

The reality gap

An analysis of the failure of big government

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INTRODUCTION: MORE MEANS WORSE

In the midst of an economic crisis, we now have a crisis of government. Faith in the ability of the State to govern well has all but disappeared. While the parliamentary expenses scandal has brought matters to a head, this is but the culmination of a long period of increasing disillusionment, evidenced in opinion polling and in the steadily declining turnout in elections over the last ten years.

This disenchantment with the political process was demonstrated in this summer's European and local council elections. Participation rates hit a new low combined with a marked shift away from the mainstream to the minority parties. Two out of every three eligible voters did not bother to vote in the EU elections. Only one voter in 11 voted for the runaway winners, the Conservative Party. Only one in 18 voted for Labour. The political class should feel humbled.¹

¹ The General Elections of 2001 and 2005 were the first time that turnout fell below 70% in the post-war era, dropping to 59.4% in 2001 and 61.4% in 2005. Turnout in the recent EU Elections was just 34.5%.

More means worse

If citizens have lost faith in government, it is not for lack of government activity. Even before the bank bailout last year, spending by government had increased by 40% in real terms since 1997.² Layers of government have multiplied, with the introduction of Scottish and Welsh parliaments, Regional Assemblies³ and Regional Development Agencies. More regulatory bodies have been put in place to oversee these layers,⁴ with powers to monitor local government through multiple assessment mechanisms.⁵ There are more than a thousand quangos costing nearly £64 billion.⁶ More laws have been passed and more consultation papers published. Greater

² Government spending last year (2007/08) reached £583 billion, compared to £408 billion in 1997/98 (in 2007/08 prices).

³ Regional Assemblies were, with the exception of the GLA, later abolished. They were, however, replaced by Local Authority Leaders' Boards.

⁴ Examples include the Government Office Network and the Regional Co-ordination Unit.

⁵ Examples include Comprehensive Area Assessments and Local Area Agreements.

⁶ The Cabinet Office claims that the number of quangos is 790 with a total cost of £34.5 billion a year. But research by the Taxpayers' Alliance lists 1,162 quangos, costing £64 billion. The government defines a Non-Departmental Public Body as a "body which has a role in the processes of national Government, but is not a Government Department or part of one, and which accordingly operates to a greater or lesser extent at arm's length from Ministers". However, the TaxPayers' Alliance takes the simpler legal description of "subsidiary" – any public body or agency which is under the effective control of the Government and devolved administrations. See Cabinet Office, *Public Bodies 2008*, 2008; and The TaxPayers' Alliance, *The Unseen Government of the UK*, 2008.

powers of surveillance have been accorded to the State through a proliferation of CCTV cameras and a huge extension of State power under the Regulation of Investigatory Powers Act (RIPA).⁷

The State and its agencies have amassed increasing quantities of data about its citizens, including the DNA database, centralised medical records, ContactPoint, the Common Assessment Framework and the National Pupil Database. Government directives concerning public health, child rearing, crime prevention, environmentalism and road safety, have proliferated to levels previously unseen in peacetime Britain.

Yet as government activism has increased, so public confidence in government has fallen. Peter Osborne has explained this credibility gap as “a blizzard of activity as part of a parallel universe,” noting that “all of this activity carries on almost entirely independently of life as it is lived by ordinary people.”⁸

This abundance of process is manifest in high levels of regulation, which co-exist with extreme regulatory failure. One powerful example of this was provided by the failure of the Financial Services Authority to observe and act upon the serious risks developing in the banking sector in the period leading up to the 2008 crisis. Another, in a very different sphere, was the failure of child protection services in Haringey to protect Baby P. In the former case, there was an abundance of regulatory requirements being monitored in great detail the by the FSA. In

⁷ The number of organisations allowed to invoke RIPA has increased from nine to 792.

⁸ Peter Osborne, “The Problem of Integrity in Modern Politics”, Keith Joseph Memorial Lecture, Centre for Policy Studies, March 2009.

the latter, Haringey child protection services had been given a glowing report by OFSTED in the same period that Baby P was being tortured to death. Oliver Letwin has characterised this extraordinary and disquieting phenomenon as the ‘paradox of under-regulation coexisting with over-regulation.’⁹

The banking crisis and the tragic death of Baby P each represent an extreme failure of the State and its regulatory agencies to prevent disaster occurring. In both spheres – banking control and child protection – the Labour Government has, since 1997, introduced detailed and innovative new systems of governance. In both cases, the very existence of those systems, far from preventing problems, appears to have contributed to them. As Oliver Letwin would be the first to admit, this is more than a paradox. It is the ultimate failure of the idea of ‘big government’.

How has government become so big and yet so disconnected from reality? This report identifies five techniques which have been deployed by the Government to create the appearance of success, while presiding over failure:

- Moving the goalposts
- Declaratory legislation
- Government as public relations
- Data collection
- Complex structures, procedures and language.

⁹ Oliver Letwin was speaking at a Centre for Policy Studies seminar entitled “The regulation of capitalism in the post-bureaucratic age,” March 2009.

MORE HEADLINES INSTEAD OF LESS CRIME

Janet Daley

There have been few themes more often revisited during the New Labour years than “job culture”. Youth crime and “low level anti-social behaviour” were targeted by one government initiative after another.

The immediate effect of each of these highly publicised campaigns – curfews, ASBOs, compulsory parenting classes, on-the-spot-fines, and enhanced local authority powers – was to generate a spate of headlines. There would then follow a flood of media debate which was informed (or misinformed) by a legion of grant-supported research projects in which academics and professional lobby groups could express their deep reservations about authoritarian solutions to social problems (the conclusions of which inevitably involved “more resources”).

While the nation indulged in this agonised theoretical discussion of how to deal with what was, in absolute terms, a small number of young offenders, the Government got the result it wanted: massive media coverage which made it appear that ministers were taking the problem in hand. Some of the solutions were counter-productive: ASBOs became badges of honour. Others were simply preposterous: after all, how do you march an offender to a cashpoint to impose an “on the spot fine” when the perpetrator is ten years old?

What was never tried – although it was widely invoked – was “zero tolerance” policing which had been so successful in New York: preventing anti-social behaviour from escalating by intervening at the very early stages. That would have required the kind of police presence on the streets which Labour’s own bureaucratic target system had made impossible. So instead of less crime, we just got more headlines.

Janet Daley is a Research Fellow of the Centre for Policy Studies.

1. MOVING THE GOALPOSTS

By changing the criteria for measurement, altering its targets or diluting standards, the Government has created the appearance of improvement. This disguises lack of improvement and, in some cases, actual deterioration.

For example, a totemic objective of both the Blair and Brown Governments has been the eradication of child poverty. The Government's declared aim was to abolish child poverty by 2010;¹⁰ intermediate targets were a 25% reduction by 2005 and a 50% reduction by 2010.¹¹

As soon as it became clear that the 2005 target would not be met, the method of measurement was changed (to exclude housing costs). Despite this change, child poverty actually rose after 2004 – so the Government changed the method of measurement again. This time it included a new set of criteria on relative low income and material deprivation. As 2010 draws nearer, a 50% reduction based either on the Government's

¹⁰ New Labour originally defined child poverty as any child living in a household with below 60% of average income after housing.

¹¹ HM Treasury, *Opportunity for all*, 1999.

original criteria or indeed on the revised criteria is clearly unattainable, yet the Prime Minister still maintains that child poverty can be abolished in the next ten years, and is legislating to that effect (see Chapter 3).

Goalpost moving has also been an essential tool in ‘raising’ education standards. The Secretary of State for Education recently declared that:¹²

“Standards in schools have risen across the board, with results at ages 11, 14, 16 and 19 now at or about their highest ever levels, far fewer weak or failing schools, and more young people than ever before going on to university.”

Only the last of these claims represents an objective truth. Comparative studies, such as those undertaken by Durham University, show that despite the apparent improvement in primary school test results there has in fact been no improvement in children’s reading skills.¹³ According to OFSTED, one in five 11 year olds now leaves primary school without basic literacy and numeracy.¹⁴ Answers to parliamentary questions raised by the Conservatives last year showed that more than 30,000 16-year-olds leave school with no GCSEs, a further 10,000 scrape through with a single grade D or below – and more than half of teenagers in England are leaving compulsory education without five good GCSEs (A* to C, including English and Maths). For those pupils who stay on for A levels and go into higher education, the abundance of A grades appears to be little more

¹² DCSF, *Children’s Plan*, 2009.

¹³ Durham University, *Performance Indicators in Primary Schools (PIPS) Project, Standards Over Time*, 2002.

¹⁴ OFSTED, *Annual Report*, 2008.

than 'grade inflation'; a report commissioned by the Institute of Directors (IoD) found that A Level grades were on average two grades easier in 2007 than 1988.¹⁵ Few beyond the Government's most devoted admirers would agree with Mr Balls' assertion that an increase in student numbers provides evidence that education standards have risen under Labour. And Mr Balls' decision to abolish 14+ SATs tests rather undermines his claim that results in these tests are at their best ever.

Gordon Brown's manipulation of the public finance statistics has been even more cynical. As Chancellor he committed himself to the Golden Rule, that "over the economic cycle, the Government will borrow only to invest and not to fund current spending".¹⁶ When it looked as if he had failed his own rule, he amended the economic cycle and added on two years of surplus (1997 and 1998) to the beginning of the cycle. As a result, he then claimed to have met the rule. More recently, it was by amending the end of the cycle that he managed to do this – in 2006, the economic cycle was due to finish in 2009. But then in 2008 it turned out that the cycle had already finished, and we found ourselves in a new cycle.

The IFS Green Budget 2009 stated that "almost all the Treasury's forecasts for the public finances since 2001 have been overoptimistic and have hence been revised down."¹⁷ It is no wonder that the Governor of the Bank of England recently declared that: "we came into this crisis with fiscal policy along a path that was not itself sustainable."¹⁸

¹⁵ IoD, *Education Briefing Book 2008*, August 2008.

¹⁶ HM Treasury, *Financial Statement and Budget Report*, 1997.

¹⁷ R Chote, C Emmerson, D Miles and J Shaw, *The IFS Green Budget*, January 2009, Institute for Fiscal Studies.

¹⁸ Uncorrected Oral Evidence Taken before the Treasury Committee on Wednesday 24 June 2009.

THE GREAT PUBLIC FINANCE CONFIDENCE TRICK

Fraser Nelson

History is likely to judge Gordon Brown to have been a dismal Prime Minister and a calamitous Chancellor – but a first class confidence trickster. He understood the power of metrics: he who sets the yardsticks wins the argument. In media and politics a number tends to be repeated uncritically. Brown has specialised in dressing up the numbers.

He compared peak RPI inflation under the Tories with CPI inflation today and used 1997 as year zero, claiming credit for trends that started long before. He brought into government the tricks which felled the City – Special Investment Vehicles (SIVs) – using PFI contracts as a vehicle to hide capital expenditure off balance sheet. He devised a global aid version, the International Finance Facility (IFF): lots of countries would share a pool of debt so it would not show up on anyone's balance sheet. HM Treasury used to be a bastion of fiscal stability. No longer.

Brown's attention to detail is unmatched. He bamboozled the Conservatives, who until a year ago had signed up to his spending plan. He fooled the press, who hailed him a genius for blowing up a debt bubble which produced an illusory boom. When he blasted out figures, it sounded as if he knew what he was talking about. But the recession has pulled back the curtain on this latter-day Wizard of Oz, to find a small man, pulling levers. His legacy is to increase national debt by more than all the British leaders since the Norman Conquest put together.

Mr Brown believes he can get through the election claiming he would not cut services, while the figures claim the opposite. He keeps bulldozing on, hoping critics will give up and go silent. This great magician still believes he has just one trick left to play.

Fraser Nelson is a Board Member of the Centre for Policy Studies.

The enormity of the debt crisis created a new challenge for Gordon Brown. This year he told the House of Commons that capital expenditure would rise every year until the 2012.¹⁹ But even through the rose-tinted glasses of the Budget, it is clear that spending will decline. The Governor of the Bank of England has already demanded a quicker reduction in government debt than that set out in the Budget.²⁰ International investors need to see how the debt will be brought back under control. However, instead Brown has postponed next March's spending review until after the election – which looks suspiciously like another attempt to change the rules of the game, all for the sake of political expediency.

Goalposts can be moved around with impunity in the early years of a popular Government, with a supportive media willing to give Ministers the benefit of the doubt. After a while, however, reports of success fail to match people's experience on the ground. The reality of failure becomes undeniable. Employers choose well-educated and industrious immigrant workers in preference to indigenous school-leavers with poor literacy and numeracy; parents are unable to secure places for their children at the secondary schools of their choice; hospitals are perceptibly dirtier and infection-ridden; illegal drugs are widely available on our streets and deaths from drug abuse continue to rise.²¹

The reality gap widens; disbelief and disillusionment set in. The print and broadcast media begin to challenge the Government's version of events. And ministers cast around for new ways to try to convince a sceptical electorate that life really has got better – like putting targets into law.

¹⁹ Hansard, 10 Jun 2009, Column 788.

²⁰ Uncorrected Oral Evidence Taken before the Treasury Committee on Wednesday 24 June 2009.

²¹ See K Gyngell, *The Phoney War on Drugs*, CPS, 2009.

THE WAR ON DRUGS – THE ILLUSION OF ACTIVITY

Kathy Gyngell

The desire to be seen to be doing something to tackle the UK drug problem – the worst in Europe, and growing – runs through government drug policy. Nowhere is this more evident than in the Government's setting of, and then the doubling of performance targets for getting addicts into treatment.

The story starts in 2001, when the newly created quango, the National Treatment Agency, was set the target of getting half the addict population into treatment. The following year, the target was doubled. These aspirational, and on first sight, worthy targets have been achieved. Their unintended outcomes have, however, been disastrous.

The problem lay in the Government's understanding of "treatment". This was not, as the casual onlooker might expect, anything to do with rehabilitation or getting addicts to break their habit. Quite the opposite. Treatment to the NTA has been about managing the problems and results of addiction. And this has meant, by and large, prescribing addicts with methadone.

This has created in just a few years a doubly dependent addict population. Addicts are now "maintained" on state-prescribed methadone while also remaining alcohol- and street drug-dependent (and nearly always welfare-dependent). Their addiction is now likely to be more entrenched and more difficult to escape from than before.

Government policy has clearly been a failure. £10 billion has been spent, countless glossy reports have been published and targets have been met. Yet the misery of dependency and despair have been aggravated.

Kathy Gyngell is the author of The Phoney War on Drugs (CPS, 2009).

2. DECLARATORY LEGISLATION

'It is so because we say it is so.' All governments use legislation to demonstrate their political beliefs, their commitment to a particular cause, or to respond to an issue of public concern. In the words of a recent report by the Public Administration Select Committee,²² we now have

“...a political culture too focused on responding to media demands. This has resulted in an excessive number of initiatives being launched and laws being introduced.”

A 2008 survey by Sweet and Maxwell found that Margaret Thatcher's Government introduced an average of 1,724 new laws every year. That rose to 2,663 under Tony Blair and in the first year of Gordon Brown's regime the annual total reached 3,071.²³

Just as over-reliance on targets has devalued their impact, so the over-use of legislation has diminished its ability to affect behaviour. Hence the absurd spectacle of the £1 million

²² PASC, *PASC urges good government reforms*, June 2009.

²³ Press release from Sweet and Maxwell, 19 June 2008.

government scheme to assist failed asylum seekers to return home which resulted in just one family leaving the UK. Or the £200 million Mortgage Rescue scheme, designed to give relief to thousands of struggling homeowners facing repossession, which has helped just six families.

Most recently, however, the current Government has resorted to a new technique: that of introducing legislation to make a target legally binding. The most prominent examples are the Government's commitment to eradicate child poverty enshrined in the Child Poverty Bill²⁴ and the CO₂ emissions reductions contained in the Climate Change Act 2008.²⁵ In neither case is there a serious or well-founded belief that the 2020 legal targets can be met. By deploying this technique towards the likely end of its period in office, the Government avoids the risk of legal action if and when the legislated targets are missed.

If, against current expectation, Labour remains in office, or returns to power before 2020, it is likely that a further round of target-adjustment or re-definition will have to take place to disguise the failure to meet these legally binding pledges. If the Conservatives are in power, it will be uncomfortable and controversial for them to repeal the legislation – but it is to be hoped that they will be less enthusiastic proponents of the target culture, and will avoid the temptation to pass more into law.

²⁴ Child Poverty Bill 2009, Part I sections 1-6.

²⁵ The Climate Change Act 2008 “introduces the world’s first long-term legally binding framework to tackle the dangers of climate change. The Act is facilitating the transition towards a low carbon economy in the UK through unilateral legally binding emissions reduction targets for 2020 (reductions of at least 34% in greenhouse gas emissions) and 2050 (reduction of at least 80% in greenhouse gas emissions) and the introduction of carbon budgets which will set the trajectory from now to 2050 and beyond to ensure that the targets are met.”

NOMS

Harriet Sergeant

The reorganisation of the probation service into NOMS (National Offender Management Service) is a government initiative that, despite the best of intentions, has cost us £18 billion since 2004 and is guilty, according to a secret investigation by Whitehall, of “a series of appalling blunders” that culminated in the brutal murder last summer of two French students.

Probation used to be about building relationships with prisoners. Now, forced to collude with the government in deceiving the public, it has become an extension of the prison service. It now must restrain dangerous young men who 20 years ago would have been in prison.

The probation services are in an impossible position. One and the same institution is meant to rehabilitate, act as guard and prevent crimes by mind-reading the criminal in its charge. It is hardly surprising it fails on all three counts.

The government insists that prison does not work without asking the question: for whom? If it does not work for prisoners then we should be making sure it does. That is providing offenders with what they say they want – education, vocational training, drugs and mental health treatment and a job when they come out. It is not an argument for leaving them on the streets.

Prison may not do much for prisoners but it sure works for the general public. Prisoners in prison, unlike those on a supervision order, commit no crimes. It is a very simple fact that Laurent Bonomo and Gabriel Ferez learned with their lives.

Harriet Sergeant is the author of *Wasted: the betrayal of White Working Class and Black Caribbean Boys*, to be published by the Centre for Policy Studies in September 2009.

3. GOVERNMENT AS PUBLIC RELATIONS

From the very beginning of the Blair Government, under the tutelage of Peter Mandelson, this administration has been focused on presentation. Every government department has to play its part in managing the message, by publishing a stream of glossy brochures in the guise of departmental reports and consultation papers. These are presented in the style of government advertising, with vision statements, recital of achievements, strategic objectives and outcomes. Take the Treasury's 2009 Budget Report, or 'Red Book'²⁶ which begins:

“Budget 2009, *Building Britain's future*, presents updated assessments and forecasts of the economy and public finances and reports on how in the face of a steep and synchronised global

²⁶ HM Treasury, *Budget 2009*, 2009. Budget reports were, up until 1997, commonly referred to as “The Red Book”. This reflected the fact, until then, that all Budget Reports were printed with a plain red cover. From July 1997, however, all Budget Reports have been published with glossy covers embellished with pictures of smiling children sitting in front of computer terminals, smiling children holding hands, smiling grannies in front of computer terminals and so on.

downturn, the Government is delivering a comprehensive and coherent package of targeted support to continue to help households and businesses, while implementing a strategy to support a strong and sustainable recovery.”

In May 2009 the Department for Work and Pensions published its *Three Year Business Plan*, 66 full colour pages in which it asserts that the DWP’s response to the economic downturn is: “work, welfare, well-being, well delivered”; and that it will “continue to build on its world-class jobseekers regime”.²⁷

Similarly, the Education Secretary introduced the recent DCSF *Children’s Plan* thus:²⁸

“Our aim is to make this the best place in the world for our children and young people to grow up. This is why we created the new Department for Children, Schools and Families six months ago, and why we announced that we would draw up this first ever Children’s Plan, to put the needs of families, children and young people at the centre of everything we do.”

Examples abound, across all government departments and throughout Britain’s public services. The Home Office has ten documents listed on its website as “Corporate Publications” including its departmental report, *Home Office framework, a performance report* and a Home Office ‘simplification’ plan. All these publications are, of course, in addition to government

²⁷ DWP, *Three Year Business Plan*, May 2009.

²⁸ Ed Balls MP, foreword to *The Children’s Plan – building brighter futures*, DCSF, 2009.

advertising (handled mainly by the Central Office of Information), which last year was estimated to cost a record £400 million.²⁹

Reducing consultation papers and departmental reports to a bare minimum consistent with the dissemination of factual information, and publishing that information online, would both save money and be a first step in restoring honesty and integrity to government announcements.

²⁹ Research by the Nielson Company, quoted in *The Daily Telegraph*, “Government advertisements run 10,000 times a day”, 28 March 2009.

PERSONALISED LEARNING – THE ILLUSION OF IMPROVEMENT

Tom Burkard

There are six hours in the school day. Take away 1½ hours for breaks, nose-wiping, crashed computers and so on. Divide the teacher's remaining 4 ½ hours by 30 pupils. So each child gets 9 minutes attention a day. That leaves 5 hours and 51 minutes for creative merriment. This is the Government's Brave New World of "Personalised Learning". For high school teachers, it's even more fun. Many have 150+ pupils to teach, and every term they have to meet each one and agree on individual learning objectives.

But never fear. Every day, teachers' pigeonholes and inboxes are stuffed with new official guidelines telling them how to come up with lesson plans for all of them. Lessons must now impart the 'soft skills', including oral communication skills; reliability, punctuality and perseverance; teamwork; responsibility; and problem solving (for a complete list, visit the DCSF website).

Lessons should also consider the Social and Emotional Aspects of Learning. All this must be integrated into cross-curricular themes, such as identity and cultural diversity, healthy lifestyles, sustainable development, and media. It is not clear whether teachers' responsibility for their pupils' moral and spiritual growth is supposed to be a part of the lesson plans, or if this is just something to be done in assembly. Supposedly, the hard skills fit in somewhere too.

If this all sounds a bit daunting, never fear. A flotilla of new half-baked initiatives are on their way – such as the recent announcement to new "rights" for one-to-one teaching. And if that one doesn't work, there are plenty more in the pipeline.

Tom Burkard is the co-author of a forthcoming report on the abolition of education quangos to be published by the CPS later this summer.

4. DATA COLLECTION

The collection of vast quantities of data on the everyday lives of citizens is another form of ‘virtual activity’ by government and its agencies.³⁰ Data entry has become a huge burden for social workers, teachers and support staff, the police and probation service and NHS staff. A survey of more than 1,000 social workers carried out in 2007 revealed that 67% of those considering leaving the profession claimed that less paperwork and more direct client contact would persuade them to stay.³¹ Police officers have, according to data unearthed by Shadow Justice Minister Dominic Grieve MP, to spend up to 13 hours filling in forms if they want to follow a single serial burglar.

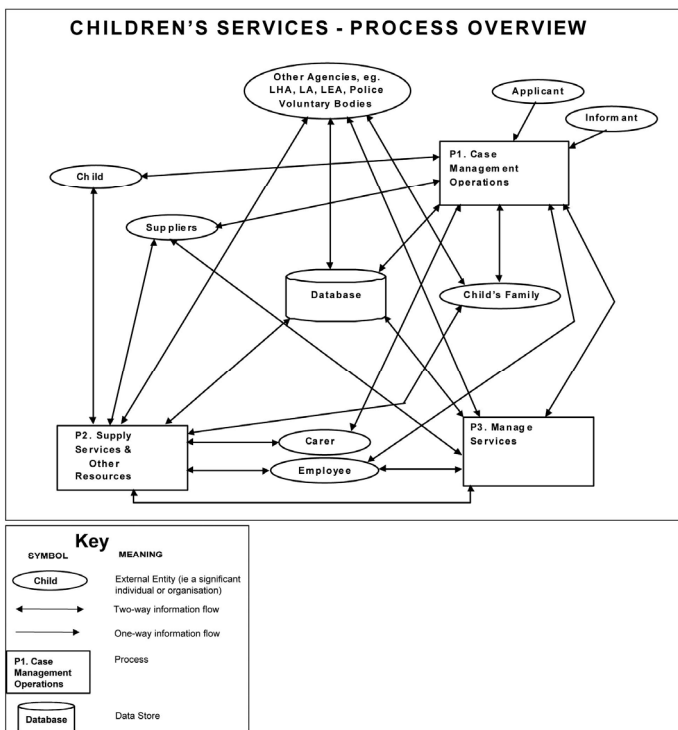
A report earlier this year from the Joseph Rowntree Reform Trust assessed 46 public service databases and concluded that only six of these were “effective, proportionate and necessary.”³² The fact that data has been collected does not establish that it is being

³⁰ The threat to privacy posed by the collection (and leakage) of personal data is discussed by L Maxwell, *It's ours: why we, not the government, must own our data*, CPS, 2009; and J Kirby, *Who do they think we are?*, CPS, 2008.

³¹ Community Care, *Cutting red tape*, October 2007.

³² Joseph Rowntree Reform Trust, *Database State*, 2009.

used effectively. But it creates the appearance of compliance. For example, a 2009 study examining the impact on social workers of the reorganisation of child protection, including the introduction of the Integrated Children’s System (ICS), found that child protection staff now spend 80% to 90% of their time on administrative tasks.³³ This figure is not surprising in view of the complex data entry requirements of the current system. This chart from *Children’s Social Services, Core Information Requirements – Process model* is just one of the many instruction documents issued to local children’s services departments and shows how the database (not the child, nor the child’s family) is at the centre of the exercise.



³³ Centre for Child and Family Research, *How social workers spend their time*, Loughborough University, May 2009.

The inevitable, if unintended, consequence of the Government's reliance on computer databases is that the tracking of information is replacing personal interaction between professionals, in which the sharing of information is mediated by human contact. Such contact – the conversation between two head teachers about a member of staff moving from one school to another; the discussion between social worker and doctor about a child's injuries, or the taking up of references on volunteers – is crowded out or in some cases actively discouraged by systems requiring the impersonal exchange of data.

A severe curtailment of data entry, including either the abandonment or the abolition of several major public service databases, will be required to make space for personal contact and the exercise of value judgments, necessary conditions for the revival of a responsible society.

5. COMPLEX STRUCTURES, LANGUAGE AND PROCEDURES

Complexity has been the hallmark of fiscal policy under the stewardship of Gordon Brown, both as Chancellor and Prime Minister. In particular, the elaborate and often self-defeating structure of tax and welfare systems is well documented.³⁴ Complexity in tax and benefits is expensive and wastes valuable resources; it is also unfair, penalising those least able to navigate their way through the system.

Complexity in public accounting also has serious consequences; witness the Prime Minister's use and abuse of his own 'golden rules' (described earlier) and his addiction to confusing his audiences with a stream of incomprehensible figures (exposed by Fraser Nelson in this publication and elsewhere). But complexity is by no means confined to the public finances. This Government has not only baffled us with figures, it has obscured truth with jargon.

³⁴ See, for example, J Kirby and I Griffiths, *What's wrong with 50p? Unfair, complex, uncertain, inefficient and damaging*, CPS, 2009; D Martin, *Tax Simplification: how and why it must be done*, CPS, 2005; and M Saatchi and P Warburton, *Poor People! Stop paying tax!*, CPS, 2001.

THE EXTRAORDINARY COMPLEXITY OF THE BENEFIT SYSTEM

David Martin

Since 1997 the Government has introduced the Working Families Tax Credit, Disabled Person's Tax Credit, Childcare Tax Credit, Employment Credit, Children's Tax Credit, Baby Tax Credit, Child Tax Credit, Working Tax Credit, and the Employment and Support Allowance. It has abolished the Family Credit and also other benefits that they had themselves introduced – Working Families Tax Credit, Disabled Person's Tax Credit, Children's Tax Credit, Baby Tax Credit and the Employment Credit. It is also in the process of abolishing Incapacity Benefit.

There are more than 50 benefits, mostly administered by three agencies – DWP, HMRC and local authorities. Other departments are also involved – such as the DCFS, which pays for free school meals, and the DoH, which funds certain health benefits.

Complexity exists because there are so many rules. Fourteen manuals, having a total of 8,690 pages, are issued by the DWP to its decision makers to help them to apply DWP benefits. There is a separate set of four volumes totalling over 1,200 pages covering Housing and Council Tax Benefits, which are primarily the responsibility of local authorities. The Tax Credits manual used by HM Revenue and Customs extends to a further 260 pages, even though it omits details for many relevant tax concepts which are found in other tax manuals. In addition to these encyclopaedic works are a cornucopia of circulars, news releases and guidance notes issued to professionals and claimants. The underlying legal statutes and statutory instruments make up a vast mass of further material.

This is an extract from Benefit Simplification: how and why it must be done, a report by David Martin to be published later this month by the CPS.

Across all government departments and agencies, official language has become increasingly impenetrable, confusing or downright misleading. From benchmarks and beacons to learning pathways and person-centred planning, most government documents and ministerial speeches now require translation into plain English before their meaning or significance can be assessed.³⁵ The CPS is not alone in objecting to this trend. In its recent report, the Nuffield Review on education and training complained that:³⁶

“The increased central control of education brings with it the need for a management perspective, and language of performance management — for example, levers and drivers of change, and public service agreements as a basis of funding. The consumer or client replaces the learner. The curriculum is delivered. Stakeholders shape the aims. Aims are spelt out in terms of targets. Audits measure success defined in terms of hitting targets. Cuts in resources are euphemistically called ‘efficiency gains.’ “

As the Nuffield Review perceives, the use of jargon often derives from a management consultancy approach to government and to public services. Sometimes ludicrous, frequently annoying, government jargon can also be dangerous – most obviously, when it pervades and obscures instructions for action.

³⁵ CPS, *The 2009 Lexicon – A guide to contemporary newspeak*, 2009.

³⁶ Nuffield Review, *Education for all: the future of education and training for 14-19 year olds*, final report, June 2009.

The complex structures of child protection services, reorganised by the Government over the last six years under the banner of Every Child Matters, are probably the most disturbing example of the hazards of complexity wrapped in jargon. Children's Trusts, introduced to ensure the integration of child protection with education and childcare, are defined as "multi-agency partnerships" based on a "model of whole-system change", they are required to use a "lead professional model" and "consensual decision-making."³⁷

In June 2007, two months before the shocking death in Haringey of Baby P, the Government released a report reviewing the progress of Local Safeguarding Children Boards – the local bodies to whom Every Child Matters had entrusted the protection of children at risk. The report admitted that the Boards were confused about their duties, liable to conflicts of interest and that some of them "would not know when they were doing a good job or what good looks like."³⁸

Given the potentially fatal risk of any inadequacies in child protection procedures, it is remarkable how little urgency the Government seemed to attach to those findings. Its jargon-ridden recommendations included "a basic effectiveness checklist PR toolkit" and a "serious case review self assessment tool" for the Boards. Yet it refused to acknowledge the underlying weaknesses in the system. An extended version of the 2007 report was published in 2008, reiterating the need for a "toolkit", as well as calling vision statements, protocols and the sharing of "best practice." The message from an Audit Commission report a few months later was uncannily similar,

³⁷ Every Child Matters www.dcsf.gov.uk/everychildmatters

³⁸ DCSF, *Local Safeguarding children's boards – a review of progress*, June 2007.

this time reviewing the progress of Children's Trusts and finding confusion, lack of accountability and no clear line of governance.³⁹

So while it seemed shocking last year to find that Haringey's Director of Children and Young People's Service, Sharon Shoemith, chaired the Serious Case Review tasked with investigating the role of her own staff in the death of Baby P, it should have been no surprise to Ed Balls that she did so. His Department's 2007 report had pointed out that it was common practice for a Director of Children's Services to chair the Local Safeguarding Children Board, as in Haringey. It is the responsibility of that Board to conduct Serious Case Reviews – as well as Child Death Reviews. The case provided a perfect, if chilling, illustration of the conflict and confusion built in to the "multi-disciplinary" model.

A straightforward approach to government is not just a matter of simplifying procedures. It will require the stripping away of layers of 'newspeak' so that those procedures can be understood by practitioners and by the general public – rather than a Whitehall élite trained to speak in jargon.

³⁹ Audit Commission National Report: *Are we there yet? Improving governance and resource management in children's trusts*, October 2008.

TAX CREDITS – A GOOD POLICY RUINED BY INITIATIVITIS

Rupert Darwall

Seventy per cent tax rate? You think not even Gordon Brown would do that. Wrong. He has. Those on tax credits face tax rates including withdrawal of tax credits of 70p in the pound.

Tax credits are emblematic of what was wrong with the meddling approach of New Labour. Take a good idea from the US. In-work cash support. It's a good idea because indicators of poverty show that work is the best way to help the poor and their children out of poverty. To coin a phrase, work works. Then see how well the Earned Income Tax Credit performs in the US, which rewards the low-paid for working. EITC was developed by Democrats in the 1970s as an alternative to people getting cash for doing no work, extended by President Reagan and then by President Clinton. It is unique in attracting almost unanimous praise from economists. In terms of quality policy, it really doesn't get any better.

The round wheel had been invented, so Gordon Brown decided to invent a square one. It's hugely expensive. It gives poor people money which they don't know is really theirs until after the end of the tax year, creating the nightmare of systematic tax credit over-payments. It encourages fraud and rewards couples to say they live apart. The high withdrawal rates mean it discourages recipients from working more than 16 hours a week. The system of tax credits Gordon Brown bequeaths to his successors gives poor people more cash but make it harder for the low paid to earn their way out of poverty. It will fall to a Conservative Government to replace the square wheels with round ones.

Rupert Darwall is the author of A better way to help the low paid: US lessons for UK tax credits, CPS, 2006.

CONCLUSION: LESS MEANS BETTER

The Centre for Policy Studies was founded on the principles of freedom and responsibility: freedom from government intervention in business and in our daily lives, the opportunity for individuals to take responsibility for themselves and their families. The state should be our servant not our master.

Current economic circumstances, combined with the evident failure of government spending to improve public services, means that 'big government' is at last now widely understood to be unaffordable as well as undesirable. If more government = worse government, then governing well means governing less.

David Cameron has described his desire for a 'post-bureaucratic' age. Instead of drawing control to the centre and demanding more information and compliance from citizens, a post-bureaucratic government will give people access to information to enable them to take more control over their own lives.⁴⁰ In a last-ditch attempt to re-invent itself (again), the current Labour Government has now announced that it too will

⁴⁰ See also L Maxwell, *It's ours: why we, not government, must own our data*, CPS, 2009.

empower “parents, pupils and patients”.⁴¹ But as a senior government official recently told *The Financial Times*:⁴²

“There is a fixation on producing endless policy documents – a total lack of interest in delivery.”

David Cameron has sought to demonstrate his commitment to the ‘post-bureaucratic’ age by requiring his MPs to publish their expenses online and promising that under a Conservative government, senior public sector officials would be expected to do the same. He has also pledged to put major public sector spending items online for scrutiny by the electorate, on the basis that transparency will encourage ministers to be less profligate in their use of taxpayers’ money. Such proposals represent an important step on the road to smaller, more honest government – but the road will be a long one. Information that goes online can still be managed – as the House of Commons has shown in its redaction of MPs’ expenses. Transparency is a necessary but not sufficient means of rebuilding trust in government and its agencies. Scepticism will still abound and the government – any government – will struggle to reassert authority.

The only answer is a significant reduction in state control; decreasing the size of government and its departments; the slimming down and where possible abolition of quangos; freedom for public services; much greater discretion for charities (not just making them an arm of the state); the abolition of databases and the handing back to citizens of their personal data; freedom for broadcasting in an age where market solutions abound.

⁴¹ Cabinet Office, *Working Together*, 2009.

⁴² 29 June 2009.

The Centre for Policy Studies will continue to publish practical proposals for policy reform in all these areas, and more. If tomorrow's Government can disavow the five techniques outlined in this report – moving the goalposts; declaratory legislation; government as public relations; data collection; complex structures, procedures and language – and learn to live without them, then the age of spin will truly be over. Such a government will discover the virtues – and rewards – of honesty. It will also be a much smaller, and cheaper, government. The change required is radical, and learning to let go will not be easy. Can it be done?

DIGITAL BRITAIN – THE ILLUSION OF ACTIVITY

Martin Le Jeune

The revolution in digital media means that people can now get their information unedited from the internet without the heavy hand of the state, or the BBC, stepping in.

In television, there has been a convergence of trends. The old public service broadcasters lose audiences and revenues as advertising migrates to the internet and hundreds of digital channels provide more choice. The old argument that this would mean the collapse in high-brow content has been proven false by the news, arts, documentaries and other programming provided by the commercial sector.

But doing less is never an option for this government. Enter the *Digital Britain* report, an extended essay in windmill-tilting and pseudo-activity. Just about the only concrete proposal it contains is both typical and wrong: a new tax on telephone lines to pay for the state extension of broadband to remote areas. What possible benefit there will be to taxpayers of choking off commercial innovation in this area is difficult to see. Rather than letting the commercial sector breathe, *Digital Britain* tries some jerry-built solutions to prop up Channel 4 or regional news out of BBC funds. The obvious idea, that the licence fee should be reduced as people watch state-sponsored television less, is ignored.

Digital media has created millions of ways of getting and using information. The UK and the EU can bleat about regulating the internet but they can't do very much about it. But in the meantime, a great deal of our money and civil service time is being wasted on an illusion of activity.

Martin Le Jeune is the author of To inform, educate and entertain? British broadcasting in the 21st century, CPS, 2009.

AFTERWORD

THE BUREAUCRATIC NIGHTMARE OF 21ST CENTURY BRITAIN

The following paragraphs are excerpts from the forthcoming Centre for Policy Studies publication, The New Great Reform Act by Sir Antony Jay.

Over the past 200 years or so, central government has sucked authority, decision-making and local independence out of local communities, it has sucked money out of the purses and pockets of citizens, and it has created huge government departments and government institutions, a vast proliferation of tribunals, inspectorates, regulatory authorities, quangos, bureaux and councils, taken on an army of consultants, advisory committees, coordinating bodies, tsars, initiatives, action groups and task forces, and printed millions of questionnaires, application forms, guidance notes, instructions, licences, tick-boxes, information pamphlets and leaflets that, between them, spelt the death of trust and common sense and created the bureaucratic nightmare of twenty-first century Britain.

What is remarkable about this change is that no one set out to make it happen. No plan, no plot, no conspiracy. The change is

contingent on other changes – growth of constituencies, the transport revolution, increasing prosperity, the communications and information technology revolutions – so it was never proposed or debated. There was never a moment when people were asked if this was what they wanted and given a chance to say yes or no. But, recently, more and more observers have been pointing out that the people of Britain are not in fact represented in parliament, but governed by an increasingly self-serving, almost unaccountable political class who are even further out of touch with the interests and wishes of the British people than were the rural aristocracy two hundred years ago. It may be that the great parliamentary expenses scandal of the spring of 2009 will provide the impetus for change.

But what change?

This question will be answered by Sir Antony Jay in his forthcoming pamphlet.



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The conclusion is clear. It is time for honesty in politics. That means real freedom for public services, reducing state control and decreasing the size of government. Less, we should all know by now, means more.

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