

 HM Government

Policy Review

Building on progress: The role of the state

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The ultimate purpose of the strategic and enabling state is to redistribute power to people.

1. Introduction

1.1 The state, like all other institutions, is subject to the pressure of change.¹ Communications technology has shrunk the world. Globalisation has opened it up. Mass production is increasingly giving way to customisation, with adaptable firms creating new standards of service.

1.2 At the same time there have been great social changes. The UK, as with many countries, was once highly homogenous, but successive waves of migration since the Second World War have brought increased diversity. Deference has declined, social hierarchies are no longer stable and attitudes have changed. People now want more control and more choice over what they do.

1.3 The political argument about the state is also changing. The old argument used to concern whether the state should be large or small. Either the state was part of the problem, getting in the way of solutions, or else it was thought to be the solution of first resort. Neither of these two extreme positions is correct.

1.4 The state is a means to an end. For too long the story of progressive politics was

the confusion of the two. Now and for the future it is clear that ends and means need to be kept apart. This is a theme that runs through all the papers in this Policy Review.

1.5 The state has some perennial duties. It has the legitimate monopoly of force in a given territory. It is charged with controlling its borders, with ensuring order within its boundaries and with protecting its citizens from external threat. It oversees and administers a legal framework to ensure that these duties can be carried out effectively. It is the only authority that can legitimately impose taxes on its citizens and then collect and disburse the funds.

1.6 But the modern state now does a lot more than this. The gradual enfranchisement of the whole population, the growth of a functioning bureaucracy and the rise of mass education increased both the demands on, and the capabilities of, the modern state.

1.7 Over time, the state's involvement as guarantor (and often provider) of education, health, housing, transport and welfare services became common in advanced democracies.

1.8 In the UK, after the Second World War, the state's role extended to the direct provision of industrial strength. The role of the state as a direct provider reached its peak at the end of the 1970s. The state's responsibilities then shifted from providing services to regulating them and guaranteeing standards. It began to retreat from the ownership of industry and industrial policy more generally.

1.9 At the same time, the rule of law began to extend into new areas. The first legislation to protect people from discrimination on the grounds of race, gender and sexuality was passed.

1.10 This Policy Review introduces the idea of the strategic and enabling state as a response to the continuing evolution of global and domestic trends. It seeks to avoid the pitfalls of the big or small state argument and reinvent effective state power for the current age.

1.11 The ultimate purpose of the strategic and enabling state is to redistribute power to people. This could mean either an expanded role, such as support for childcare provision, or a reduced role, such as providing individual budgets to users of public services, so that they can select which services they need and who should provide them. This also means the state focusing on outcomes rather than getting involved in the detail of particular decisions, for example by giving independence to the Bank of England.

1.12 Enabling citizens to take power is both right in itself and also indispensable to meeting the objectives of government that cannot be met in any other way. The modern state needs to work in a new way – less about command and control and more about collaboration and partnership. This reflects the kind of citizen we have today: inquiring, less deferential, demanding, informed.

1.13 The core idea of the strategic and enabling state is that power is placed in the hands of the people. It is a vision of the state in which we increase the range of opportunities for engagement; we empower citizens to hold public institutions to account; and we ensure that citizens take joint responsibility with the state for their own well-being.

1.14 Any state has five main roles. First, as a direct provider of services. Second, as a commissioner of services, where the state specifies the required outcome but pays a supplier to provide the service. Third, as a regulator, ensuring that standards are complied with. Fourth, as a provider of information so that citizens can make informed choices. Fifth, as a legislator to set down clear rules of behaviour. The strategic and enabling state has to determine the right balance between these roles.

1.15 This document provides the framework within which all the questions about the state have been approached. It draws on the conclusions of the

Ministerial Working Group on the Role of the State and the series of seminars for non-Cabinet ministers. It does not purport to offer a manifesto or a detailed blueprint. It is, instead, an attempt to analyse the problems we face and suggest the directions for future policy. The *Building on progress: Families* Policy Review paper provides an extended example of the strategic and enabling state with regard to family policy.

1.16 This document sets out the six features of the strategic and enabling state. The first two are functions that government performs. The next three are about the relationship between government and citizens. The final feature is the implication for the way government itself is organised. The six features are:

- a strong focus on outcomes;
- tackling insecurity;
- empowering citizens;
- rights and responsibilities;
- building trust; and
- a smaller strategic centre.

The state should focus on ends,
not the means by which the
Government's goals are delivered.

2. A strong focus on outcomes

2.1 Whether or not the state plays a role in any particular policy area is a political decision, based on the values of a government, its objectives and the pressures of change. However, once the Government has decided that the state should play a role, the strategic and enabling state should focus on ends, not the means by which the Government's goals are delivered. The strategic and enabling state should focus all its attention and resources on its highest priority: setting decisive outcomes to be pursued and ensuring that they are pursued as economically as possible.

2.2 Genuine outcomes are better targets to pursue than narrower output or activity measures, which risk diverting activity away from the real priorities and which, above all, are not what the state should be most concerned about. Focus on outcomes is increasing, for example through the effective use of Public Service Agreements (PSAs). However, too often the state can still be focused on outputs rather than outcomes.

2.3 The state should continue to develop the use of outcome measures. This is being done, for example, with local government where *Strong and prosperous communities: The local government White Paper* proposes that the local government performance framework is reformed to include a single set of national priority outcomes for local authorities working alone or in partnership. Similarly, the new PSAs being developed for the 2007 Comprehensive Spending Review should have a strong outcome focus. The public sector as a whole needs to move towards outcome-based targets.

2.4 Once a decision has been taken that the state needs to intervene, the Government also needs to look carefully at what role the state is best equipped to play in meeting the Government's goals in that policy area. There are clear criteria (as shown in Figure 1) that can be used to help determine the appropriate role for the state.

Figure 1: Criteria to identify the role of the state

Role	Criteria
Provider	<p>The state might choose to provide a service where:</p> <ul style="list-style-type: none"> • direct lines of accountability to government need to be maintained, and the cost of any failure of accountability is too high for the state to take the risk, for example the Armed Forces; • there are strong strategic reasons for keeping a process in-house, for example ensuring that the state has sufficient information about the process so that it can act as an 'intelligent customer' for similar services.
Commissioner	<p>The state might choose to commission a service where:</p> <ul style="list-style-type: none"> • the service can be delivered through the market and any market failure can be addressed through taxes, subsidies, regulation or other means; • a market can be established: contracts can be written (outcomes and quality are quantifiable and measurable); there is an appropriate number of suppliers and commissioners; risks can be transferred; contract costs (bargaining and opportunism) are low; • commissioners have sufficient information about suppliers and the market; • service users are able to make informed choices and provide signals to commissioners. <p>NB: not all of these criteria necessarily need to be met.</p>
Information provider	<p>The state might choose to provide information where citizens are unlikely to be able to make effective choices without state oversight or regulation of information.</p>
Regulator	<p>The state might choose to regulate a service where the state is not providing a service but still has a duty, either to secure outcomes or on efficiency grounds, to ensure that the service is being provided effectively or in line with certain standards (for example standards within private care homes; regulation of electricity markets).</p>
Legislator	<p>The state might choose to legislate where legal intervention is needed to provide an incontrovertible (statutory) basis for any aspect of policy.</p>

Ensuring secure borders is one of the oldest functions of the state. In a very open world it is more important than ever.

3. Tackling insecurity

3.1 One of the perennial duties of the state is to ensure security. This refers to economic security (helping people into work and supporting a work–life balance), personal security (reducing crime), and national and international security (securing borders and reducing terrorism). Each of these is discussed in turn.

Economic security

3.2 The strategic and enabling state should enable economic security for its citizens and thus should have an active labour market component. For example, since 2002 Jobcentre Plus has provided help and advice on jobs and training for people who can work and financial help for those who cannot.

3.3 Recent changes to employment law and to social policy have been designed to encourage and support parents back into work, at the same time as protecting their rights and their work–life balance. The Employment Act 2002 extended paid maternity leave, introduced paid paternity leave and introduced the right to request flexible working for parents of young or disabled children.

3.4 The Work and Families Act 2006 has extended these rights further. From April 2007 paid maternity leave is 39 weeks and overall mothers are also entitled to take up to one year’s maternity leave, regardless of how long they have worked for an employer. It is estimated that the maternity pay changes will benefit around 400,000 mothers each year; and around 400,000 fathers can benefit from the rights to paternity leave and pay.²

3.5 One of the barriers that parents face in balancing work and caring for their children is access to affordable, good-quality childcare. The current 10-year Childcare Strategy includes establishing a network across the country of multi-agency Sure Start Children’s Centres. To date, 1,250 centres have been designated, providing services to over 1 million children and their families. By 2010, there will be 3,500 with all young children under five, and their families, having access to one. Similarly, by 2010, all primary schools should offer access to childcare between 8am and 6pm and all secondary schools should be open between those hours. These policies

are set out at length in the *Building on progress: Families* Policy Review paper.

Personal security

3.6 The strategic and enabling state should also take insecurity caused by the fear of crime very seriously. For this reason, the current approach emphasises greater detection and punishment of high-volume and visible forms of crime through greater powers for the police and the introduction of more police officers, community support officers and wardens. Concurrently, new powers have been introduced to confront serious and organised crime. Stronger punishments have been issued, with a large increase in custodial and non-custodial sentences. And the Government continues to target offenders that cause the most harm to communities via schemes such as the Prolific and Priority Offenders programme and the Drug Intervention Programme.

3.7 Personal security should also be ensured through the provision of a well-established and respected system of civil justice. Knowledge of the existence of an effective and accessible justice system in the last resort ensures that most rights/contracts are fulfilled and obligations to others respected without the need for legal action.

National and international security

3.8 Ensuring secure borders is one of the oldest functions of the state. In a very open world it is more important than ever. Hence the Government has had to toughen the approach on illegal immigration balanced with access for highly skilled workers who have made a significant contribution to economic growth.

3.9 This has involved: the introduction of new approaches to border security, resulting in lower levels of asylum and increased removals; more stringent requirements for those wishing to study, work or join family in the UK, including proof of English language ability and longer qualifying periods for people wishing to settle; legislation to introduce identity cards for foreign nationals staying in this country and for British citizens; and the introduction of new technology in high-risk countries and the UK to store biographic and biometric data. All asylum applicants are now routinely fingerprinted to prevent multiple applications and fraudulent claims for support.

3.10 A core component of the Government's broader approach to national security is a long-term framework for countering terrorism. Because the threat we face is seamless, affecting British and others' interests around the world, coherent action is needed at home and

abroad. The current security strategy has developed into a sophisticated and multi-faceted approach involving local communities, the police, the intelligence and security agencies, the criminal justice system, government departments, and the wider public and voluntary sector, including local authorities. It is imperative that this strategy continues to evolve to ensure that we protect the public and disrupt terrorist attacks in the UK and abroad. We should also do our utmost to bring those planning and carrying out terrorist attacks to justice.

3.11 International trade and global integration bring major opportunities for the UK. However, they also raise new challenges to our security. Events abroad can have an impact on the UK economy, for example by affecting the security of energy supplies. The insecurity created by failed states or oppressive governments spreads well beyond their borders. Therefore, the state has to play an increasingly sophisticated international role. This means working with a wide range of partners, including through institutions such as the European Union, NATO and the United Nations, to develop common solutions to the challenge of global security.

3.12 Personal, national and international security issues are set out at length in the *Building on progress: Security, crime and justice* Policy Review paper, the *Building on progress: Britain in the World* Policy

Review paper and the forthcoming *Building on progress: Energy and the environment* Policy Review paper.

The strategic and enabling state should develop a new relationship between the state and the citizen. This is no longer a model in which citizens are passive recipients of services.

4. Empowering citizens

4.1 The strategic and enabling state should develop a new relationship between the state and the citizen. This is no longer a model in which citizens are passive recipients of services. It is a conversation between citizens and state agencies, often resulting in joint design of the service, sometimes even collaboration in the delivery of the service itself.

4.2 Furthermore, this new relationship requires the state to respond to citizens' diverse, complex and evolving needs. In many cases, it is unrealistic to expect a single national authority to be in a position to do this. Therefore, it is appropriate that, as a general rule, decisions should be taken as close to the citizen as practicable.

4.3 Because it is democratically accountable, local government can provide a means for citizens to take decisions about their priorities and needs on a much smaller scale than through national governments.

4.4 Where the state remains a provider, it should seek to enable citizens to exercise their preferences. Continuous improvement in public services can best

be driven on by the needs and demands of those who use them. Therefore, the state should seek to embed and expand the range of opportunities for citizens to be involved in the design, delivery and governance of public services and should look to increase the opportunity for people's voices to be heard and for choice, and sometimes direct payments, to be placed in their hands.

4.5 And as a commissioner of services, the strategic and enabling state should help to empower citizens by introducing much greater diversity of service provision – extending the choices available to users and ensuring that the best providers (whether from the public, private or voluntary sector) are used.

4.6 The state should also ensure that all citizens are able to gain access to services, which will mean building in sufficient safeguards to give disadvantaged people full access to new opportunities. The state should also help people develop the skills they need to take advantage of these opportunities. This will include help in adapting to new technology.

4.7 There are also many areas of policy where traditional state intervention does not work. Raising low aspirations, improving public health or changing individual behaviour are all impossible unless the state empowers citizens to make changes for themselves.

4.8 Educational attainment, for example, is strongly affected by: parents' levels of interest; the expectations of teachers; and peers' attitudes. The fact that two-thirds of 17-year-olds from disadvantaged backgrounds do not aspire to obtain a level 3 or above qualification is both a major barrier to their own success, and a brake on social progress.

4.9 In the past, it was thought that social mobility could be driven simply by providing life opportunities. We now know that the state also has to tackle underlying aspirations, so that those most in need of them are motivated to take up the opportunities that the state provides.

4.10 One way the state can do this is through tackling the parental and peer effects that drive low aspirations. The Government has made a start on this with parenting programmes, parent advisers for more disadvantaged people, and a personalisation agenda in education. The Government should also look at addressing the results of low aspirations in behaviour, for example through the use of incentives

for individuals and providers, addressing low expectations in professionals and through using information and social marketing to promote positive culture change. The strategic and enabling state should embed these mechanisms within the services it provides.

4.11 These policies are set out at length in the *Building on progress: Public services* Policy Review paper.

A new relationship between the state and the citizen based on rights and responsibilities.

5. Rights and responsibilities

5.1 The next set of features that follow from the account of the strategic and enabling state concerns a new relationship between the state and the citizen based on rights and responsibilities.

5.2 For example the 2006 Pensions White Paper *Security in retirement* put forward a number of proposals to encourage citizens to take more responsibility for their financial security. This includes automatic enrolment, which will ensure that employees have automatic access to a retirement savings scheme. Everyone will have the opportunity to save easily, as an essential step towards tackling under-saving for retirement.

5.3 The reforms will ensure the provision of high-quality savings schemes and a solid foundation to private savings. But the choice of how much to save, the level of risk to take with investments, and how long to work must be left to the individual. This provides the right balance of choice and support for individual responsibility.

5.4 The Government has introduced a variety of support to help citizens to

enter employment, for example through the New Deal programmes. These programmes help people back into employment and, in return, claimants are expected to meet their responsibilities by taking steps towards work.

5.5 The 2004 White Paper *Choosing health* set out the principle that government should support citizens to make informed choices about their own health. This means, for example, working with the Food Standards Agency to create consistent and clear standards for information on foods, including signposting healthy choices.

5.6 Citizens are also encouraged to take responsibility for their own health, and professionals should work with them to achieve specific goals. Since 2006, NHS-accredited health trainers have been giving support to those who want it in the areas of highest need (those 20 per cent of primary care trusts (PCTs) with the worst health and deprivation indicators, known as 'Spearhead PCTs'). From 2007, this service will be rolled out progressively across the country.

5.7 Parents' responsibilities for their children's education were underlined in 2004 by the introduction of anti-truancy measures. Penalty Notices can now be given to parents of a registered pupil where the child persistently fails to attend school. These can be used together with Parenting Orders, which have been available nationwide since June 2000 (under the Crime and Disorder Act 1998). Parenting Contracts commenced in February 2004.

5.8 The Government has made citizens' responsibilities to others clear and has responded to people who do not meet those responsibilities by establishing Acceptable Behaviour Contracts and Anti-Social Behaviour Orders, and also through more preventative measures, as set out in the Respect Action Plan.

The strategic and enabling state needs to establish a new relationship with the citizen about the use of technology to achieve outcomes, especially the collection and sharing of data.

6. Building trust

6.1 Establishing trust between citizens and the state is a fundamental goal in a democracy. If trust between the state and citizen collapses, then society as a whole will suffer. At a basic level, people trust the state for similar reasons to those which lead them to trust one another. People are inclined to trust public services that treat them with honesty and courtesy. How people are treated by staff, and whether service providers own up to mistakes, are two of the most important factors in determining trust.

6.2 However, trust also rests on more fundamental questions, in particular whether people accept why the state intervenes in some areas and not others. A new set of issues is emerging, in which the distinction between public and private must be discussed openly. The strategic and enabling state needs to establish a new relationship with the citizen about the use of technology to achieve outcomes, especially the collection and sharing of data. There is great potential for fighting crime and for making services more efficient in the use of the DNA database, identity cards and e-patient records. But many people feel

understandably apprehensive at the thought of the state holding such data.

6.3 The answer is not to lose the benefits of shared data but to establish a different quality of dialogue and to encourage participation in decision-making. It is by an open and frank discussion of the risks and benefits of new technology and information sharing that a consensus can be reached.

6.4 The Government will shortly produce an Information Sharing Strategy, which is intended to facilitate a discussion with citizens and build such a consensus. The strategy will set out the benefits of better information sharing, how these benefits can be achieved and what the Government needs to do to reassure citizens that their information is kept secure and used appropriately.

6.5 The Citizens' Summit, held as part of the Policy Review process, shows how such discussions can help to build trust and common ground around issues like the use of new technology. Public deliberation is a key way for the strategic and enabling state to build the trust on which it depends.

The modern state needs to be more flexible than in the past. This has clear implications for central government and in particular for Whitehall.

7. A smaller strategic centre

7.1 The modern state needs to be more flexible than in the past. This has clear implications for central government and in particular for Whitehall.

7.2 There is a good case for separating the core strategic functions from delivery, with an arm's length relationship between the two. Whitehall would therefore comprise a set of strategic departmental centres and the centre of government itself – the Cabinet Office, including the Prime Minister's Office, and HM Treasury.

7.3 The departmental centres should have four main functions:

- They should focus on defining appropriate outcome objectives.
- They should develop policy for delivering these objectives. This should include the routine use of outside bodies.
- They need to commission and manage delivery of the objectives.
- They should work with stakeholders in that delivery process.

7.4 Departments with streamlined roles along these lines could be significantly smaller than the equivalent functions in current departments.

7.5 Delivery activities could then also be significantly restructured around the needs of citizens rather than traditional departmental boundaries. The Varney Review³ recently made recommendations about how to make services more responsive to citizens. For example, the use of agencies and non-departmental public bodies could be re-examined and rationalised.

7.6 In many areas, the delivery organisation might itself focus on commissioning. Thus, the National Offender Management Service, as a delivery organisation for the newly established Ministry of Justice, should itself be fundamentally a commissioner, buying in prison or probation services. Delivery organisations should have outcome-based contracts with the strategic departments.

7.7 There is a good deal of potential for infrastructure to be shared across the delivery organisations. For example:

- there should be a single repository for all the basic information that the state needs to hold for each citizen – name, address, date of birth, National Insurance number, etc. – so that there is maximum efficiency for the state in collecting and holding the information, and maximum convenience and efficiency for citizens in their dealings with the state;
- a single ‘shop window’ for the public could be built – both on-line and on the high street (e.g. using Jobcentre Plus); and
- back office functions, such as finance or IT, could be shared.

7.8 This new structure of strategic departments and delivery organisations would be overseen by the centre of government – a closely coordinated pairing of HM Treasury and the Cabinet Office.

7.9 In support of all these changes, accountabilities should be clearly defined and, where possible, rationalised. This would include, for example, clearly defining the responsibilities of:

- the centre of government (Cabinet Office plus HM Treasury) and strategic departments;
- the strategic departments and the delivery agencies;
- officials and ministers; and
- departments and regulators.

8. Next steps

8.1 Since it was announced in October 2006, the Policy Review has touched on virtually all major areas of policy and involved the entire Government. After 10 years in power it has provided real opportunity for the Government to reflect on: what has worked (and what has not); what should be intensified; and what new direction should be pursued.

8.2 This document has introduced the concept of the strategic and enabling state, where the state's ultimate purpose is to redistribute power to people. It is a vision of the state which:

- focuses on outcomes;
- tackles citizens' insecurity;
- empowers citizens;
- ensures that citizens take joint responsibility with the state for their own well-being;
- builds trust between citizens and the state; and
- develops a smaller strategic centre.

8.3 This document provides the framework within which all questions about the state have been approached in the Policy Review. As with the other strands of the Policy Review, work on the role of the state draws on the conclusions from Cabinet-level sessions, policy papers specifically drafted for the review and seminars for non-Cabinet ministers. It does not aim to offer a manifesto or a detailed blueprint. It is, instead, an attempt to analyse the problems we face and to suggest the directions for future policy. The *Building on progress: Families Policy Review* paper acts as an extended example of the strategic and enabling state with regard to family policy.

8.4 This document is one of several strands of the Government's Policy Review. There are also a number of other pieces of long-term work being undertaken across government, including the 2007 Comprehensive Spending Review, and the Capability Reviews of government departments. Together, these reviews should inform the broad approach that the Government takes across policy areas over the coming decade.

Endnotes

- 1 These pressures are addressed at greater length in the Policy Review document *Building on progress: Public services*.
- 2 See Women and Equality Unit, www.womenandequalityunit.gov.uk/about/Government_women.htm
- 3 Varney, Sir David, *Service transformation: A better service for citizens and businesses, a better deal for the taxpayer*, Stationery Office for HM Treasury, 2006.

