming to reduce public-spending-to-GDP from the current level of 43 per cent of GDP to the levels of Ireland and Australia (around 35 per cent) in two Parliaments;
 - structural reform of public services. For health and education, it means real spending power for consumers. For crime, it means empowerment of local communities;
 - a phased programme of tax reductions to increase incentives, to give individuals room to invest in themselves and to foster the economic contribution of young people; and
 - reform of public service financing. Real reform must extend to demand as well as supply. Without change in financing, any supply side reform

is likely to run into new problems of rationing as supply side improvements increase the demand for services.

- The current policy set would not lead to economic collapse. But it would lead to slower growth and deeper division. Better off people would take a stronger grip on private schools and good state schools. Social mobility would fall. The tax burden on middle income earners would rise. The regional divide would worsen, with falling populations in some regions and sharply increasing congestion in London and the South East. The Government's basic objective - economic efficiency and social justice - would recede.
- A path of true reform will deliver both greater prosperity and equality of opportunity. Crucially, Britain is ready for it. In large part due to private initiative, the country is richer, healthier, more educated and safer. It is more consumerist and has higher expectations. This backdrop is ideal for the kind of consumer-led reform described above. The profound division that remains in UK society makes such reform essential.

6. Statistical annex

6.1 Economy

- 1.1 Growth
- 1.2 Household disposable income
- 1.3 Stability
- 1.4 Productivity
- 1.5 Unemployment
- 1.6 Employment
- 1.7 Finance employment and manufacturing employment
- 1.8 Working days lost due to industrial action
- 1.9 Globalisation
- 1.10 Public spending 1997-2008
- 1.11 Public spending 1970-2008
- 1.12 Taxation 1997-2008
- 1.13 Taxation 1970-2008
- 1.14 Tax competitiveness
- 1.15 Public sector employment
- 1.16 Regions
- 1.17 IPOD Generation
- 1.18 Welfare

6.2 Health

- 2.1 Life expectancy
- 2.2 Mortality rates
- 2.3 Inequity
- 2.4 Activity
- 2.5 Waiting lists
- 2.6 Spending
- 2.7 Rising costs
- 2.8 NHS productivity
- 2.9 Spending before reform

6.3 Education

- 3.1 Primary schools
- 3.2 Secondary schools

- 3.3 Post-compulsory education
- 3.4 Inequity
- 3.5 Higher spending
- 3.6 Higher costs
- 3.7 Falling productivity
- 3.8 Teaching quality
- 3.9 Higher education

6.4 Crime

- 4.1 Overall crime
- 4.2 Specific classes of crime
- 4.3 Anti-social behaviour
- 4.4 Inequity
- 4.5 Policing
- 4.6 Huge increase in private security provision
- 4.7 "Causes of crime"
- 4.8 Migration
- 4.9 Falling productivity
- 4.10 Prisons and sentences

6.1 Economy

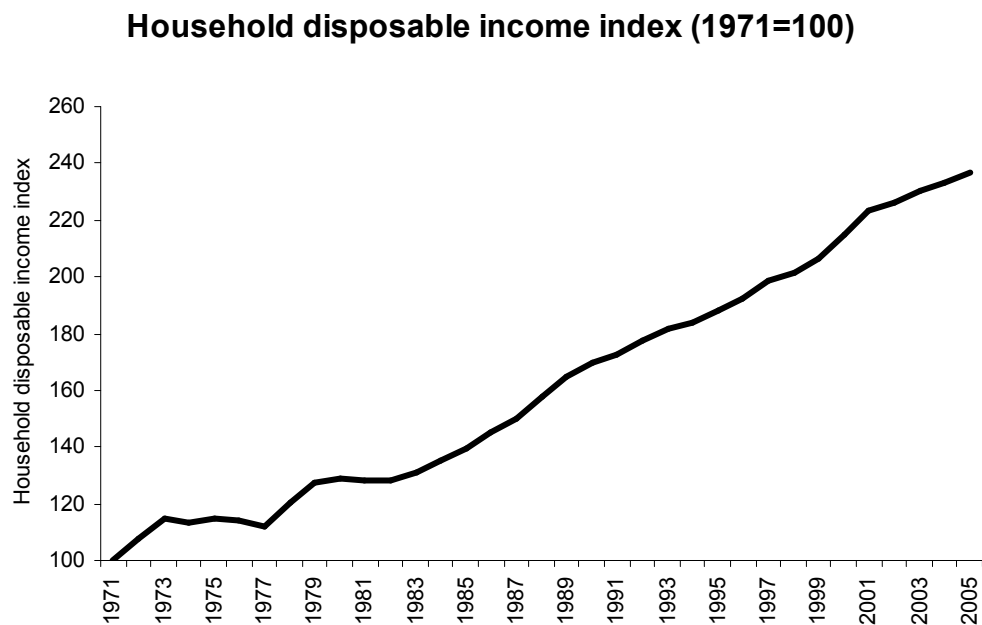
1.1 Growth



Source: Office for National Statistics, UK economic accounts time series data.

- This indicator suggests that the key recent trend – stable growth, high in historical terms – began in 1992.

1.2 Household disposable income

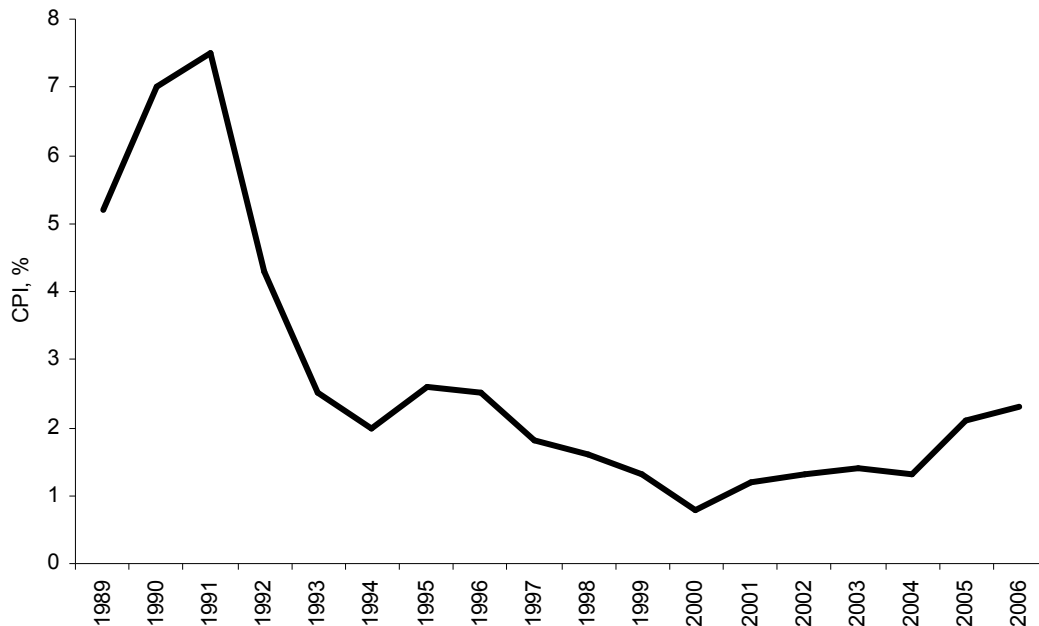


Source: Office for National Statistics.

- Increases in disposable income have just followed trends that reach as far back as the early 1980s.

1.3 Stability

Consumer price index (CPI), 1989-2006

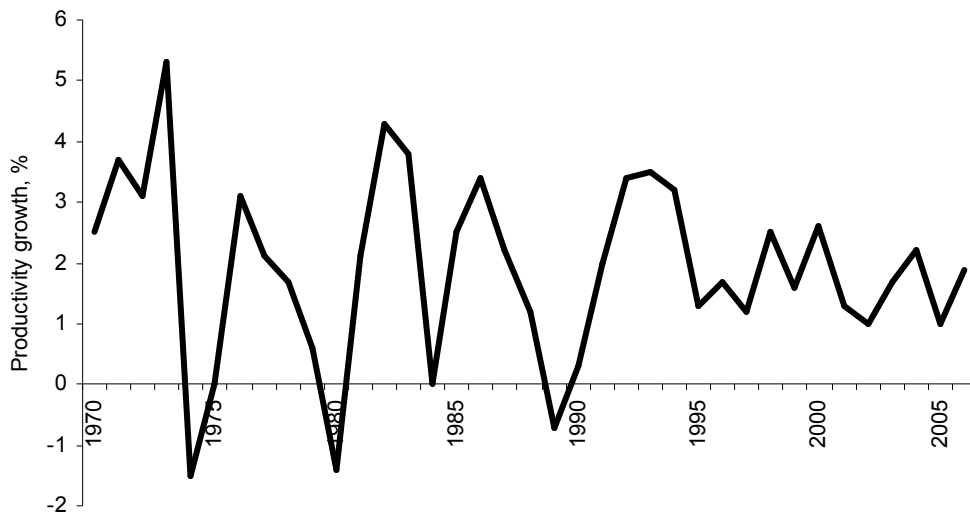


Source: Office for National Statistics, inflation tables.

- The past ten years have been ones of economic stability. Whilst the Government's move to grant independence to the Bank of England has almost certainly contributed to this, there are again signs that this stability began before New Labour came to power. Inflation, on both the Consumer Price Index and Retail Price Index measures, has stabilised in the wake of post-Exchange Rate Mechanism policies implemented under the Conservative Government.

1.4 Productivity

Annual productivity growth, 1970-2006

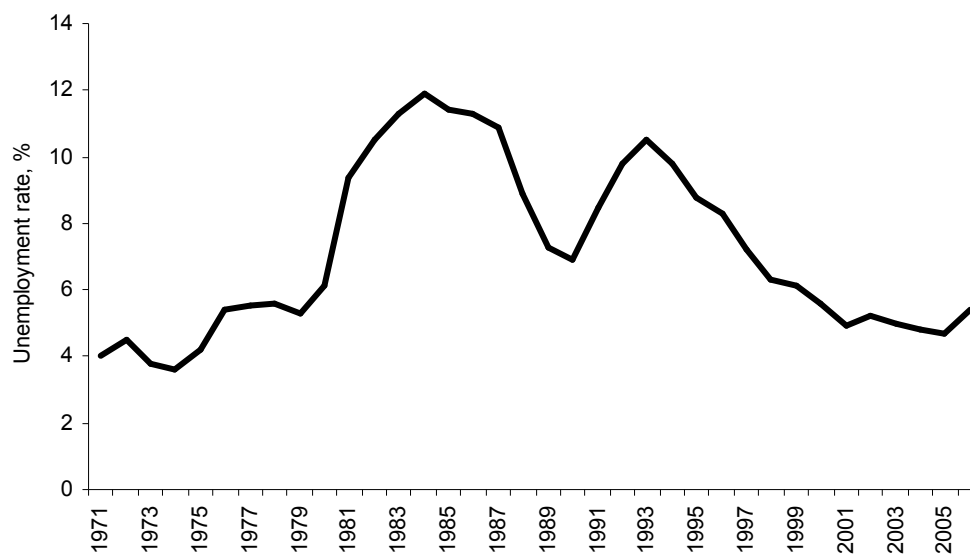


Source: Office for National Statistics.

- Productivity growth – one of the Government’s key measures of economic performance – has stabilized at around the 2 per cent level since 1997, and is far less erratic than it was during the 1970s and 1980s. Yet continuous productivity growth has been witnessed since 1990, and this has been stable growth since around 1995.

1.5 Unemployment

Unemployment rate, 1971-2006

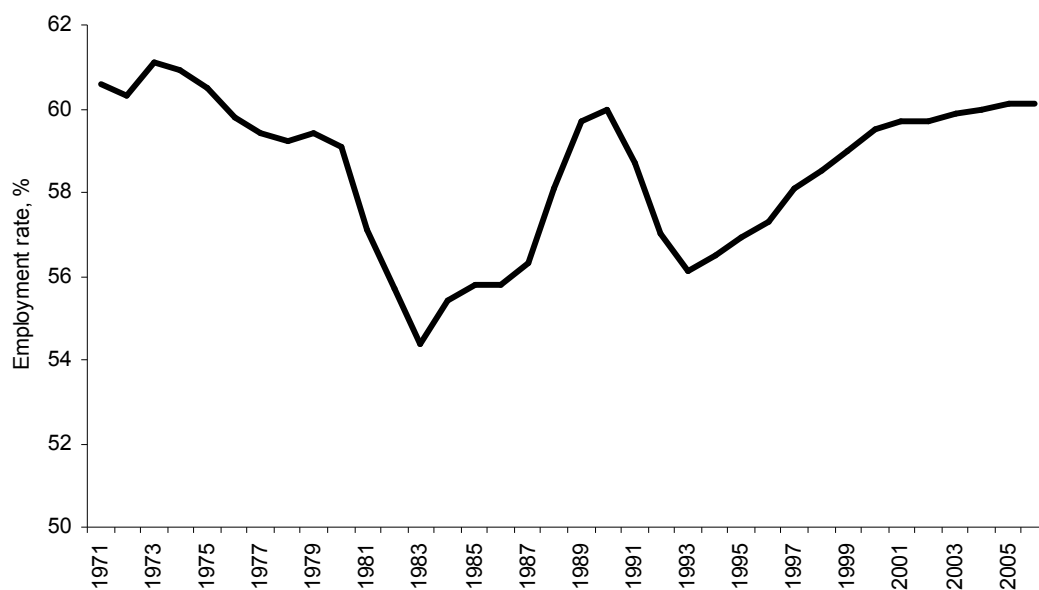


Source: Office for National Statistics, Labour market statistics time series data.

- Improvements in both employment and unemployment rates have also occurred. And, despite blips that occurred during the recession of the early 1990s, such improvements have followed trends that began in the 1980s.

1.6 Employment

Employment rate, 1971-2006

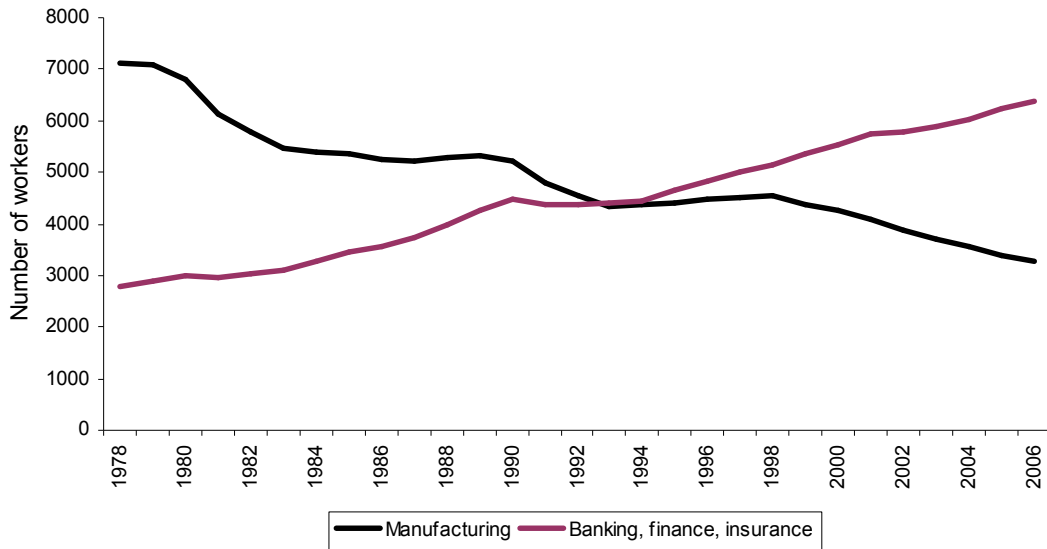


Source: Office for National Statistics, Labour market statistics time series data.

- The employment rate has risen continuously since 1993. However, this trend has flattened since around 2000.

1.7 Finance employment and manufacturing employment

Finance employment and manufacturing employment, 1978-2006

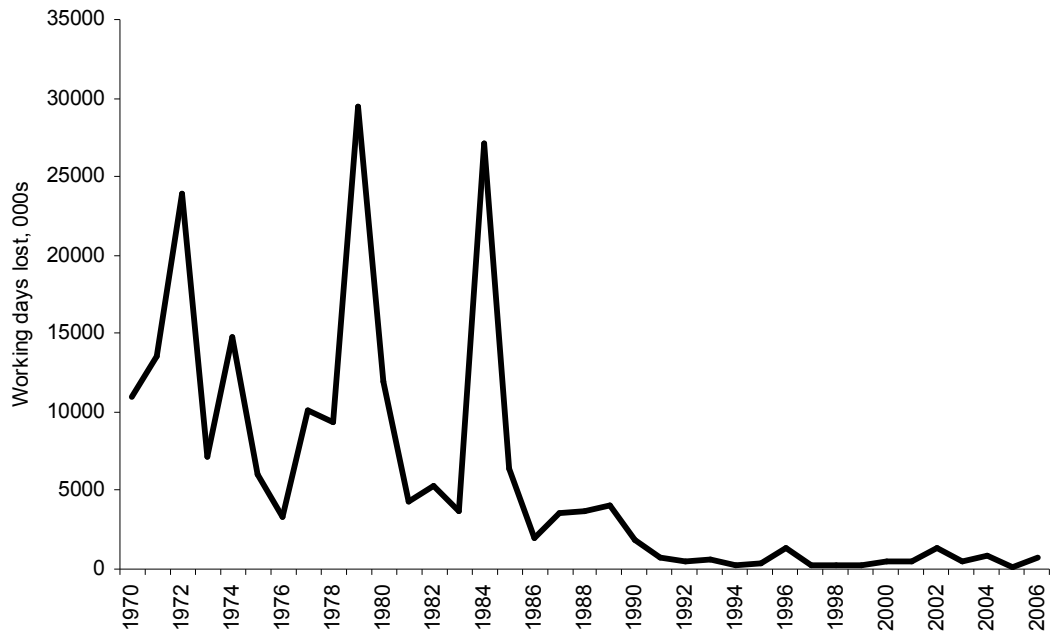


Source: Office for National Statistics, Labour market statistics time series data.

- The make-up of the labour market has also followed long-term trends. The number of employees in the financial sector has continued rising, whilst the number of employees in the manufacturing sector has sharply decreased. Reflecting the current strength of the services sector, the number of financial employees is now over one-and-a-half times greater than the number of manufacturing employees.

1.8 Working days lost due to industrial action

Working days lost dues to industrial action, 1970-2006

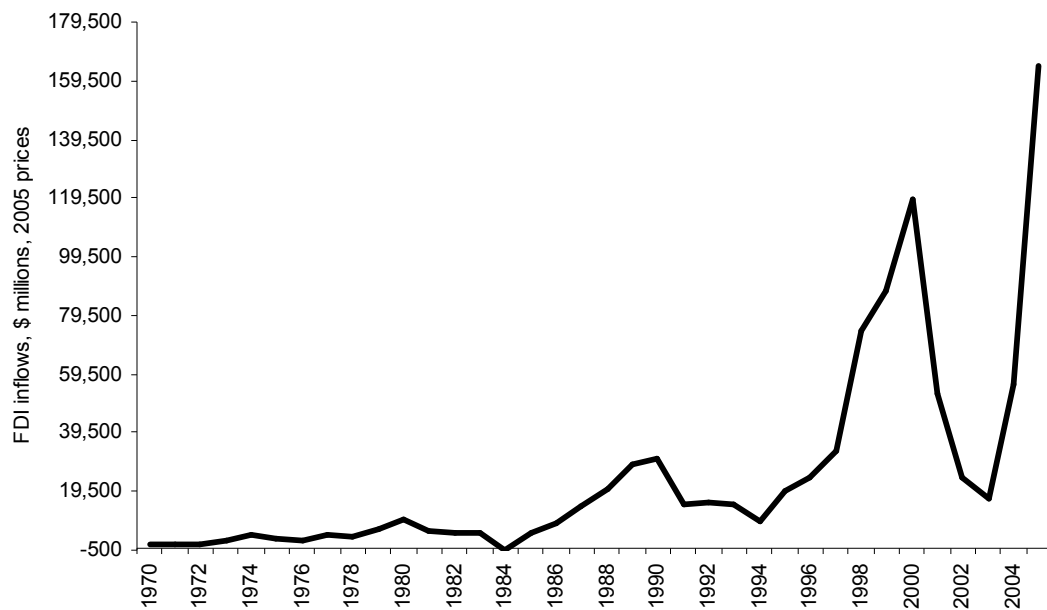


Source: Office for National Statistics, Labour disputes dataset.

- Industrial action has occurred at extremely low levels since the early 1990s

1.9 Globalisation

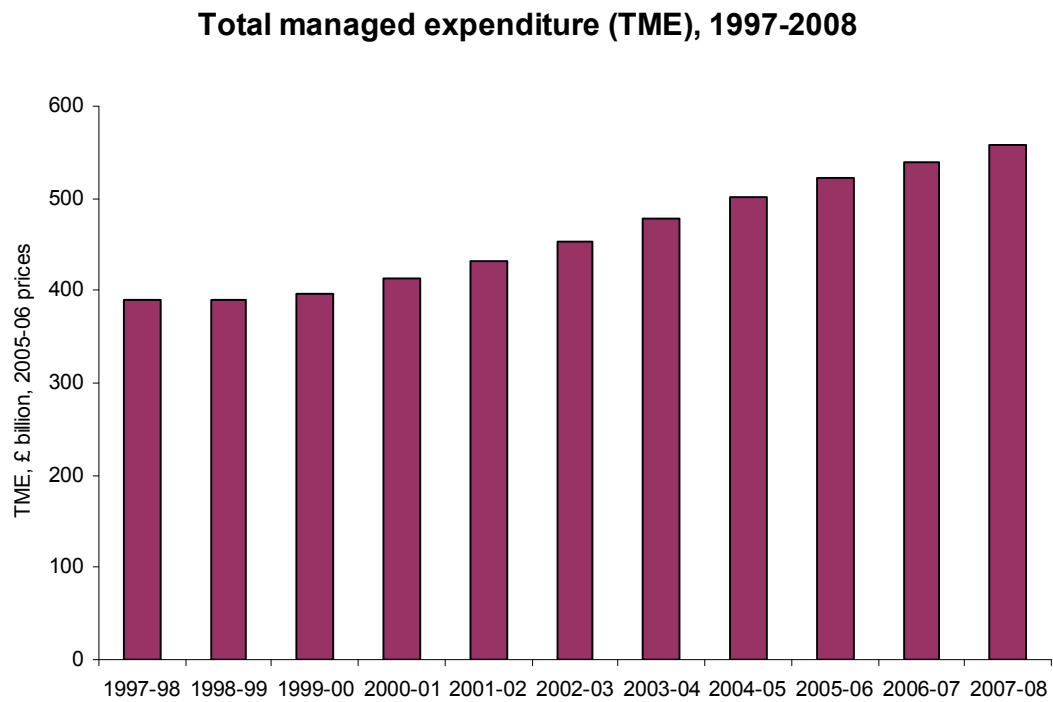
Foreign direct investment inflows (FDI), 1970-2005



Source: United Nations Conference on Trade and Development (2006), *World investment report*.

- Since 1997, the inflows of Foreign Direct Investment (FDI) to the UK have risen dramatically. In 2005, the UK was the world's foremost destination for FDI inflows.

1.10 Public spending 1997-2008

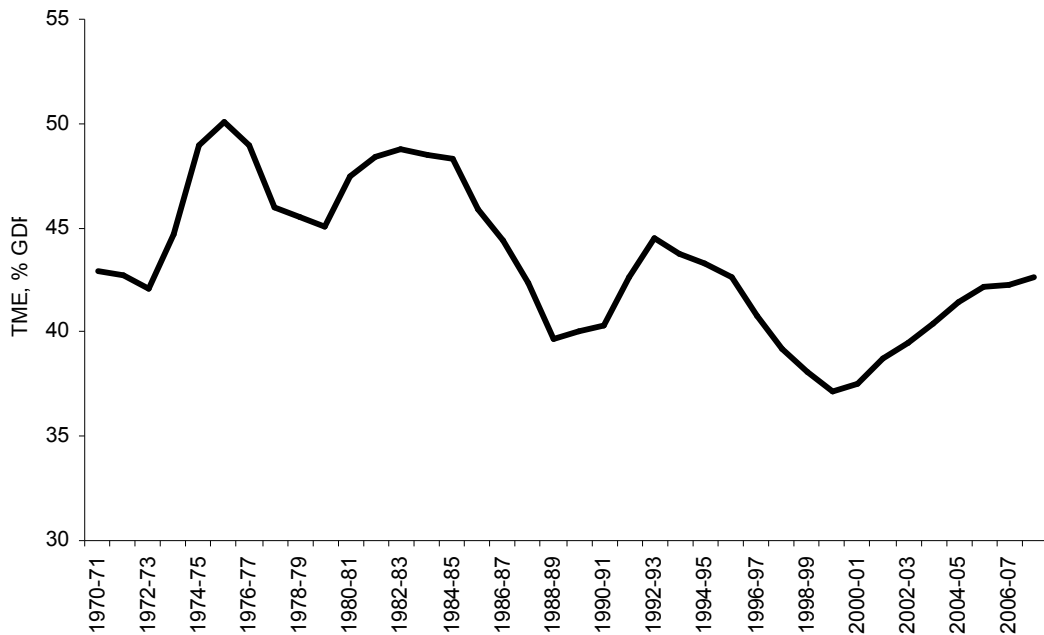


Source: HM Treasury (2007), Public finances databank.

- After a freeze in the years 1997-99, the Government has subsequently introduced significant increases in public spending.

1.11 Public spending 1970-2008

Total managed expenditure (TME), 1970-2008

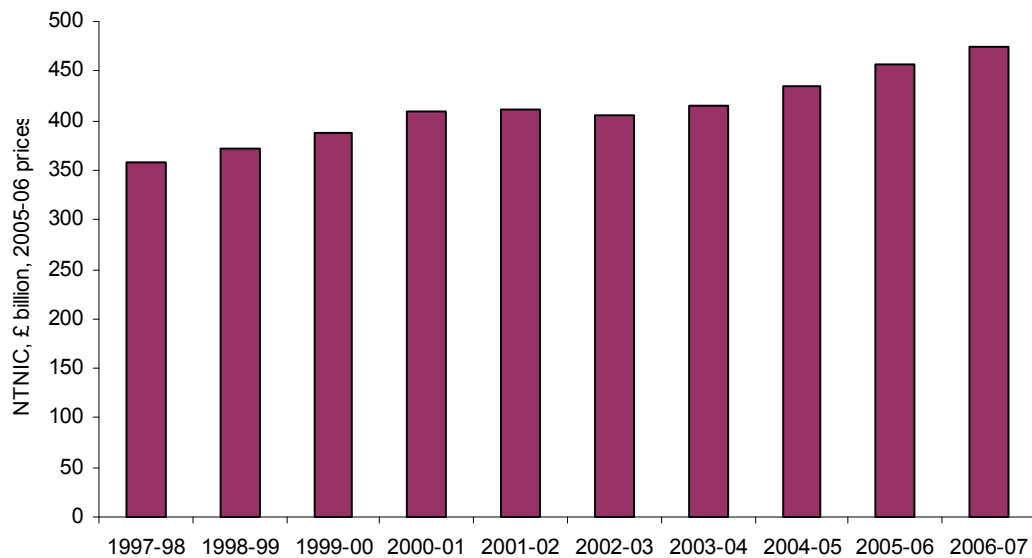


Source: HM Treasury (2007), Public finances databank.

- Spending as a percentage of GDP has been on an oscillating, but generally downwards, trend since the mid-1970s. From Treasury predictions which state that the spending-GDP ratio is to be as high as 42.6 per cent in 2007-08, it is likely that this downward trend will be “bucked”. Almost all of the other major economies have maintained their downward trends and look set to continue this into the future.

1.12 Taxation 1997-2008

**Net taxes and national insurance contributions (NTNIC),
1997-2007**

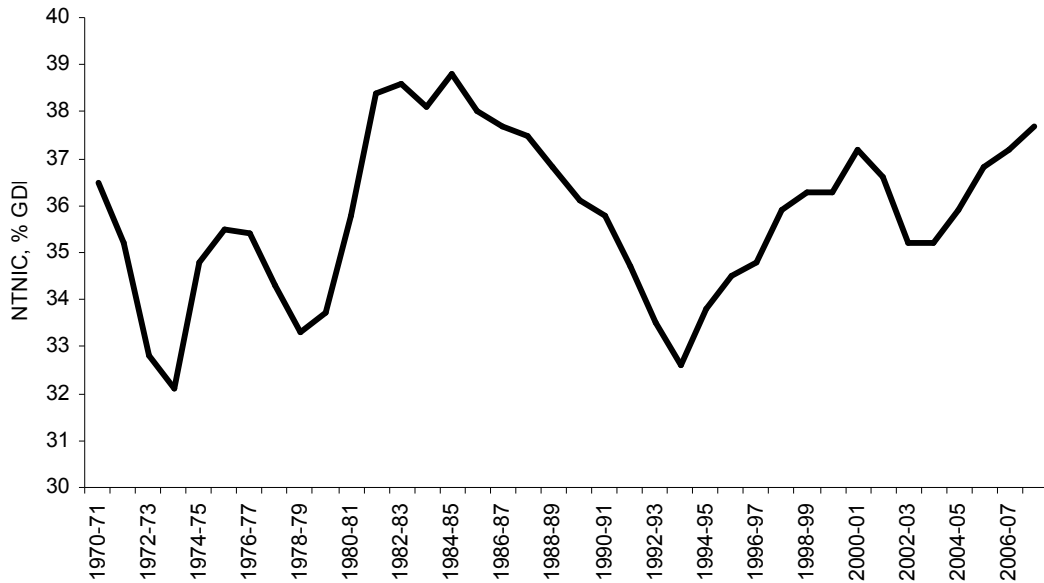


Source: HM Treasury (2007), Public finances databank.

- The UK tax burden has also increased significantly since 1997, and this increase has been the greatest of all major nations over the period.

1.13 Taxation 1970-2008

Net taxes and national insurance contributions (NTNIC),
1970-08



Source: HM Treasury (2007), Public finances databank.

- As a percentage of GDP, the tax burden is set to rise to a level that has not been reached since the last 1980s:

1.14 Tax competitiveness

UK Corporation tax rate has become uncompetitive over time		
	EU average corporate tax rate	UK main rate of corporate tax
1993	38.0	33
1994	37.3	33
1995	37.9	33
1996	38.0	33
1997	35.5	31
1998	35.1	31
1999	34.8	30
2000	33.9	30
2001	32.0	30
2002	30.9	30
2003	29.7	30
2004	28.3	30
2005	26.1	30
2006	25.8	30
<i>Source: KPMG's Corporate Tax Rate Survey, 2006; HMRC</i>		

- Evidence suggests that the UK's tax system is damaging the country's competitiveness in a globalised world. In the past 14 years, the average corporate tax rate of the 88 countries surveyed by KPMG fell from an average of 38 per cent to 27.1 per cent. The UK began the trend in the mid-1980s with a reduction in the rate from 52 per cent to 35 per cent; however, it has now been overtaken by other EU countries. In the European Union, the UK's main rate of 30 per cent is above the average.
- A recent Confederation of British Industry survey of FTSE350 companies and foreign-owned equivalents showed that 19 per cent said they were considering relocating their HQ operations overseas and 5 per cent said that they had moved their bases from Britain already because of Britain's increasingly unfriendly tax regime.¹¹²

¹¹² Confederation of British Industry (2006), *UK corporate taxation and international competitiveness*.

1.15 Public sector employment

Growth in public sector employment has outstripped that in the private sector		
	Public sector employment headcount, 000s	Private sector employment headcount, 000s
1997	5178	21332
1998	5166	21626
1999	5208	21900
2000	5289	22232
2001	5383	22307
2002	5490	22394
2003	5645	22556
2004	5762	22648
2005	5859	22881
2006	5851	23113
Total growth, 1997-06, %	13.0	8.3
<i>Source: Economic and labour market review, ONS, April 2007</i>		

- Mirroring the rises in public spending, the numbers of people employed in the public sector have swelled over the past decade. In fact, growth in public sector employment has outstripped that in the private sector, and for every three new jobs created almost one (0.82) has been in the public sector.

1.16 Regions

Public spending, business formation, gross value added, UK regions				
Region	Public spending per capita, deflated for regional price differentials, £	Public Employees, % of all employees	Business formation / 10,000 adult population, 2003	Gross value added per head, indexed to UK average
London	6,864	19.0	61.6	132.2
South East	5,341	17.6	46.7	116.1
East	5,544	18.6	42.5	108.7
UK	6,563	21.5	39.7	100.0
Scotland	8,039	20.1	29.0	96.2
South West	5,885	20.4	39.8	92.9
East Midlands	6,022	17.9	37.3	91.5
West Midlands	6,433	19.5	36.9	91.2
North West	7,152	21.5	34.6	88.9
Yorkshire and the Humber	6,755	20.3	34.1	88.8
Northern Ireland	8,825	23.7	28.7	80.1
Wales	7,735	23.3	29.3	79.1
North East	7,608	23.7	22.6	79.9

Source: Smith, D.B., Does Britain have regional justice or injustice in its government spending and taxation, Inaugural lecture, University of Derby, November 2006; Annual survey of hours and earnings 2005, ONS

- Whilst regional disparities have long been a part of the overall UK economic picture, they have become more entrenched over the past decade. The general trend is that those regions which perform well economically (such as London and the South-East) have lower proportions of public employees and are afforded lower amounts of public spending (per capita) than those regions which do not. The stronger performing regions are also typified by large service and financial sectors, and strident business formation.

1.17 IPOD generation

- Young people, aged under-35, have become the IPOD Generation – Insecure, Pressured, Over-Taxed and Debt-Ridden.
- The tax system works against the IPOD Generation. When near-compulsory payments – such as those towards higher education and pensions – are factored in, the effective tax burden for the typical young graduate will stand at 47.6 per cent.
- Given an aging population, the next half-century is likely to see a transfer of wealth from the younger to the older generation in the form of increased health and pension spending.
- Yet the IPOD generation face further pressures:
 - Graduate debt is rising and young people now find it more difficult to buy a house. Whilst earnings have increased by 28 per cent since 1999, the price of the average first-time property has nearly doubled. As a result, first time property prices are now over eight times higher than the median earnings of 22 to 29 year olds; they were only five times higher in 1999.¹¹³
 - A survey by Nationwide mortgage lenders revealed that only 20 per cent of first time buyers are aged 20-24, down from 30 per cent ten years ago. Only 20 per cent of 20-24 year-olds are homeowners, down from 34 per cent ten years ago.¹¹⁴

¹¹³ Office for National Statistics (2006), *Annual Survey of Hours and Earnings*; Department for Communities and Local Government, live tables on Housing Market and House Prices.

¹¹⁴ Nationwide (2006), *The Truth about first time buyer affordability*.

1.18 Welfare

- The Labour Government came to power claiming that they would be the “party of welfare reform”. However, after ten years of economic growth, welfare spending has stayed at the same level (real spending on non-pension welfare – at 2004-05 prices – stood at £75,130 million in 2000 and around £76,921 million in 2007), and the successes have been limited: after all, 5.4 million working-age Britons currently rely on state aid. This represents some 14 per cent of the working age population, and around 71 per cent of these remain on benefits for longer than one year.
- Another feature of the Government’s efforts on welfare has been an increase in means-testing. In 2000 around 50 per cent of non-pension welfare expenditure was means-tested - this is set to rise to 61 per cent in 2007. Such changes to the benefits system have not been accompanied by a linking of rights and responsibilities. Over 80 per cent of the benefits system (£64 billion) remains entirely rights-based, and less than 19 per cent of expenditure places any real demands on its recipients.¹¹⁵
- Evidence also suggests that the Government has also failed to fully deliver on its “Welfare to work” programme. For example, the Tax Credit system is designed in such a way that those moving from part time work to full time work face marginal rates of up to 90 per cent.¹¹⁶ In practice, an estimated 20,000 women and 10,000 men have probably dropped out of the labour market as a result of Tax Credits.¹¹⁷

¹¹⁵ Boys Smith, N. (2006), *Reforming Welfare*, Reform.

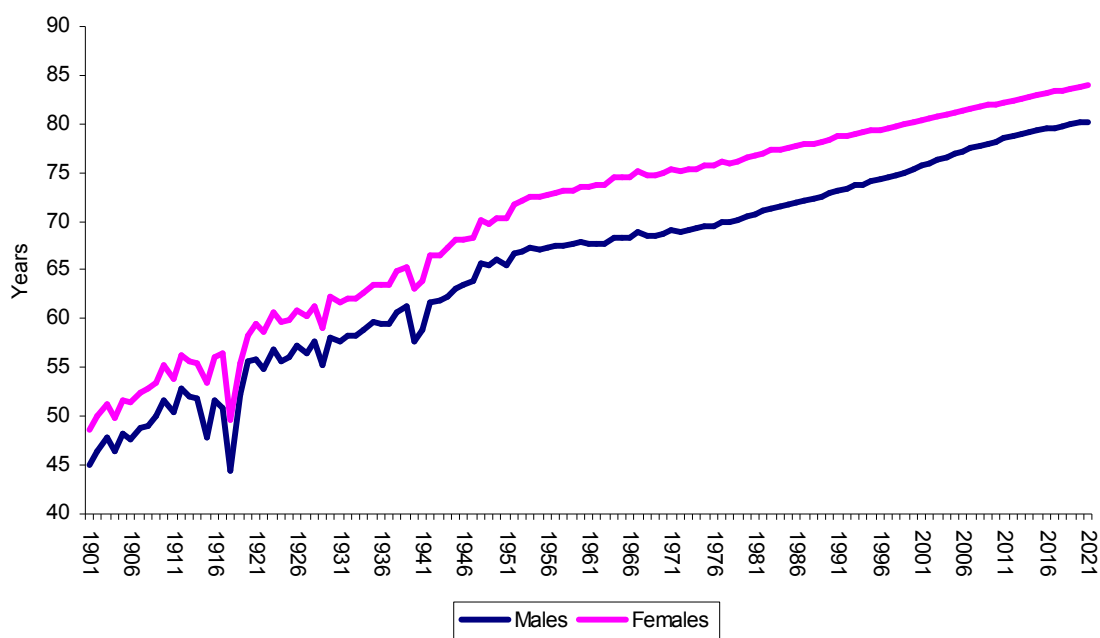
¹¹⁶ *Ibid.*

¹¹⁷ *Ibid.*

6.2 Health

2.1 Life expectancy

Life expectancy at birth, United Kingdom

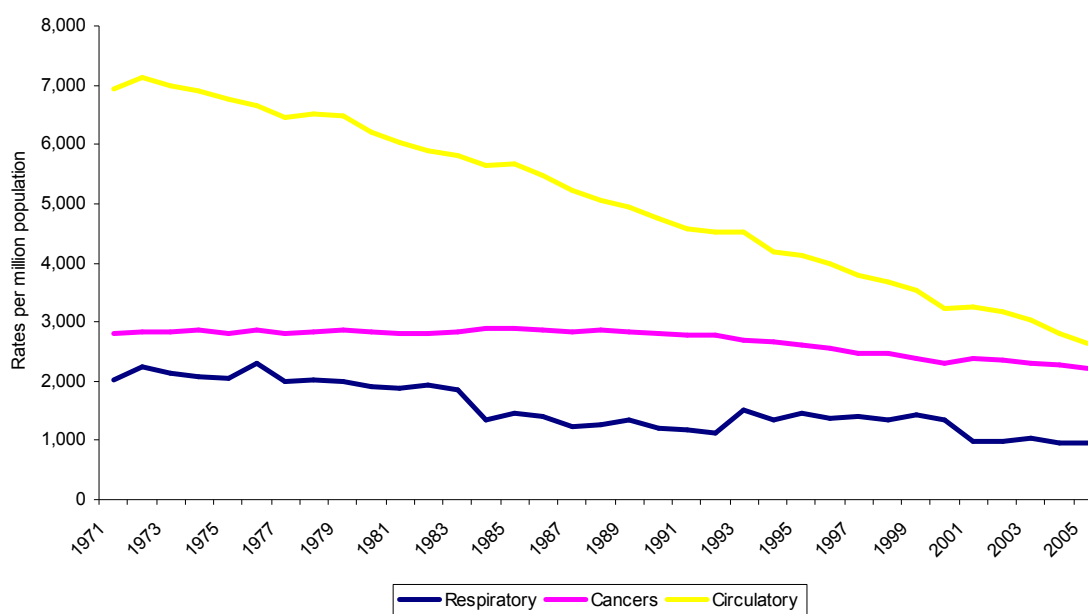


Source: Office for National Statistics (2007), *Social Trends* 37.

- Britain is now a healthier nation. People are now living longer than ever before. Rather than being the result of any recent governmental policy, this has been the continuation of a rising trend that the Office for National Statistics predicts will continue for many years.

2.2 Mortality rates

Mortality rates for major diseases, males, United Kingdom



Source: Office for National Statistics (2007), *Social Trends 37*.

- Mortality rates for the major diseases such as cancer and circulatory that the Government puts so much on emphasis have decreased. But like life expectancy it is simply a continuation of the general trend started many years earlier – mainly thanks to lifestyle changes and in particular the reduction in smoking – rather than due to any recent Governmental policy. As the OECD has said: “On some outcomes, the effect of higher spending is less clear: premature cancer deaths and heart/circulatory diseases have continued to decline, but not faster than during the 1990s.”¹¹⁸
- A smaller percentage of the population smoke than ever before¹¹⁹ and the ban on smoking in public places to be introduced this year will, in all likelihood, lead to a further reduction. An increase in health eating has further contributed to a general improvement.¹²⁰ A major driver of improved life expectancy has been the improvement in infant mortality rates which have declined dramatically from the early 20th Century. In

¹¹⁸ Organisation for Economic Co-Operation and Development (2005), *Economic survey of the United Kingdom*.

¹¹⁹ Department of Health (2006), *Health Profile of England*.

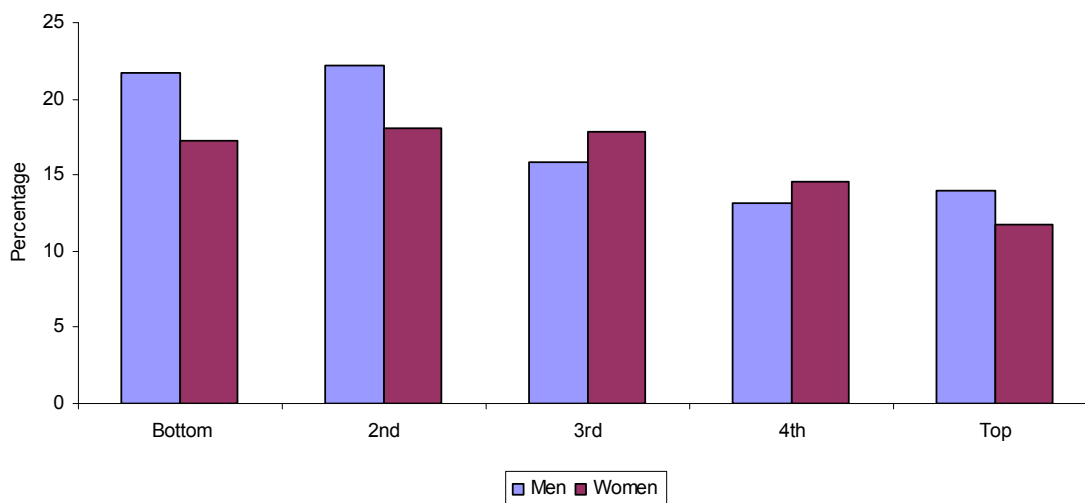
¹²⁰ Office for National Statistics (2007), *Social Trends 37*. Between 1974 and 2004-05 consumption of fresh fruit rose by 56 per cent to reach 805 grams per person per week. The consumption of fresh vegetables (excluding potatoes) remained steady during the same period.

1921, 84 children per 1,000 live births would die before the age of one. In 2005 there were 5.1 deaths per 1,000 live births.¹²¹

¹²¹ *Ibid.*

2.3 Inequity

Prevalence of cardiovascular disease: by quintile group of household income, 2003, England



Source: Office for National Statistics (2007), *Social Trends 37*.

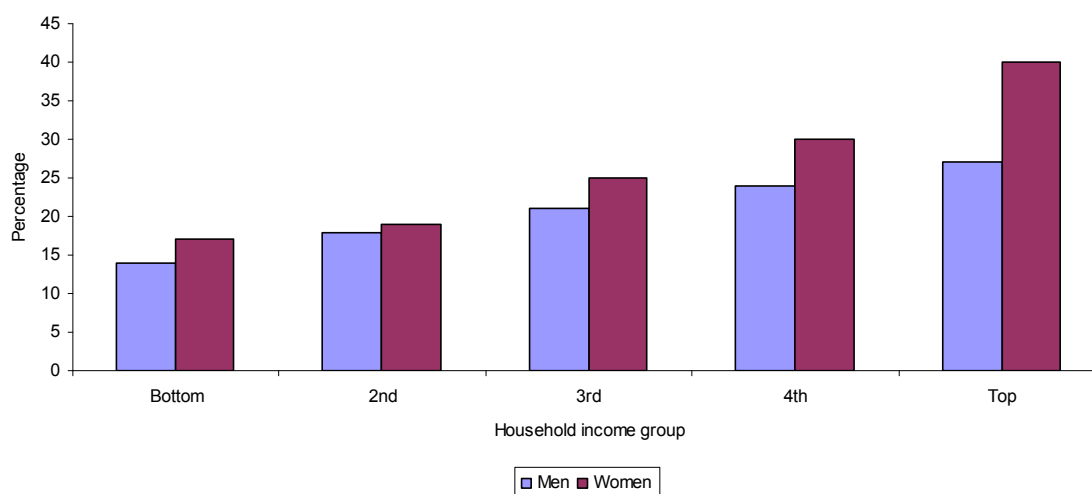
- Overall improvement in mortality rates and life expectancy masks one key underlying trend – persistent inequality. While everyone’s health has been improving the gap between the poorest and the richest has been growing.
- The age-standardised death rates of major killer diseases show much higher rates for the least well-off:
 - The death rate for circulatory diseases for ages under 75 is 122 per 100,000 population for the most deprived fifth of local authority districts. This compares to the England average of 97 and 73 for the least deprived fifth of local authority districts.¹²²
 - The death rate for cancer for ages under 75 is 138 for the most deprived of fifth of local authority districts. This compares to the England average of 122 and 107 for the least deprived local authority districts.¹²³
- Analysis from the Office for National Statistics has shown that five-year cancer survival rates are lower in more deprived areas.¹²⁴

¹²² Statistics for 2002-04. Department of Health (2006), *Tackling Health Inequalities: Status Report on the Programme for Action – 2006 Update of Headline Indicators*.

¹²³ Statistics for 2002-04. *Ibid.*

¹²⁴ Office for National Statistics News Release (2007), *Cancer survival rates are lower in deprived areas*

Consumption of five or more portions of fruit and vegetables a day, by sex and income group, 2003, England



Source: Office for National Statistics (2007), Social Trends 37.

- It is the better-off who tend to eat well, look after themselves and smoke the least. In 2004 smoking prevalence among manual groups was 30 per cent compared to 20 per cent for non-manual groups. In 2004, a female from the highest income quintile is twice as likely to consume five or more portions of fruit and vegetables per day than a female from the lowest income quintile. This is unchanged from 2001. The Department of Health has noted how that “gaps are static or widening” in “socio-economic inequality in child obesity”.¹²⁵
- One indicator that has shown a worrying worsening in equality has been infant mortality rates. The Department has noted that “the trend shows a widening in the relative gap between infant mortality in the routine and manual group and in the total population between the target baseline (1997-99) and the latest period (2002-04) The infant mortality rate in the routine and manual group was 19 per cent higher than in the total population in 2002-04, the same as in 2002-03. This compares with 13 per cent higher in the baseline period of 1997-99.”¹²⁶
- The relative gap in life expectancy has increased by 1 per cent for males and 8 per cent for females between 1995-97 and 2002-04.¹²⁷ The least well-off are not benefiting from improvements in health as much as the nation as a whole.

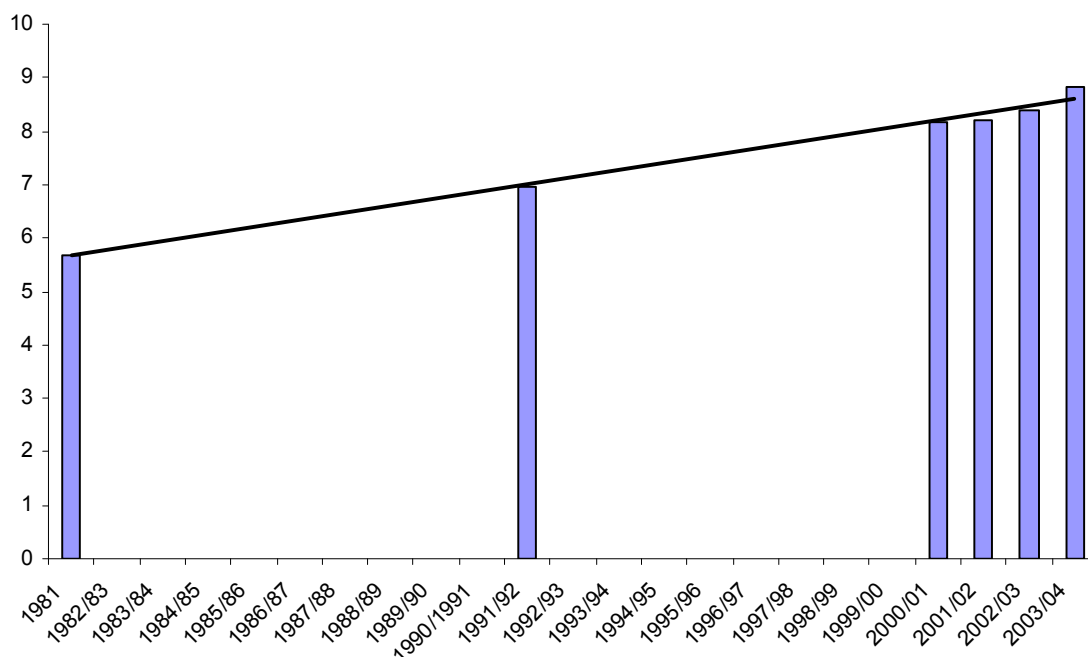
¹²⁵ Department of Health (2006), *Health Profile of England*

¹²⁶ Statistics for 2002-04. Department of Health (2006), *Tackling Health Inequalities: Status Report on the Programme for Action – 2006 Update of Headline Indicators.*

¹²⁷ *Ibid.*

2.4 Activity

Finished consultant episodes, millions, United Kingdom



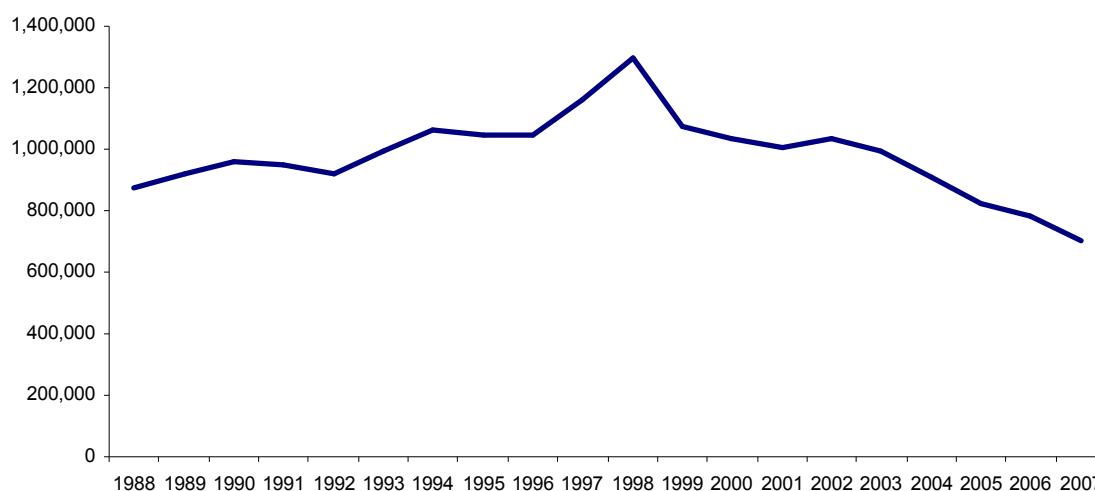
Source: Office for National Statistics (2007), *Social Trends 37*.

- The NHS now does more than it has ever done before. The standard measure of activity – finished consultant episodes – is at a historically high level.¹²⁸ But this is also part of continuing trend improvement over the last 20 years.

¹²⁸ An FCE is a completed period of care of a patient using a bed, under one consultant, in a particular NHS Trust or directly managed unit.

2.5 Waiting lists

Total number on waiting list as of March each year (provider based), England



Source: Department of Health

- The total number on waiting lists is also at a historically low level. However the picture is mixed.
- Latest figures for NHS referral to treatment show that one-in-eight patients are waiting over a year.¹²⁹
- Other patients in different categories still face very long waits, such as those with non-consultant appointments. For example in audiology there are an estimated 500,000 people on various forms of waiting lists with some waiting two years or more for a hearing aid.¹³⁰

¹²⁹ Department of Health (2007), *Statistical press notice: NHS referral to treatment (RTT) times data – March 2007*

¹³⁰ Evidence submitted by the British Society of Hearing Aid Audiologists to the House of Commons Health Committee (2007), *Audiology services, fifth report of session 2006-07*. See also British Society of Hearing Aid Audiologists (2006), *Suffering in silence 2006, A new survey of NHS hearing aid waiting times conducted by BSHAA*. Waiting times are also long for lower profile diseases, such as mental illness and COPD, which are not affected by targets. See Bosanquet, N., et al (2007), *NHS reform – the empire strikes back, Reform*.

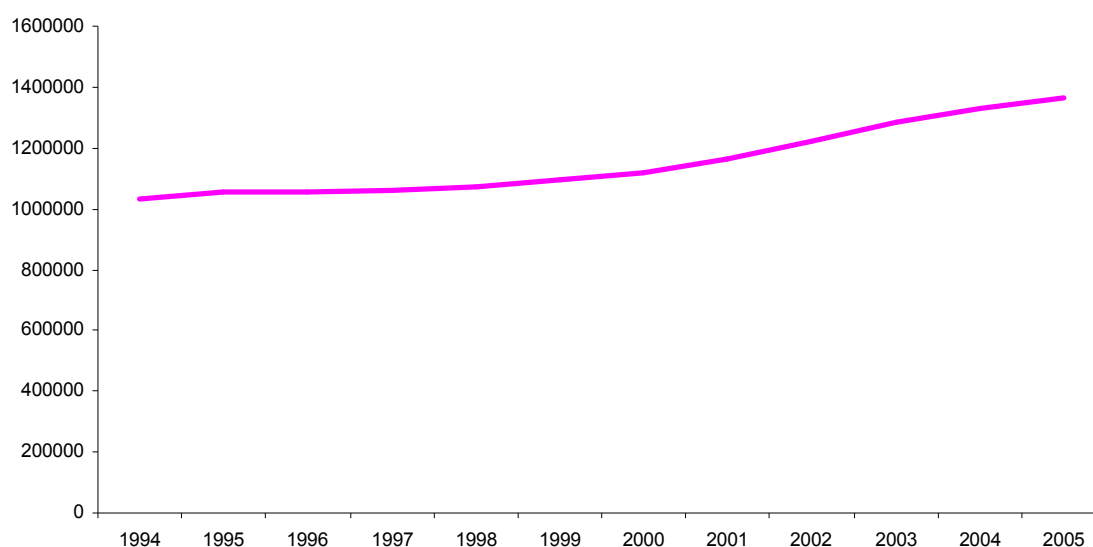
2.6 Spending

NHS spending increase, 1999-00 to 2007-08		
	Cash spending, £ billion	Real terms spending, £ billion in 2006-07 prices
1999-00	40.2	47.2
2000-01	43.9	50.9
2001-02	49.0	55.4
2002-03	53.9	59.1
2003-04	63.0	67.3
2004-05	69.7	72.9
2005-06	76.4	78.3
2006-07	84.2	84.2
2007-08	92.6	90.2
<i>Source: Department of Health (2005), Evidence to the Health Select Committee.</i>		

- NHS spending has roughly doubled in real terms since 1999-00.

2.7 Rising costs

Total NHS staff numbers, headcount excluding retainers, England



Source: Department of Health

- The NHS is now a bigger, more costly service. The number of staff working in the service has increased by roughly a third since 1999-00, with over 1.35 million people now working in the service.
- A large building programme has also been undertaken by the Department of Health. Its *NHS Plan*, published in 2000, set a target of 100 new hospital buildings by 2010. As of February 2007, 84 new hospitals were in operation, 25 were under construction and a further 7 PFI schemes had been given approval to proceed. The total value of these hospital programmes is £9.4 billion.¹³¹ Between 1997-98 and 2014-15 roughly £18 billion will have been spent on PFI schemes alone.¹³²
- The large increase in the number of staff combined with the increase in pay across the service has been the main reason for the financial problems and thus cutbacks the service has experienced in recent years.

Spending increase taken up by costs each year	
	Per cent
2004-05	73
2005-06	87
2006-07	72

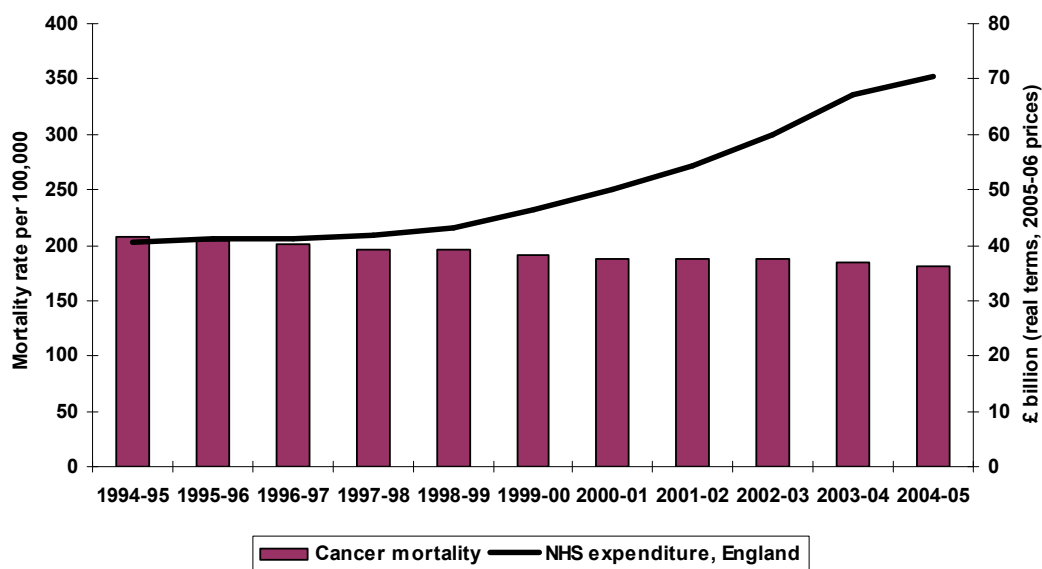
Source: Appleby, J. (2006), Where's the money going?, King's Fund; King's Fund (2005), An Independent Audit of the NHS under Labour 1997-2005.

¹³¹ Department of Health (2007), *Mapping the Success of NHS Building Schemes Since 1997*

¹³² Department of Health (2006), *Evidence to the Health Select Committee*

2.8 NHS productivity

Trend in falling cancer mortality unaffected by spending increases



Source: Hansard 20 June 2006: Column 1855W; Department of Health (2005), *Evidence to the Health Select Committee*

- Productivity levels have dropped massively within the service. One estimate is that while spending has doubled in real terms performance has only improved by 20-30 per cent.¹³³
- The trend improvement in mortality rates for the major diseases have been unaffected by the spending increases.

¹³³ Bosanquet, N., de Zoete, H., Haldenby, A. (2007), *NHS reform: the empire strikes back*, Reform.

2.9 Spending before reform

Health – spending before reform					
	Spending increase, £ billion		Reform based on choice and competition		
	Cash	Real terms (2006-07 prices)	Foundation Trusts	Patient choice programme	ISTCs
1999-00	40.2	47.2	None	None	None
2000-01	43.9	50.9	None	None	None
2001-02	49.0	55.4	None	None	None
2002-03	53.9	59.1	None	First patient choice schemes piloted	None
2003-04	63.0	67.3	None	Continued piloting	1 centre by end of 2003
2004-05	69.7	72.9	20 (end of 2004)	Choice at six months phased in	2 centres by end of 2004
2005-06	76.4	78.3	32 (end of 2005)	Late 2005, choice of alternative provider of scan	19 centres by end of 2005. Second wave launched in March 2005
2006-07	84.2	84.2	54 (end of 2006)	Choice of four hospitals at GP referral	25 centres by end of 2006
2007-08	92.6	90.2	All trusts to be in a position to apply for foundation status by 2008	Choice of any hospital at GP referral in 2008 (planned)	All 31 Wave 1 ISTCs operational by end 2008 (planned). Wave 2 contracts expected to be operational by 2008 (planned)

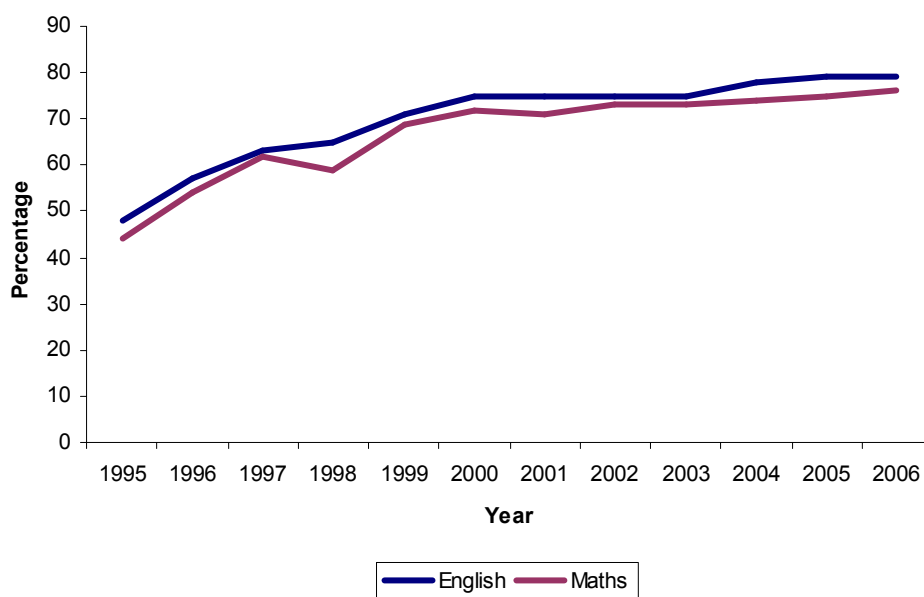
Source: The NHS in England: the operating framework for 2006-07, Department of Health, January 2006; Evidence to the Health Select Committee, Department of Health, 2005; GDP Deflators, HM Treasury

- Despite rhetoric from Ministers the service is not in currently in a state to meet the challenges of the next ten years. Productivity is unlikely to improve dramatically without a large expansion in reform. Spending has come before reform.

6.3 Education

3.1 Primary schools

Key stage two performance over time

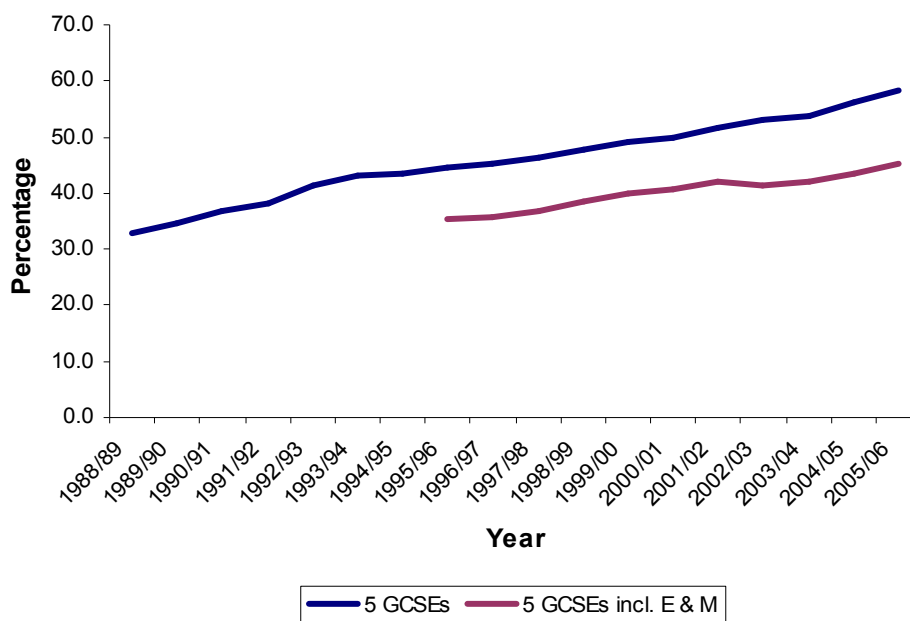


Source: Department for Education and Skills

- The attainment of primary school children, as measured by key stage 2 tests, has improved significantly since 1997. However, the graph below shows that greatest improvement in results was actually before 1997. In English results there was an improvement of 15 per cent between 1995 and 1997, compared to only a 16 per cent improvement, in the ten years between 1997 and 2007. In maths there was a greater improvement between 1995 and 1997, 18 per cent, than between 1997 and 2007, when the percentage of students attaining the benchmark level only increased by 14 per cent.
- Durham University has also found clear evidence of a fall in standards in key stage 2 tests in English and maths between 1996 and 2000. The abilities of primary school pupils did improve but the published results greatly overstated that increase. The actual improvement was estimated to be around two thirds of that reported.

3.2 Secondary schools

GCSE performance over time

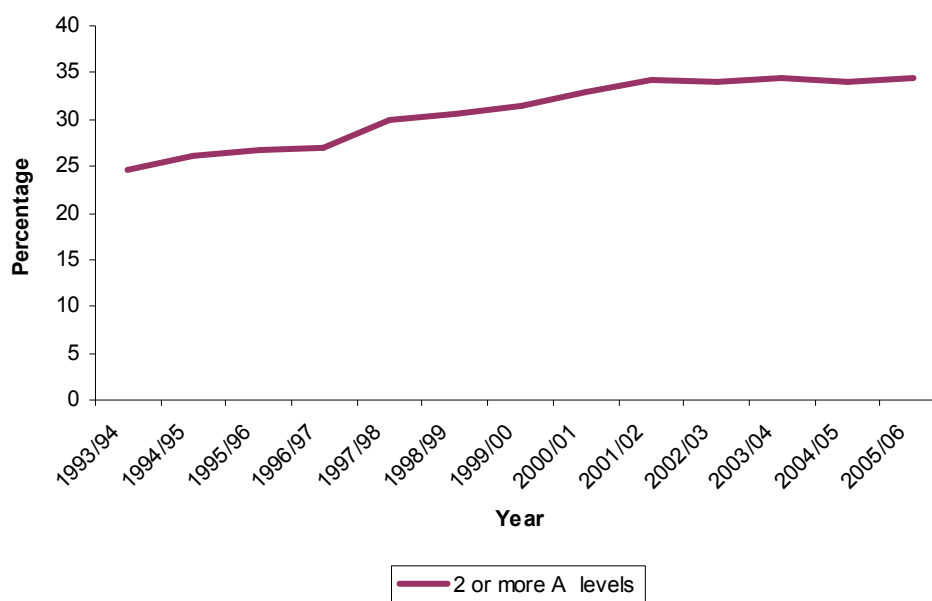


Source: Department for Education and Skills

- At GCSE level the trend in improvement has been constant since the late 1980's as the graph below shows. Although, despite improvements the proportion of students gaining 5 GCSEs including the core subjects of English and maths is still below 50 per cent. When other core subjects are included the statistics are even worse, only 40 per cent of 16 year-olds achieved five GCSEs at grades A*-C including English, maths and science and only 28 per cent achieved five GCSEs at grades A*-C including English, maths, science and a foreign language.
- Improvements in exam results at GCSE can also be counteracted by Durham University research suggesting that standards have declined since 1988. The proportion of children achieving five GCSE A*-Cs has risen much more steeply than in the preceding period of O-levels and CSEs.

3.3 Post-compulsory education

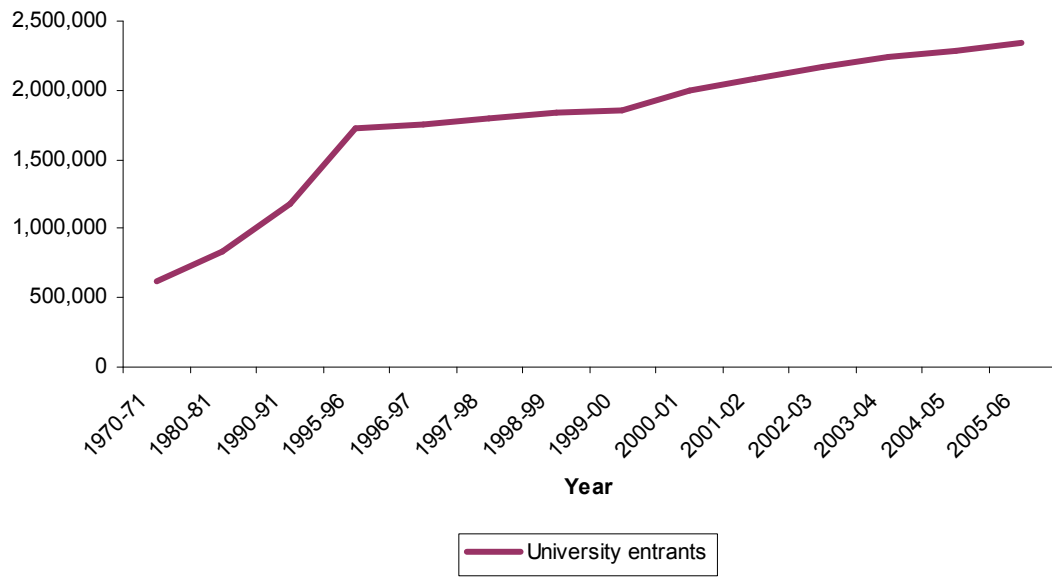
Students achieving 2 or more A-levels over time



Source: Department for Education and Skills

- More people are taking higher level study, staying on at school and going on to university. This reflects a desire within the population to learn as well as a perception of education, particularly high level qualifications, as essential in a competitive economy.
- The percentage of students achieving two or more A-levels has increased over time. However Durham University research also suggests a decline in standards in these examinations. The decline in difficulty has been most marked in key subjects such as maths with the research suggesting that a student awarded an E in A-level maths in 1988 would now obtain a B.
- The number of students attending university has risen dramatically since the early 1990's, however the returns to some degrees are being questioned.

Number of students in UK universities



Source: HESA

3.4 Inequity

- Inequity is still prevalent at all stages of education, with the gap increasing between the better off and the disadvantaged. Disadvantaged groups have lower attainment at all levels of education. The gap increases as the level of education rises:
 - at the foundation stage, for children aged 3 to 5, the percentage of children achieving a good level of development is between 10.1 and 11.5 per cent lower in the most disadvantaged areas;¹³⁴
 - at primary level, in key stage two tests, only 61 per cent of children on free school meals (FSM) reached the target level in 2006 less than the total average number of children reaching that level in 1998;¹³⁵
 - at GCSE, only half as many children on FSM attain five GCSE at grades A* to C than those not on FSM; 32.6 per cent compared to 60.7 per cent. When English and maths are included, only 19.5 per cent of children on FSM reach the required grade compared to 47.5 per cent of children who are not;¹³⁶ and
 - only 28.3 per cent of students from socio-economic classes 4, 5, 6, and 7 attend university compared to 43 per cent of students nationally.¹³⁷ Between the early 1980s and the late 1990s the proportion of children from the richest quarter of families who had completed a degree by the age of 23 rose from 20 per cent to almost half. Over the same period the number of graduates from the poorest quarter of families rose from just 6 per cent to 9 per cent.¹³⁸
- Boys underperformance at school is also a major concern. Girls are achieving higher grades at all levels of education. In 2006 61.9 per cent of girls achieved five GCSEs grades A*-C in comparison to 52.4 per cent of boys, almost a ten per cent gap in performance. Two key reports have concluded that social mobility is lower now than twenty years ago. A report by researchers at the London School of Economics (LSE) and Bristol University concluded that: "Intergenerational mobility fell markedly over time in Britain, with there being less mobility for a cohort of people born in 1970 compared to a cohort born in 1958." A report by the Cabinet Office found that around 40-50 per cent of those disadvantaged at age remain 23 so at age 33.¹³⁹

¹³⁴ Department for Education and Skills (2006), *Statistical First Release*, 03/2007.

¹³⁵ Department for Education and Skills (2006), *Statistical First Release*, 09/2006.

¹³⁶ *Ibid.*

¹³⁷ Higher Education Statistics Agency (2006) *Performance indicators in higher education in the UK, 2004-05*.

¹³⁸ Blanden, J., Gregg, P. & Machin, S. (2005), *Intergenerational mobility in Europe and North America*, Centre for Economic Performance.

¹³⁹ Cabinet Office (2004), *Life Chances and Social Mobility: An Overview of the evidence*.

3.5 Higher spending

Spending on education and spending in real terms* 1997-98 to 2006-07, £ billions										
1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
45.1	45.1	45.5	47.0	50.5	55.2	56.6	61.2	63.7	67.1	69.8
* 2005-2006 prices <i>Source: PESA</i>										

- Real terms' spending on education has increased by nearly a third since 1997, with large spending increases occurring from 1999 onwards. Increases in spending are set to slow down over the next couple of years as a result of fiscal tightening, although current levels of spending are expected to be retained in education.

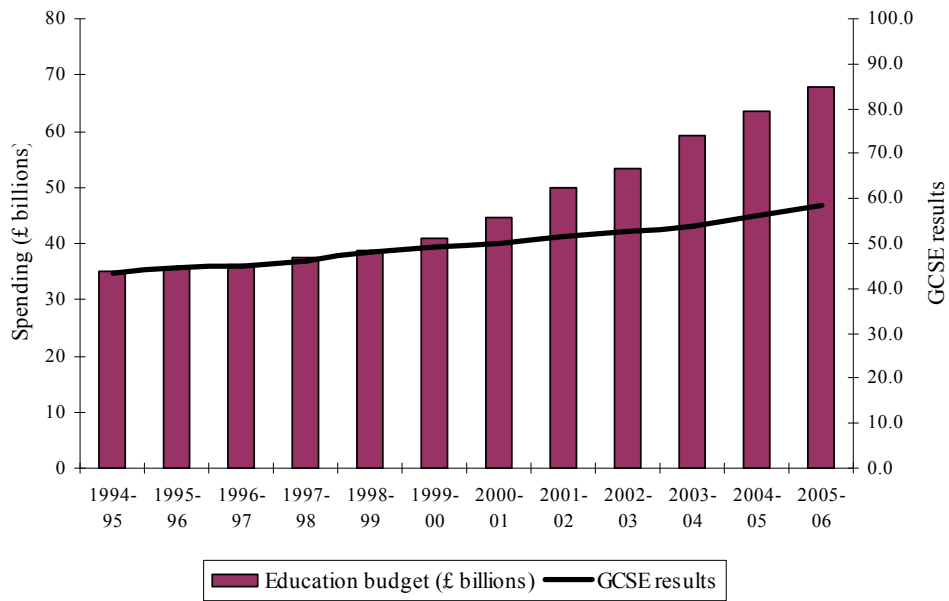
3.6 Higher costs

Schools workforce, maintained sector (000's)											
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
All regular teachers	399.2	397.7	401.2	404.6	410.2	419.6	423.6	427.7	431.9	435.6	434.9
Teaching Assistants	60.6	65.5	69.6	79.0	95.0	105.4	121.2	132.1	147.0	153.1	162.9
Admin staff, technicians, and other support staff	72.9	75.2	79.1	82.6	90.8	108.0	102.0	108.6	117.8	134.4	142.6
Total workforce	532.7	538.4	549.9	566.2	596.0	633.0	646.8	668.3	696.7	723.1	740.4
<i>Source: DfES, Statistical First Release 37/2006</i>											

- An increase in the schools workforce has been a costly use of a proportion of this increased spending. There has been an increase in the number of teachers, over 36,000 more since 1997, however this rise has been small in comparison to the vast rise in the number of support staff. The number of teaching assistants has more nearly trebled from 60,000 in 1997 to 150,000 increasing the total teaching workforce, and the costs associated with it dramatically. There is still little evidence to support this vast increase, and it is questionable whether the extra spending on this form of resource will have any real impact on education outcomes.
- Since September 2005 teachers have been entitled to have a minimum of 10 per cent of their timetabled teaching commitment for planning preparation and assessment time (PPA). This entitlement means that for half a day a week teachers are away from the classroom, leaving their lessons to be covered by another member of staff. In many cases the members of staff that cover these lessons are not qualified teachers but teaching assistants. This means that despite an overall increase in the numbers of teachers in many schools contact time between qualified staff and students is declining.

3.7 Falling productivity

Trend in GCSE results unaffected by spending increases



Source: Department for Education and Skills

- Increases in spending have not led to a change in the overall trend in the improvement of results. GCSE results have continued to rise but at a rate unaffected by spending increases.

3.8 Teaching quality

Percentage of teachers teaching a subject without a degree in that area	
Maths	59
English	50
General/Combined Science	40
Biology	30
Chemistry	31
Physics	39
ICT	87
History	44
Geography	48
Average	68
<i>Source: Secondary Schools Curriculum and Staffing Survey 2002</i>	

- Despite an increase in the number of teaching staff a high percentage of lessons are still taught by teachers who do not hold a degree in the subject being taught. This includes key subject areas such as maths where 59 per cent of teachers do not have a degree and ICT, where the figure is higher at 87 per cent. Overall two thirds of teachers, 68 per cent, are teaching a subject without having a degree in that area.
- The substantial difference higher quality teaching in the latter. This is most evident in the results at A-level where the proportion of A-grades attained remains much higher than in the state sector. In the key science and maths subjects twice as many independent school candidates achieve A's in comparison to those in state schools.

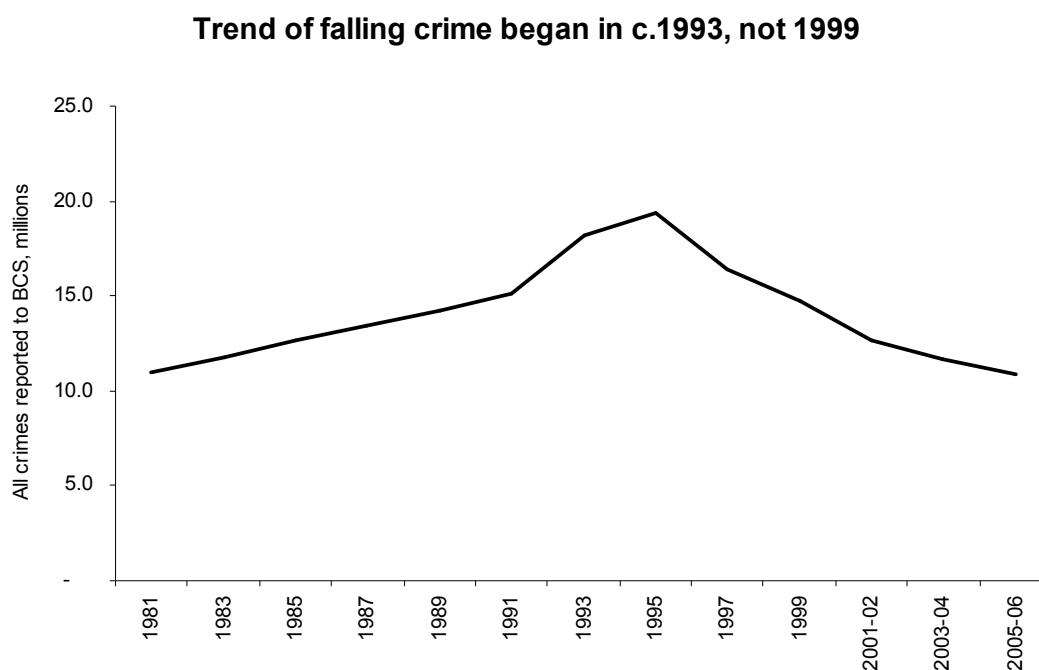
State schools fail to provide quality education in key subjects		
A-level subject (2005)	Independent schools: Percentage of entries achieving As	State schools: Percentage of entries achieving As
Biological Sciences	43	18
Chemistry	48	24
Physics	47	23
Maths	63	34

3.9 Higher education

- Higher Education is the area where reforms have gone furthest. The Higher Education White Paper and subsequent Act in 2003 increased funding for sector and also ushered in a major reform in student finance in the form of top up fees. The Bill faced much opposition and was only passed by 5 votes, with 71 Labour MPs voting against.
- Universities have always been independent institutions but the introduction of variable fees has the potential to give universities even greater control over their funds. British universities are still among some of the best in the world and if the cap is raised and fees are allowed to rise even more of a market develop. Students are increasingly thinking as consumers and making more measured decisions about the sort of courses that they wish to undertake, in a system with increasingly diversified institutions. An increase in the number of students applying to university this year, including an increase in the percentage of those from poorer backgrounds, allays fears that higher fees would deter capable students from attending university.

6.4 Crime

4.1 Overall crime



Source: British Crime Surveys

- Home Office Ministers' typical claim is that crime (as measured by the British Crime Survey) has fallen since 1997.¹⁴⁰ This is true but misleading since the fall in BCS crime began in the early 1990s.

¹⁴⁰ Reid, J. (2007), "People power can make our streets safer", *The Daily Telegraph*, 30 April: "The British Crime Survey indicates that, overall, crime has fallen by 35 per cent since 1997, including a reduction in recorded violent crime."

4.2 Specific classes of crime

Specific classes of crime, incidences reported to BCS, millions								
	1981	1991	1995	1997	1999	2001-02	2003-04	2005-06
All vehicle thefts	1.8	3.8	4.4	3.5	3.0	2.5	2.1	1.7
Burglary	0.7	1.4	1.8	1.6	1.3	1.0	0.9	0.7
All violence reported to BCS	2.2	2.6	4.3	3.4	3.2	2.8	2.7	2.4
Robbery	0.2	0.2	0.3	0.3	0.3	0.4	0.3	0.3
Gun crime	-	-	-	-	0.005	0.008	0.01	-
All crimes reported to BCS	11.0	15.1	19.4	16.4	14.7	12.6	11.7	10.9
<i>Source: British Crime Surveys; Office for National Statistics (2007), Social trends 37</i>								

- While each of the major classes of crimes have fallen since the early 1990s, certain crimes such as robbery have been static and others such as gun crime have increased, while remaining a very small proportion of overall crime.

4.3 Anti-social behaviour

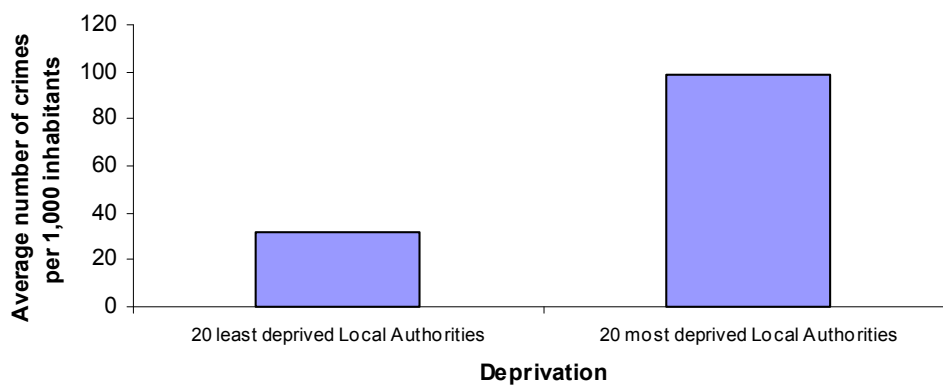
Anti-social behaviour remains high, percentage of respondents								
	1992	1996	2000	2001-02	2002-03	2003-04	2004-05	2005-06
High level of perceived anti-social behaviour	-	-	-	19	21	16	17	17
Abandoned or burnt-out cars ³	-	-	14	20	25	15	12	10
Noisy neighbours or loud parties	8	8	9	10	10	9	9	10
People being drunk or rowdy in public places	-	-	-	2	23	19	22	24
People using or dealing drugs	14	21	33	31	32	25	26	27
Teenagers hanging around on the streets	20	24	32	32	33	27	31	32
Rubbish or litter lying around	30	26	30	32	33	29	30	30
Vandalism, graffiti and other deliberate damage to property	26	24	32	34	35	28	28	29

Source: British Crime Surveys; Office for National Statistics (2007), Social trends 37

- Anti-social behaviour has been a recurrent theme of the policy debate over the period. The British Crime Survey indicates that anti-social behaviour has not seen the falls in crime that other classes of crime, notably property crime, have seen.
- Taken together, the fact that robberies and anti-social behaviour have remained constant raises concerns over the performance of the police.

4.4 Inequity

Levels of crime in the the 20 most deprived and 20 least deprived Local Authorities in England

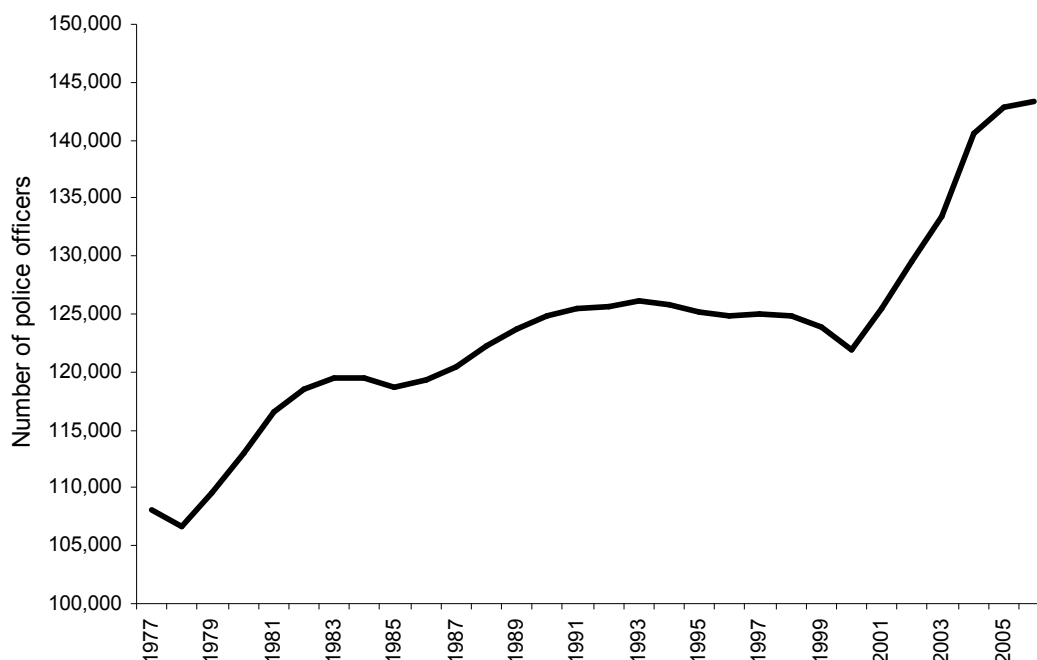


Sources: *Crime and Disorder Reduction Partnerships - Recorded Crime for Key Offences 2004-05 to 2005-06*, *Crime in England and Wales 2005-2006*, *Research development statistics*, Home Office; *Indices of deprivation*, Office of the Deputy Prime Minister, 2004

- While overall crime has fallen, there is a direct correlation between levels in crime and levels of deprivation. The average number of crimes per head is fully three higher times in the 20 most deprived local authorities in England than in the 20 least deprived local authorities.

4.5 Policing

Number of police officers in England and Wales, 1997-2006



Source: House of Commons (2001), *Police Service Strength - 1977-2000, Research Paper 01/28*; Home Office (2001-2006), *Police Service Strength for England and Wales*.

- After a decline between 1997 and 1999, the number of police officers in England and Wales has increased rapidly; now standing at a record amount. Total police service strength has been swelled by increasing numbers of police staff and by the introduction of Police Community Support Officers in 2002.

Police service strength, 1998-2006, 000s				
	Total police service strength,	Police officers,	Police staff,	Police Community Support Officers,
1998	181561	124798	52975	-
1999	180214	123841	53031	-
2000	178038	121956	53227	-
2001	182623	125519	54588	-
2002	190745	129603	58909	-
2003	200839	133366	63105	1176
2004	214365	140563	68697	3418
2005	223426	142795	72003	6214
2006	226207	143271	73786	6769

Source: Home Office (1998-2000), *Police service personnel for England and Wales*; Home Office (2001-2006), *Police Service Strength for England and Wales*.

4.6 Huge increase in private security provision

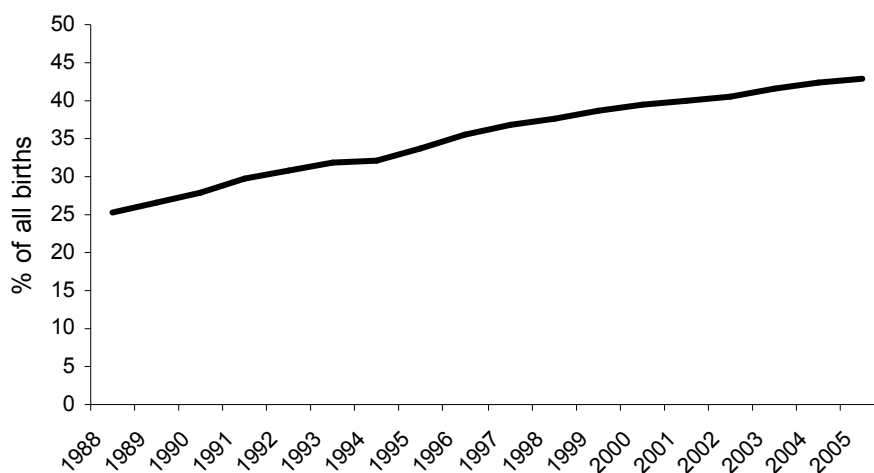
Ownership of security devices. percentage of respondents								
	1992	1994	1996	1998	2000	2003-04	2004-05	2005-06
Burglar alarms	13	18	20	24	26	28	30	30
Double/deadlocks	61	70	70	72	75	79	81	82
Outdoor sensor/timer lights	-	-	-	38	40	43	42	43
Indoor sensor/timer lights	-	-	-	23	25	27	26	26
Window locks	52	62	68	71	75	82	83	85
Window bar/grilles		7	9	8	7	3	3	3
Security chains on doors		-		-	-		34	34
Car alarm in main car	23	-	38	-	49	58	60	63
Car immobiliser in main car	23	-	46	-	62	75	77	79
<i>Source: British Crime Surveys</i>								

- The substantial falls in property crime since the 1990s have coincided with a tremendous improvement in the amount of private protection of property. In this sense it is true to say that England and Wales have become safer.

4.7 “Causes of crime”

- Many of the social factors identified by Tony Blair as the “causes of crime” – such as family breakdown and drug-use – have continued to deteriorate, at the same rate as prior to 1997:

Proportion of births in the UK outside marriage continues to rise, following pre-1997 trend

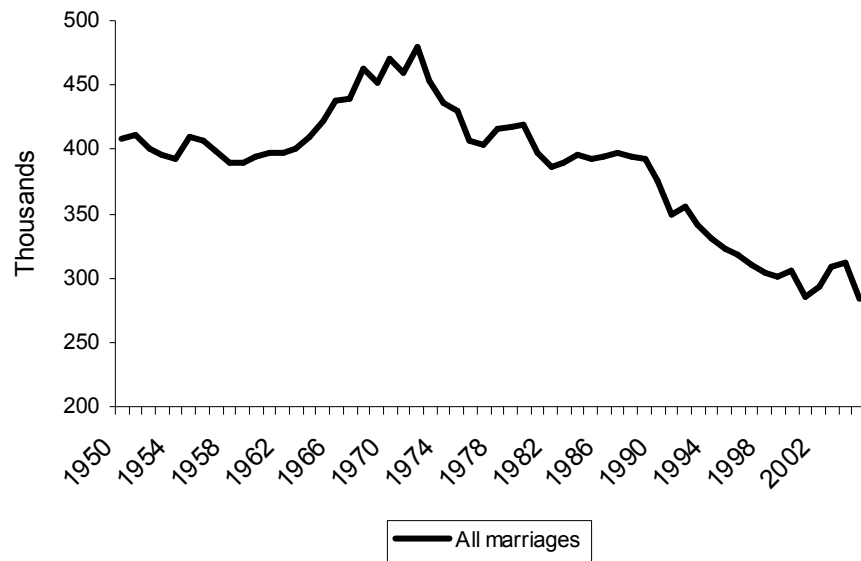


Source: Office for National Statistics (2007), Social Trends 37

Household type, per cent					
	1971	1981	1991	2001	2006
One person	6	8	11	12	12
One family households					
Couple					
No children	19	20	25	25	25
Dependent children ³	52	47	53	39	37
Non-dependent children only	10	10	12	9	8
Lone parent ⁴	4	6	9	12	12
Other households	9	9	4	4	5

Source: Census, Labour Force Survey, Office for National Statistics

Number of marriages in the UK has declined since 1997, following the post-1975 trend

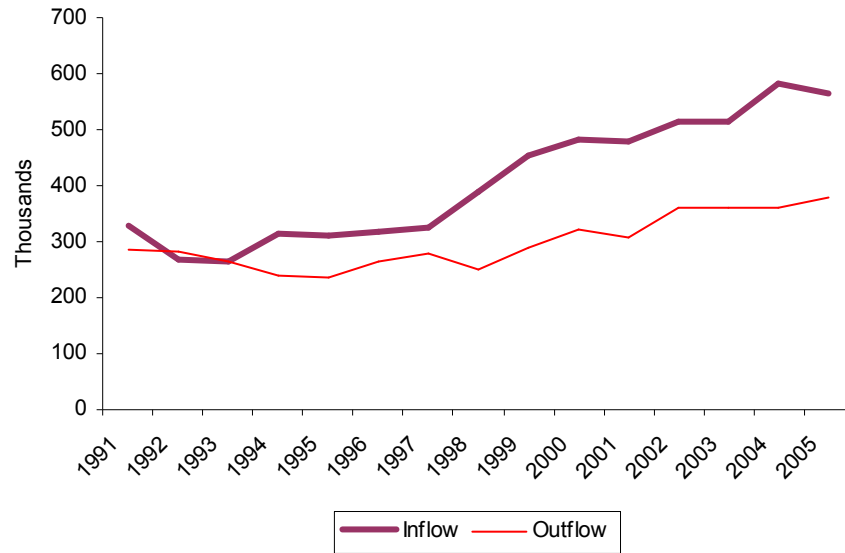


Source: Office for National Statistics; General Register Office for Scotland; Northern Ireland Statistics and Research Agency

Drug use among young people						
	1996	1998	1999	2000	2001-02	2002-03
16-24 year-olds Any drug -used	30	32	-	30	30	28
11-15 year-olds Any drug - used	-	7	7	9	12	12

4.8 Migration

Dramatic increase in immigration since 1997

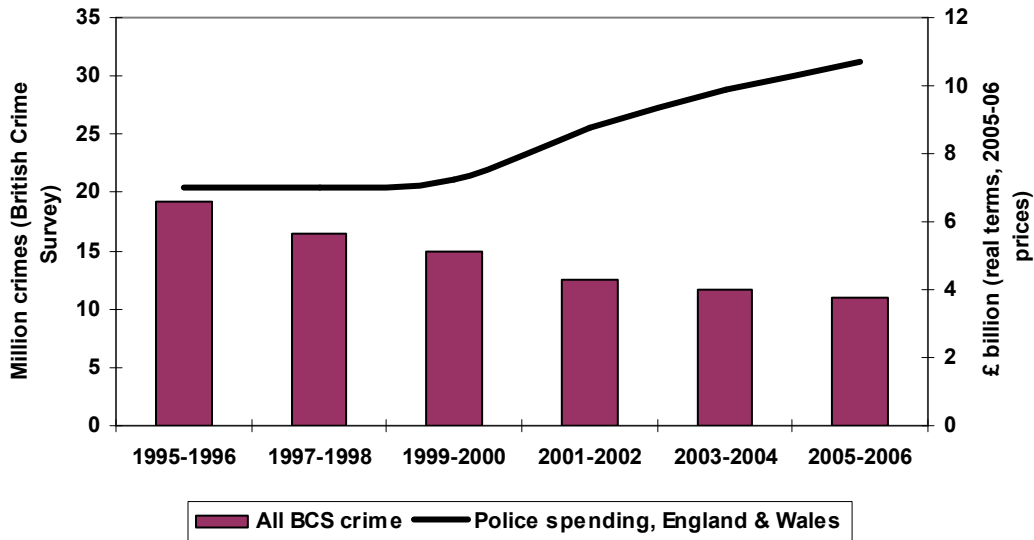


Source: Office for National Statistics

- One of the key social changes since 1997 is the extent of migration. While immigration has outweighed out-migration since the early 1990s, the trends greatly increased in 1997.
- The total net immigration since 1997 is over 1.4 million.

4.9 Falling productivity

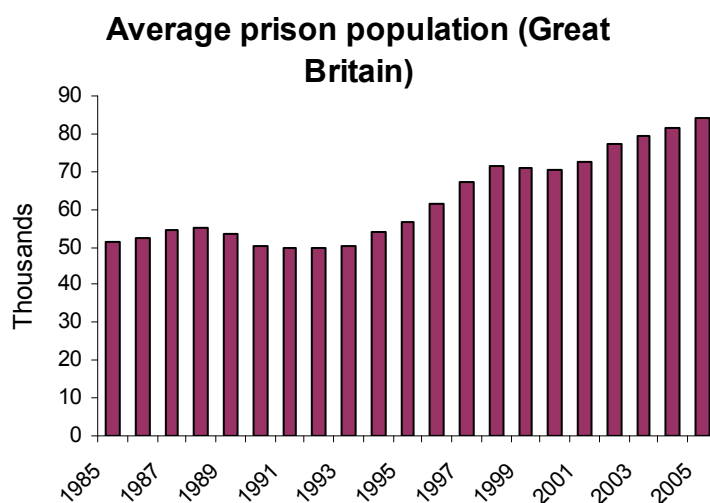
**Trend in crime rates
unaffected by spending increases**



Source: British Crime Surveys; HM Treasury, *Public Expenditure Statistical Analysis 2006*

- As noted above, the static level of anti-social behaviour and robberies since 1997 (and since 1992) raises concerns over the performance of the police. It is certainly the case that police productivity has fallen sharply; the trend in crime rates has been unaffected by police spending and increases in the numbers of police officers.

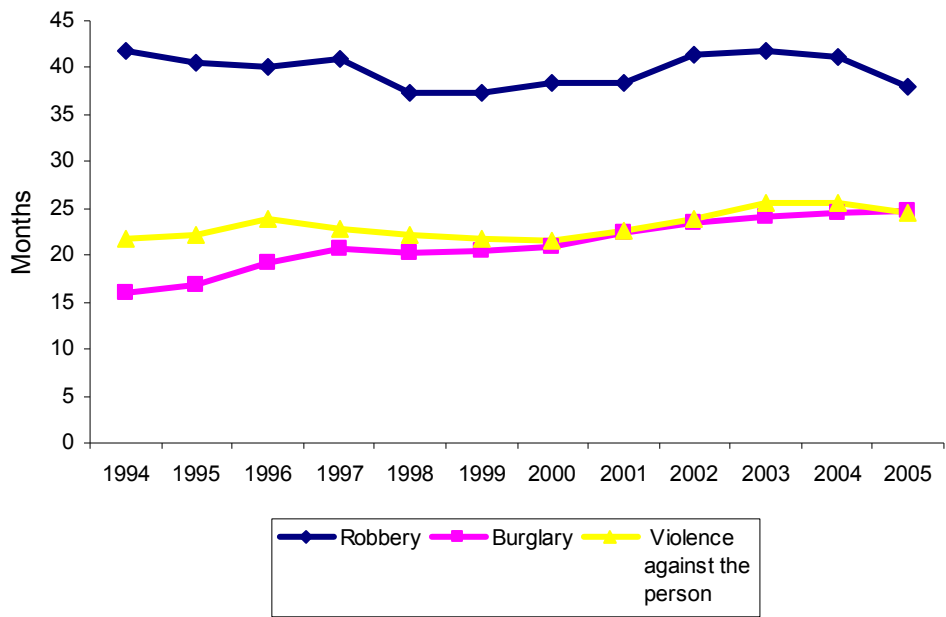
4.10 Prisons and sentences



Source: Home Office; Scottish Executive

- One of the most dramatic changes in any area of policy since 1997 is the increase in prison places by a third, from 58,000 to 80,000. While this continued the upwards trend since 1993, the growth since 1997 has outstripped that under the Conservative government.
- At the same time sentences have substantially increased for some but not all crimes. It is interesting to note that sentence lengths have increased for some crimes which have clearly fallen (e.g. burglary); but have actually fallen for some crimes which have not fallen over the period (e.g. robbery). This would support other research findings that relates chance of imprisonment to levels of crime.

Average sentence length, selected crimes, 1994-2005



Source: Court Proceedings Data, Home Office

References

- Barber, M. (2007), *Instruction to Deliver*.
- Better Regulation Task Force (2005), *Regulation – less is more*.
- Blair, T. (2000), *Breakfast with Frost*, 16 January.
- Blair, T. (2000), Speech to the chief nursing officer's conference, 10 November.
- Blair, T. (2001), Speech at the Peel Institute, 26 January.
- Blair, T. (2001), Reform of public services, 16 July.
- Blair, T. (2004), Speech to Goldman Sachs, 22 March.
- Blair, T. (2005), *Higher standards, better schools for all*, Department for Education and Skills.
- Blair, T. (2006), Speech at the specialist schools and academies trust conference, 30 November.
- Blair, T. (2007), Speech at the public service reform conference, 27 March.
- Blair, T. (2007), Interview on BBC Politics Show, 15 April.
- Blair, T. (2007) "I've been tough on crime: now we have to nip it in the bud", *Daily Telegraph*, 28 April.
- Blair, T. (2007) Speech at Trimdon Labour Club, 10 May.
- Blair, T. (2007), "What I've learned", *The Economist*, 2 June.
- Bosanquet, N. & Gibbs, B. (2005), *The class of 2005: the IPOD generation*, Reform.
- Bosanquet, N., de Zoete, H., & Beuhler, E. (2005), *The NHS in 2010: reform or bust*, Reform.
- Bosanquet, N. & Gibbs, B. (2005), *The Class of 2005: the IPOD generation*, Reform.
- Bosanquet, N., Cumming, S., & Haldenby, A. (2006), *Whitehall's last colonies: breaking the cycle of collectivisation in the UK regions*, Reform.
- Bosanquet, N., de Zoete, H., & Haldenby, A. (2006), *Investment in the NHS – facing up to the reform agenda*, Reform.
- Bosanquet, N., de Zoete, H., Fox, R., & Haldenby, A. (2006), *Staffing and human resources in the NHS – facing up to the reform agenda*, Reform.
- Bosanquet, N., Gibbs, B., Cumming, S. & Haldenby, A. (2006), *The Class of 2006: a lifebelt for the IPOD generation*, Reform.
- Bosanquet, N., et al (2007), *NHS reform – the empire strikes back*, Reform.
- Bosanquet, N., et al (2007), *UK growth and opportunity: the need for a fundamental reassessment*, Reform.
- Boys Smith, N. (2006), *Reforming welfare*, Reform.

British Chambers of Commerce (2006), *Burdens barometer*.

British Society of Hearing Aid Audiologists (2006), *Suffering in silence 2006, a new survey of NHS hearing aid waiting times conducted by BSHAA*.

Cabinet Office (2006), *The UK Government's approach to public service reform*.

Cambridge University (2005), Undergraduate statistics of applications and acceptances for October 2005.

Coulter, A., Le Maistre, N., Henderson, L., (2005) *Patients' experience of choosing where to undergo surgical treatment, evaluation of London patient choice scheme*, Picker Institute.

Dawson, D., Jacobs, R., Martin, S., Smith, P., (2004) *Evaluation of the London patient choice project: system-wide impacts*, University of York.

Department for Education and Skills (2006), *Statistical First Release 37/2006*.

Department for Education and Skills (2006), *Statistical First Release, 46/2006*.

Department for Education and Skills (2006), *Statistical first release, 09/2006*.

Department of Health (2000), *The NHS Plan, a plan for investment, a plan for reform*.

Department of Health (2006), *Health profile of England*.

Department of Health (2006), *Evidence to the Health Select Committee*.

Department of Health (2006), *Tackling health inequalities: status report on the programme for action – 2006 update of headline indicators*.

Department of Health (2006), *Our health, our care, our say: a new direction for community services*.

Department of Health (2007), *Statistical press notice: NHS referral to treatment (RTT) times data – March 2007*.

Doctors for Reform (2007), *Free at the point of delivery – reality or political mirage? Case studies of top-up payments in UK healthcare*.

Douglas, R., Richardson, R. & Robson, S. (2002), *Spending without reform, Reform*.

Education Select Committee, (2006), *First Report – The schools white paper: higher standards, better schools for all*.

Field, F. & Cackett, B. (2007), *Welfare isn't working: child poverty*, Reform.

Financial Times, 22 May 2002.

Gordon Brown quoted in *The Sun*, 30 November 2001.

Haldenby, A. (ed.) (2006), *Public service reform 2006-2010*, The Smith Institute.

Haldenby, A., Rainbow, H., Mitchell, H. (2006), *Supporting supply side reform: technology in English state education*, Reform.

Health Consumer Powerhouse (2006), *Euro health consumer index*.

Hewitt, P. (2007), Speech to the London School of Economics, 14 June.

Higher Education Statistics Agency (2006) *Performance indicators in higher education in the UK, 2004-05*.

HM Treasury, Wanless, D. (2002), *Securing our future health: taking a long-term view*.

HM Treasury (2007), *Public expenditure statistical analyses*.

Home Office (1992-2006), *British crime surveys*.

Home Office (2000), *Making punishments work*.

Home Office (2003), *Prisoners' drug use and treatment: seven research studies*.

Home Office (2006), *Prison population projections 2006-2013*.

House of Commons Health Committee (2007), *Workforce planning, fourth report of session 2006-07*.

House of Commons Health Committee, evidence submitted by the British Society of Hearing Aid Audiologists (2007), *Audiology services, fifth report of session 2006-07*.

Innovation unit (2006), *Powers to facilitate innovation annual report*.

Ireson, J., Rushforth, K. (2005), *Mapping and evaluating shadow education*, Institute of Education, University of London.

Karolinska Institute (2005), *A pan-European comparison regarding patient access to cancer drug*.

King, M. (2007), *The MPC Ten Years On*, Speech to Society of Business Economists, 2 May.

Labour Party Manifesto (1997), *New Labour because Britain deserves better*.

Leach, G. (2003), *The negative impact of taxation on economic growth*, Reform.

Leatherman, S. & Sutherland, K. (2005), *The quest for quality in the NHS – a chartbook on the quality of care in the UK*.

Miliband, E. (2007), "New Labour needs a new tune", *The Sunday Times*, 13 May.

National Audit Office (2006), *Second validation compendium report: 2003-06 PSA data systems*.

National Audit Office (2007), *Pay modernisation: A new contract for NHS consultants in England*.

National Centre for Health Outcomes Development (2005) *Preliminary overview report for schemes GSUP1C, OC123, LP4 and LP5*.

National Policing Board (2006), *Vision for the police service*.

Office for National Statistics News Release (2007), *Cancer survival rates are lower in deprived areas*.

- Ofsted (2005), *Annual report of her majesty's chief inspector of schools 2004-2005*.
- Organisation for Economic Co-Operation and Development (2004), *Economic Survey of the United Kingdom 2004*.
- Organisation for Economic Co-Operation and Development (2005), *Economic survey of the United Kingdom*.
- Osborne, G. (2007), *The emerging battle for public sector reform*, Speech at Policy Exchange, 30 May.
- Oxford University (2005), *Undergraduate Admissions Statistics, 2005 entry*
- Pennel, H., and West, A. (2007), *Parents in the driving seat? – Parents' role in setting up new secondary schools*, RISE, London School of Economics
- PriceWaterhouseCoopers (2007), *The third annual evaluation report of academies Reform (2005), Standards of public examinations in England and Wales*.
- Reid, J. (2007), "People power can make our streets safer", *The Sunday Telegraph*, 29 April.
- Ramsbotham, D. (2003), *Prisongate*.
- The Nuffield Trust (2003), *The quest for quality in the NHS – a mid-term evaluation of the ten-year quality agenda*.
- Tymms, P., Coe, R., and Merrell, C. (2005), *Standards in English schools: changes since 1997 and the impact of government policies and initiatives*, University of Durham.
- United Nations Interregional Crime and Justice Research Institute (2000), *International crime victims survey*.
- Van Dijk, J. et al (2005), *The burden of crime in the EU*, United Nations.
- Wolf, A., Jenkins, A. & Vignoles, A. (2006), "Certifying the workforce: economic imperative or failed social policy?", *Journal of Education Policy*, Vol. 21, No.5, September 2006.
- Wolf, A. (2002), *Does Education Matter? Myths about education and economic growth*.