

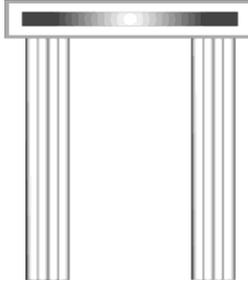
**Freedom, Responsibility and
the State**
Curbing Over-Mighty Government

Jacob Rees-Mogg
Martin Vickers
Zac Goldsmith
James Morris
Jason McCartney
John Stevenson
Craig Whittaker
Fiona Bruce
Simon Reeve
David Mowat

Edited by
Sheila Lawlor

POLITEIA

A FORUM FOR SOCIAL AND ECONOMIC THINKING



POLITEIA

A Forum for Social and Economic Thinking

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Editor's Foreword

Sheila Lawlor

One theme unique to the UK's political evolution as a mass democracy in the early twentieth century is the refusal by successful leaders to promise utopia or bribe the electorate with 'false promises'. Until the Second World War, the dominant aims were to defend national security, promote economic stability and prosperity and introduce the best systems under which social goods such as housing, health care and pensions could be provided and afforded.

During a century of volatile shifts heralded by mass voting and political outbidding, as fledgling democracies took over from fallen empires, the UK's evolution owed much to restraint: the restraint exercised by those who governed about the limits of power and the expectations of the electorate. The fruits were individual liberty and a stable political democracy, along with practical measures to support the ups and downs of life, which were introduced despite a grave economic depression. By 1939, the major schemes for pensions and cover – for unemployment and other circumstances where earnings stopped – were, according to Sir William Beveridge, not surpassed in any other country in the world. His own blueprint for social (later national) insurance became one of a triad of war-time schemes which also aimed to extend educational opportunity and universal health care. Success would depend on two caveats: an economy which could pay its way, and a broad mixture of providers, independent, charitable and public, meeting demand nationally.¹

That dynamic was to change towards the end of the war, as collectivism, sweeping from the Kremlin to Whitehall, became the fashion of the time, replacing the smaller independent providers with a centrally planned and provided model. The quasi-nationalization of education in 1944 was followed two years later by the full scale nationalization of health care and social insurance: each of these deviated from the original plan for mixed providers. Many Labour as well as Conservative MPs were concerned at the shift in power to an anonymous, bureaucratic state system away from the people themselves and in place of the independent institutions which had inspired their confidence and trust over decades.²

What was not then envisaged, though there was some apprehension, was the extent to which costs to the public purse, together with the ambitions of government to take on new areas of control would escalate. UK public spending was to rise in the 1960s and 1970s from 32 to 43 per cent of GDP, and although halted by the Thatcher

¹ *Social Insurance and Allied Services*, report by Sir William Beveridge presented to Parliament November 1942; reprinted by HMSO London, 1995.

² These themes are developed in my forthcoming book, *Politics and Social Policy, 1940-1950 (working title)*.

governments in the 1980s, it subsequently rose from 39 per cent in 1999 to 51 per cent a decade later.³

Today, government recognizes the imperative of cutting the deficit and returning this country to fiscal stability as the first stage to economic recovery and growth. However, if the UK is to prosper economically, it must prosper socially. Not only should the state reduce its exorbitant tax and public spending levels, but it should abandon its monopoly 'ownership' of the services on which people and the social capital of this country depend. In doing so it will be giving people the freedom they need to flourish.

In this volume, ten MPs, who entered Parliament in 2010, show how this can be done. Ideological certainty has proved a poor basis for good policy: by trusting people more and government less, change for the better can come.

I am grateful to Jacob Rees-Mogg and Martin Vickers for proposing the volume and for encouraging each of authors to contribute. Many thanks to them all. Jacob Rees-Mogg explains the principle behind it: the solution to many of the problems with which we contend today will be found by individuals taking the initiative and government playing its part in setting them free to do so. Some matters will need benign support; others a change of direction or pace to policy; others a different course; some all three.

Social capital will not flourish where people have no training and no education, where businesses are squeezed by tax and energy costs, where a regime of police cautioning replaces the courts and recourse to justice. For social stability and to deter crime, effective and rapid recourse to the magistrates' courts are worth a thousand police cautions, while the opportunities of volunteering have much to recommend them. For the thousands of young people who drop out of education and training and cannot find a job, professional and vocational education for business and industry, with designated schools, qualifications and courses will be a first step.

In many areas, Whitehall, the town hall and the powerful quangocracy have deprived the people of their voice, or at least their inclination to use it – particularly with regard to shaping the towns and countryside where they live. Landscapes are being blighted by brutal architecture and unsuitable development, and generations to come are being made to pay for the mistakes of government. Those directly affected need to be given the chance to block such plans, and government should pay heed to the wisdom of individual citizens and their choices as opposed to the habitual folly of grandly conceived national plans.

Sheila Lawlor. Director, Politeia

³ Vito Tanzi, *Government versus Markets: The Changing Economic Role of the State*, (Cambridge, 2011), Table 1.1, p.9; P. Rother, L.Schuknecht, J. Stark, *More Gain Than Pain: Consolidating the public finances*, Table 4, p. 9, (Politeia, 2011).

I

Introduction: Freedom for the Many or Power for the Few?

Jacob Rees-Mogg

The electorate often seems to turn to the Conservatives when economic times are difficult. Since the war this has happened three times, in 1951, 1979 and again in 2010. This can make Conservatism seem a harsh creed. It comes in without fanfares of ideological fervour to benefit mankind but efficiently, clinically cutting back the State and apparently taking things away from people. In a sound bite the Tories appear competent but not cuddly.

The truth is rather different. Conservatism is a creed of hope and opportunity but a realistic one that deals with the world as it is, rather than as some might like it to be. This creed is based on the individual's free will which ought to be unencumbered save where it harms others. It places greater emphasis on the individual than on the collective which makes property rights important and requires limited laws equally applied without a bias towards the state. It is for this reason that such ideals often transcend party politics and win wider national appeal

In the post war history of the Conservatives the consequences have been startlingly effective. The 1951-64 government ended rationing before it was considered safe to do so. This in an era when centralised planning was still believed to be the most effective means of organising an economy. It gave up identity cards, an issue that returns from time to time, acknowledging the law-abiding citizen's right not to have to prove who he is. Later in the same period two major decisions were taken to the extraordinary benefit of society. Retail Price Maintenance was abolished, which paved the way for the supermarkets: they have done more to improve the standard of living of the average household than any government scheme. Finally, the motorways began to be built allowing people in their cars to go where they liked, when they liked without the need for timetables. All these improvements encouraged people to do what they decided, not what the state thought was good for them, and unleashed millions of separate actions to the benefit of the nation which also increased its prosperity.

The next substantial period of office (1979-1997) saw similarly important changes based on the same underlying principle. The obvious example is the sale of council houses which brought millions of people into property owning; it also showed that protecting and enhancing property rights benefited the whole of society, not just the elite. This was reinforced by the introduction of assured short hold tenancies which created a thriving buy to let market. Although excesses were reached later, it increased flexibility in the housing market, making it easier for labour to be mobile.

People could move, in Norman Tebbit's words, to where the jobs were. Privatisation did the same for equities and helped the City of London to flourish with an increase in both the number and value of major listed companies while the State removed itself from running major commercial activities to the great advantage of the Exchequer and of productivity. The lifting of price controls under Margaret Thatcher had the same effect and the battles with the unions – especially the abolition of the closed shop – emphasised the individual over the collective.

This impressive track record is not at the forefront of voters minds. The principled reasons for taking unpopular decisions had been overshadowed by their initial unpopularity. Indeed it used to be thought that the abolition of Retail Price Maintenance cost the Tories the 1964 election but the benefits have been enormous and it is now inconceivable that such a law could exist.

In this pamphlet the common thread is that principled conservatism can do real good and often goes far wider than a party base. Each article backs the individual against the state. In terms of constitutional reform it encourages greater participation of voters in each part of the system, from providing local services to a veto over damaging decisions by local councils while widening the franchise for selection and revitalising local government. This will encourage excellence as some able leaders will emerge but some will fail. However, this is surely better than uniform mediocrity directed by Whitehall. Local referendums also show a desire to 'trust the people', a Conservative slogan from the time of Baldwin. Politicians may find that the voters are far wiser at balancing competing local interests than bureaucrats.

In terms of business the focus is on the small and not the large. These are the real job creators. To create a new generation of entrepreneurs will need a change in educational outlook; risk needs to be part of the curriculum. Equally, business needs to interact with schools so that pupils know what success can be like. Deregulation is part of this especially in employment law. If society is wrapped in cotton wool it will never prosper. Naturally, there needs to be some safety net for those who fail but unless some are allowed to fall none will be able to climb.

This applies to education as well. Academic or vocational rigour is vital. Pretending that all can win prizes may seem cosy early in life but it does not prepare children for the realities of adulthood where they face being cruelly disillusioned. Thus people are at the centre of this pamphlet. Energy policy ought not to be about political posturing but about helping people in business. It may seem tough-minded not to mouth every green certitude but it is worse to leave pensioners in the dark and factories closed.

Overall, this is not a negative view of the world but a recognition of the talents of

millions. It is modest about the abilities of politicians and civil servants against the free decisions of the population as a whole. It is the way to wake Britain up from its current malaise. From 1997-2010 every aspect of life became more regulated. More people were brought into the complexities of the benefits system, how people put out their rubbish or parked their cars became controlled by bureaucrats, assessments for equality of outcome rather than opportunity took time away from people trying to run businesses or the government. Democracy became less trusted as more power went to Brussels where an elite could decide. Property rights were trampled on as more people became able to enter others' homes for trivial offences.

All this was done with no sense of liberty or of personal responsibility. Thus people felt entitled to benefits or to bank loans. Nevertheless, the flip side of individual rights is that they bring with them responsibilities. Those who take decisions must be answerable for the consequences. Between 1997 and 2010 this was not the case as those who ran some of the banks discovered. If the collective is more important than the individual then there is no-one to hold to account. Freedom and the responsibility that comes with it is a general provider of opportunity and success, it unleashes latent talents and encourages the taking of risks. However, it only works if there are also failures. The choice is the collective and constant mediocrity or freedom and great peaks of human endeavour.

How We Are Governed

II

Electing, Not Selecting

Martin Vickers

Why the Constitution Matters Constitutional change of itself cannot revive our economy, cure the many social ills that plague our society, or regenerate our towns and cities: at a time of financial uncertainty, and with the myriad issues facing the Government, are there not more important matters to consider? To be effective, the electorate must have confidence in the political process. At the moment government is viewed with a mixture of cynicism, contempt and the sense of its being disconnected.

Only if people generally feel that Parliament represents the country at large, debates issues important to their daily lives and is ultimately accountable to them through the ballot box, can we feel confident that our democracy will be effective in the 21st century.

That is not the case today. We have stripped power away from our elected representatives and passed it to unelected, unaccountable bureaucracies. Councillors can no longer make many of the decisions that affect their local electorates. The last government even had a target for the number of decisions made by an officer rather than elected councillors. Is this democracy? Has the political establishment lost so much confidence in itself that it must repeatedly pass decisions to unaccountable organisations with 'independent' in their name? The exception for which a case can be made, on MPs' pay and conditions, was correct, as the public would accept nothing less. But, in general, far too many decisions are taken by unaccountable boards, commissions and officials: our system is slow and over-bureaucratic; just to find the decision-makers is a challenge and holding them to account is almost impossible.

Where should we start? First the Upper House should be elected. Second the focus should be on councils and quangos with single-tier councils headed by directly elected mayors. The election of directly-elected Police and Crime Commissioners is a welcome development; but why stop there? Many of the same arguments apply to the vast bureaucracies that run our health services. Direct election means that there is someone accountable, someone in charge – such as the mayor. Next the system of candidate selection should be open with more primary elections. Thriving political parties are essential to a functioning democracy but, in an age when fewer and fewer choose to join them, how are parties to survive?

House of Lords Reform The Government intends to introduce an elected House of Lords. But critics of such a change often contend that the House of Lords with its

present membership contains a great deal of expertise that would be lost if it were elected. This is nonsense. Other ways will be found to tap into the pool of accumulated knowledge. Nor does the existence of a pool of talented and informed individuals automatically mean that they should be a part of the legislature. Many are former members of the Commons but by what criteria does one ex-MP become a peer but not another? The same can be said of business leaders – why some but not others? Whatever the truth, the process is viewed by the public as wrong and increases their cynicism, a cynicism which corrodes and damages the whole political process.

It is objectionable that part of our legislature which exercises a major influence over lawmaking is an unaccountable, undemocratic assembly. The Upper House scrutinises legislation and the Commons retains ultimate power through its control of finance and with the aid of the Parliament Act. The essence of a democracy is the accountability of those charged with decision-making. An unelected chamber fails this test. My preference is for a wholly elected House – although the Bishops should be retained, possibly with leaders of other faiths.

Local Government Local Government has seen its role, authority and powers diminished over the last thirty years. Yet there is much to be said for local government having a clear role, with local boundaries reflecting local identities and helping bring communities closer together.

Leadership is needed and people need to identify with that leader. This can only happen if they have some say in who the leader is. That means direct election. However, the predominant system is that the leader of the largest political group on the council becomes the Council Leader. Local politicians prefer this system, over which they can exercise some control, whereas the idea of a directly elected leader with a personal mandate is anathema to them. But, if our towns and cities are to regain their pride and confidence, attract investment and restore the faith of local people in what can be achieved, leaders must be put into office by the voters themselves. Councillors would retain an important role scrutinising the decisions of the mayor and working within their wards to determine their effect, consulting their electorates.

Governments of all colours need to be constantly reminded about the problems faced up and down the country. MPs play their part but an elected local leader who could also be a thorn in the side of government could not be ignored.

Already the Government has committed itself to ‘Localism’ and devolving power downwards, from central government to local councils and local groups to decide the level of service and its provision. Ten cities held a referendum in May 2012 on whether or not they should have an elected mayor. While cities are rightly seen as

magnets for investment and growth, too much concentration on cities could mean that provincial towns and rural areas suffer. The case for elected mayors should now be reiterated by HMG – for the whole country, even if local politicians are resisting.

Reform should be towards unitary councils headed by Mayors, because there is too much public confusion in areas where duties are shared between county and district councils about who is responsible. Elections are not necessarily fought on issues that fall within the council's remit. With unitary councils voters know that the councillor will have an input into all of the issues that affect the area. Already the partnerships between councils, both county and district, show why single tier authorities are better, and would be better still headed by elected mayors.

Engaging Electorates For democracy to thrive people must be tempted to put themselves forward for election. Here primary elections can help. Although parties must carry out some basic checks on individuals who put themselves forward, selection of candidates has become too centralised. Primaries – “open” to all voters or “closed” (as used in my own selection procedure) for those who register their interest via local publicity could be used by all constituencies. Local parties could narrow the number down to a shortlist of two or three who would then campaign locally for say four months before the final selection meeting. Where there is a sitting member the local party, or a petition from electors, could trigger a selection process after which the same procedure could be followed. Individual postal ballots, though helpful, are expensive and must be ruled out unless the central party organisation bears the cost or the government decides that the taxpayer should pay – something which would not be popular. Political parties will be instrumental if we are to revitalise our democracy and for this local organisations must be revitalised. My views are inevitably shaped by almost forty years as a party member.

Party Organisation Mass membership of political parties is almost certainly a thing of the past. Nonetheless local constituency parties – provided they are freed from a commitment to maintain the central party organisation – can survive with very modest outgoings. Most members want to see their subscriptions and donations go to the local party, to support councillors and to see their candidates for directly-elected mayor, police commissioner etc. into office.

The Conservative Party is an organisation made up of semi-autonomous associations, which people have always joined, or did so until more members were recruited centrally, usually on-line. Today, things are changing; people may see a Party Political Broadcast, may like what they see and may then log-on and pay. They don't see this as a lifetime commitment but as a one-off donation to a cause that, for the time-being, they support.

The tension between the open primary system and ones giving party members the right to select the candidate would be resolved if the local parties selected the candidates for primary. A safe Conservative seat almost inevitably means there will be a weak local Labour party and vice-versa. So it seems more important that candidate selection is broadened, otherwise a handful of people make the selection or a candidate is imposed by the central organisation.

Devolving responsibility from the centre should also apply to party structures. There must be adequate standards and guidelines in place, particularly where finance is involved. However, if local parties become reliant on the centre or the state for funding they lose not only their independence but also the impetus to raise their own funds. Our political parties are voluntary organisations or they are nothing. State funding would undermine the voluntary principle and the public would not accept it. It should be rejected out of hand. All parties need financial support but they must raise it themselves and live within their means.

Party leaders and senior members need staff and support and will always attract donations. These will rise and fall depending on the political climate and the platforms on which they stand, and need some regulation, on which progress has been made. But in general, policy should be that local party organisations should be left to get on with the job and, in most cases, they will.

Conclusion Constitutional change cannot be swept to one side as unimportant. Of course the public have more immediate concerns such as jobs or the quality of local schools. However, more power must be given to voters to reengage them, power to elect those who represent them and take the decisions that dominate so much of their lives. The present structure does not do this. It must change.

For the future, constitutional reform should combine national and local changes.

- Change should come at a national level with a directly elected House of Lords. A bicameral parliament should be accountable to the voters who ought to be able to hold both elected chambers to account.
- At a local level, more direct local elections should be introduced with clear connection between success at the polls and holding office and making decisions.
- Party structures must change, to allow more ‘local champions’ to emerge as candidates for both local and national office.

Over a relatively short time, the gulf between voters and the political class would narrow and the current disillusionment with the whole political process would dissipate.

III

The People v The Planners: Localism with Democracy

Zac Goldsmith

I am not one of those who think that the people are never in the wrong. They have been so, frequently and outrageously, both in other countries and in this. But I do say, that in all disputes between them and their rulers, the presumption is at least upon a par in favour of the people. Edmund Burke, 1770

Localism Without Democracy – The Problem The Coalition Government has a welcome localism agenda – shaking up the balance of power in this country by overturning decades of central government interference and giving power back to local authorities. However, the discussion about these reforms has led many to believe that power will be put directly into the hands of people. It won't. We are seeing the emergence of localism, but without democracy. As the Government restores power to the Local Authority, it is more important than ever that power is also restored to people to hold those empowered local authorities to account.

In the sense that people still have the right to remove their local councillors once every few years, local government is technically a democracy. But there are countless examples of Local Authorities ignoring the wishes of those who voted for them – and there is nothing anyone can do about it. The public will does not prevail in any sense which really matters.

This gulf – between promise and reality – angers people far more than it did in the past, and no amount of smooth talking from politicians can conceal the fact that there is growing friction between people and power. People are switching off, not out of apathy but from a conviction that their voice is not being listened to.

Last year, for example, the people of King's Lynn and West Norfolk organised a referendum (by postal ballot) on a controversial new incinerator plant. When the vote came, 61 per cent of people turned out to vote, and 92 per cent voted against, including the two local MPs Henry Bellingham and Liz Truss. It was an overwhelming result by any standard, but a result the Council chose to ignore.

It would be unfair to blame Local Authorities for all unpopular decisions, because the planning rules they must obey tend systematically to be slanted in favour of big developers with their lawyers, experts and funds, and against local democracy. In my own local authority in Richmond, for example, I organised a referendum in 2007 on a proposal to develop a supermarket, one which local people felt would seriously damage the independent shops in one of the much loved streets in Barnes. We had a

bigger turnout in that referendum than in any general election, and nearly 90 per cent of people voted against. The Local Council was also opposed to the application, but took the view that it would have lost against an appeal taken to the remote and unelected National Planning Inspectorate. As a result, the supermarket opened its doors a few months later.

The effect is that people often wonder why they should bother voting in local elections. If more often than not their local representatives are either unwilling or unable to take decisions that reflect the clear wishes of those who elect them, then the elections themselves can appear little more than a demoralising formality.

Overcoming the Obstacles There is a solution: a simple mechanism that could both improve the quality of decision-making at the local level and restore the public's faith in local politics. That mechanism is local referendums.

In the run up to the last election much was said about the vital importance of encouraging popular involvement in decision-making. The Conservatives' manifesto, and subsequently the Coalition Agreement, included a commitment to give residents the power to instigate local referendums on any local issue. In the first draft of the Localism Bill, the Government proposed to allow 'advisory' referendums, or non-binding referendums.

The argument in favour of non-binding referendums was that councils would in any case feel obliged to adhere anyway to the results of a local referendum held in their area. But, in reality, that is little more than a hope. Judging by countless examples of referendum results being ignored, not least that of Kings Lynn, it is not a realistic one.

As the Localism Bill was being debated last November, I argued that non-binding referendums would enjoy a status only marginally higher than that of an ordinary petition, although much more expensive, and that by failing properly to trust people to take local decisions for themselves, the Government would be engaging in a dangerous charade. The only thing worse than not empowering people is the pretence that we are empowering people.

As it turned out, even non-binding referendums were seen to be too dangerous, and the relevant section of the Localism Act was quietly dropped altogether.

I have no doubt that the pre-election promises of true local democracy will be revived, perhaps after another bout of voter fury, like that which followed the expenses scandal. If and when that happens, it is vital that real power is handed directly to people so that with enough support, voters are able to instigate local referendums on any local issue.

What is a local issue? Simply, any matter relating to the responsibilities of a local authority; any proposal relating to the services provided by a local authority; any decision relating to the expenditure of a local authority on such services; or merely any issue relating to a local authority's statutory responsibility 'to promote the well-being of its area'. This could cover anything from a proposed new incinerator to an out-of-town supermarket. The electorate of local residents for a referendum would be proportionate to the scale of the issue, depending on whether the decision was taken by a county council, a district council or a London borough council for example. In some cases, a referendum might be called at the level of a ward.

Direct Local Democracy – the Advantages Direct democracy would radically transform politics. Not only would voters be able to stop many unpopular policies from becoming law; they'd also be able to set in motion positive changes. This is not *government by referendum*: it involves giving residents the chance, where there is overwhelming demand, to set the direction of their local government; and it involves giving them a final veto over bad decisions, in the same way they have been given a veto over excessive increases in their council tax bill. It would ensure that decisions are taken that reflect the wishes of the people who stand to be affected by those decisions. For example, if there is a proposal to build an incinerator in a particular borough, people living in that borough would be able to "earn" the right to hold a referendum if they collected enough signatures.

There would need to be safeguards. For instance, the threshold of signatures needed to trigger a referendum should be reasonably high to prevent it being abused, and to keep down costs. If the threshold is high enough, referendums would only ever happen where there is an overwhelming local demand. There would need to be rules on spending, and the questions would need to be fair.

The very notion of referendums fills some politicians with dread. But direct democracy has been proven to work well in other countries. In Switzerland, if 100,000 signatures of the national electorate can be collected within an 18-month period, a proposal can be put on a ballot paper and voted on by the general public. If it is passed, then it becomes law.

Although some argue that policy, even local policy, can be too complex for ordinary voters, a referendum would provide the perfect incentive for politicians to explain the complexities of legislation and engage with voters. Direct democracy offers a genuine opportunity to mend what is often referred to as our broken politics.

First Steps I hope that the Government will recognise, and seize the opportunity to show that when they talk about localism, they actually mean it: that they trust people to make decisions that affect their own lives; that they recognise that no one is better placed to decide the nature, shape, form and future of an area than the people who live

in it. For a start three steps could be taken to help restore the balance between communities and government, both central and local:

- Recognise that the bridge between people and power has crumbled, and that it cannot be restored without politicians showing that they trust the electorate
- Give people the power to say 'no', and to allow good ideas to flourish by creating the tools for binding referendums
- Prevent abuse of these powers by ensuring the threshold is sufficiently high that referendums only happen where there is overwhelming demand

IV

From Councils to Communities

James Morris

Localism – the Problem The concept of localism can be taken in a number of different ways. Local councils may hope for the devolution of far greater power from central government to raise and spend funds locally or enjoy more unfettered control on a range of responsibilities, from planning to development. However, others – including charities, small businesses and social entrepreneurs – may look to localism for freedom from the often poorly functioning remit of the council, e.g. over schools or clubs so as to improve things, or compete with councils to offer the service.

The Localism Act – Strengths and Weaknesses Localism should not be seen as an unaffordable luxury in straitened times, championed by parties in opposition but abandoned in government. Indeed a far greater degree of localism may be needed if high standards and efficiency are to be maintained.

The Coalition has already made important progress. The Localism Act (November 2011) gives local government a general power of competence under law to take forward proposals or initiatives designed to improve the local area. Local communities are also given more power through the ‘community right to challenge’. This gives community and voluntary groups the right to challenge a local authority if they believe they can provide a better service for the community than that currently provided by the local authority.

Elsewhere, measures are proposed for a series of changes: those to the planning system are linked to the new National Planning Policy Framework which gives new powers to councils and communities through neighbourhood forums for local plans – to decide or influence the shape of their local built environment. The concept of localism can be seen also in the proposals to free academies from council control, and set up free schools, and those for elected police commissioners in November 2012.

This, the first phase of the localism agenda, opens the way for a second. The aim should be to make for greater decentralisation. The Whitehall tendency to seize ever greater central control must first be overcome, as what might be described as the forces of counter-revolution appear to be marshalling.

Next Steps: Whitehall and Local Councils To change the culture of Whitehall, government departments will need incentives to decentralise. Community budgets, which pool resources across departments, have met resistance in Whitehall because the main spending departments have little incentive to pool when it comes to local

spending. Because Whitehall departments and civil servants derive power and influence from control and management of funding for big central projects, they have little desire to decentralise. Yet big projects can often lead to wasteful failures – e.g. the last government’s fire control project, which aimed to create a number of regional control centres, none of which now operate, and wasted £450m.

Next, future measures should aim to devolve responsibility to community based groups within a set deadline, with the principle established that the community focused approach should be the default for policy – with a decentralised, project-based, loosely structured basis – helped by community budgets.

One example is the current cross-departmental model to combat gang and youth violence in response to last August’s riots. Here the Home Office, the DWP and others, including local authorities, pool budgets and work as a team on projects relating to combating gang and youth violence.

The announcement of a new unit to tackle ‘troubled families’, prompting an internal Whitehall dispute over which department should have responsibility, illustrates the difficulties. The decision in favour of the Department of Communities and Local Government to take the lead reflected the reality that to succeed these type of projects need the engagement of local authorities and local community groups.

Whereas under the first tranche of Localism, local authorities are invited to choose from a menu of services which councils could opt to buy (e.g. troubleshooters for troubled families), under the second tranche of Localism, local groups – authorities, community bodies, churches – should have the freedom to design the menu, decide how services should be run, what they should achieve, and which services to choose and operate.

Local authorities would be obliged to co-operate with such change, to use the general power of competence to become centres of innovation, to change how and which local public services are provided. More radical change must follow to move away from the status quo of council-run or controlled services. Councils must become part of a wider group of commissioners and providers which come together to commission or if necessary provide flexible and adaptable services for local people; for example community groups might provide local services. A Conservative government should help such groups to challenge the monopoly powers of the local authority by, for example, reviewing the extent to which the Community Right to Challenge prompts improvements in local services or whether local authorities have used the legislation to prevent outside providers joining the procurement process.

True Localism – From Councils To The Community The next wave of localism should therefore tackle the centralising culture of Whitehall, challenge the monopoly powers of the town and county hall and lead to further reform. The Local Government Finance Bill proposes the re-localisation of the business rate and the reform of the complex formula grant, which provides the bulk of funding for local government, with the aim of making business rates and grants much more transparent.

It may seem like an arcane constitutional point but a future Conservative Government could use the general power of competence to codify the relationship between central and local government – mapping out a new decentralised settlement between central and local government, and local government itself to the community. A clear statement of the nature of a new and different relationship would help ensure and make irreversible decentralisation and recast the relationship between the central and the local.

Conservatism has always embraced change to confront political, social and economic problems. Localist thinking should continue to challenge the centralising status quo which has held Britain back for far too long.

The Next Steps Already the direction is clear. Local reform must now:

- Strengthen community right to challenge provisions
- Make community budgets the ‘default’ policy
- Drive through further reforms of local government finance

V

Freedom to Volunteer

Jason McCartney

The Scheme – Benefits and Opportunities This summer 30,000 teenagers will embark on three weeks of team building, outdoor activities and a community project in the National Citizen Service (NCS) scheme. The NCS was first launched by David Cameron in 2010 and is now being extended across the country after successful pilot projects. The aim is to bring some of the advantages associated with military National Service to an entirely voluntary civilian organisation. The NCS is run by a variety of organisations including the well known Prince's Trust and smaller bodies that specialise in outdoor or adventurous training activities for young people.

Over 8,400 teenagers participated in last year's pilots. The largest provider reported 96 per cent of those who completed the course felt more confident and 86 per cent more responsible for making a difference to their local community. Nine out of ten parents of those who completed the course would recommend the programme to others.

NCS brings together young people from different backgrounds for three weeks just after they've finished their GCSEs to work together on a project for their community on which they themselves decide e.g. renovating a playground or community centre or putting on an event. By 2014 there will be 90,000 places available, funded publicly. The government's ambitious aim is that ultimately there will be an NCS place for all 16 year olds.

The riots of last summer suggest that there is much to be gained from encouraging a more responsible and engaged society. Indeed, in a tech savvy world of insular new media and computer gaming there is a strong case for helping greater social interaction between younger people and inter-generationally. The NCS programme would give young people the chance to develop confidence through new activities with new people. Skilled tutors, experienced in leading summer camps and linked activities, will aid the young people to develop reflective personal and social skills, e.g. how to mix, communicate, socialise. Team working and the ability to co operate with others will be developed, by designing, developing and then completing a community project tailored to their local area. Teenagers will be encouraged to come up with their own ideas for making a difference to their communities.

The early indications from my Colne Valley constituency are very encouraging. I joined 'NCS 360', which runs the project in my part of West Yorkshire at Royds Hall High School in the outskirts of Huddersfield. The audible gasps of excitement as the

students watched the musically supported promo video showing zip slides and crate tower climbing was matched by the enthusiasm to register their interest on a provisional application form. 'Is it really free?' was the most asked question.

Aims and Means So why is the Government keen to fund this project at a time of tight budgets? The policy reflects the Big Society agenda with its emphasis on community projects. But is that enough or does it lead to more tangible results?

NCS is an exciting policy with the potential to transform the post-16 pathways for our young people. Faced with increasing youth unemployment, some demonization in response to the riots and the lure of celebrity culture, NCS could provide a positive counterbalance in the approach to adulthood that our society is missing.

As an RAF officer, I interviewed officer candidates for the Royal Air Force at recruiting offices in the North East. Once candidates reached the basic qualification requirements of 5 GCSEs and 2 A levels it was all down the character and motivation of the young men and women eager to earn the Queens Commission. An extensive questioning of hobbies, pastimes and adventurous activity often included tales of the Scouts, Cadets, Operation Raleigh and the Duke of Edinburgh's award scheme. A sense of adventure, team spirit, ability to mix with new people and camaraderie were the qualities sought. But in many areas of our country access and affordability for those exciting activities is not available.

The phrase National Service evokes rose tinted memories of a bygone era when our young men were whisked off to training camps for an intoxicating mix of military discipline, short haircuts and forces humour. "It never did me any harm," say the veterans who fondly remember the team spirit and camaraderie of shared punishment at the hands of vindictive drill Sergeants. So should NCS be compulsory? As a former RAF Officer, I support, indeed, cherish the professional voluntary nature of our armed forces. However there's no reason why NCS shouldn't become a rite of passage so every 16 year old can say to their mates "I know what you did last summer."

Take the example of the Army Cadet force, one of the UK's largest voluntary youth movements which offers adventure, challenge, training and above all fun. More than 45,000 teenagers aged 13-19 in over 1,700 communities across the country take part. 8,500 adult volunteers commit themselves, week in and week out, to planning, organising and running that broad range of activities. But the army cadets should not be responsible for the NCS partly because it *is* exactly that – a civilian service, and there could be too many unintended consequences.

What about compulsion? For example should the NCS be one of the conditions made to the so called NEETS – not in education, employment or training. That would not be sensible! Just imagine the outcry if 16 year olds were packed off to residential camps on something incorrectly labelled as National Service.

Policies for the Future If the NCS is to expand, it will need schools, FE Colleges, and perhaps employers too, to take on and lead the scheme. Employers who offer apprenticeships may also be interested in offering NCS summer courses.

I'm a big fan of NCS. I love the fact it's free for the young participants. I love the fact that it's pure unadulterated fun. The sense of real adventure derived from the character building exercises and activities not only helps young people grow into better adults, but gives them a better chance of succeeding in whatever route they take into adulthood. It will give them an interesting and tangible subject for interviews or application forms for college or university. I love the fact that it culminates in a community project that they will have chosen, designed and delivered in their very own community. I only wish I could be 16 again.

National Citizen Service is in its infancy but the early days are promising. So far 8,000 have been through NCS, with 30,000 places allocated for this summer. Overall, the rewards for the young people involved are immense; communities benefit, and, in the years to come, the government could reap the rewards of what has so far been a little known about policy. To extend the NCS, more work is needed to promote and publicise the scheme and show the country its success so far. The next step should be to encourage the scheme's expansion and to invite and encourage:

- Companies and organisations to sponsor places
- Schools, businesses and FE colleges to make details available to students
- Local businesses, charities, organisations to organise competitions for the best NCS project locally

Business Matters

VI

Small Business, Bigger Society

John Stevenson

Small Business and the UK Economy Napoleon called the British a nation of shopkeepers. He meant it as an insult, that the nation was not prepared for a war against the French. But while we may not be a nation of shopkeepers, we *are* a nation of small business – and just as well too.

Very small businesses with fewer than ten employees are the backbone of this country, economically as well as socially. It is estimated that there are more than 4.3 million of these small businesses, making up more than 95 per cent of enterprises. Some are incorporated (i.e. small limited companies), others are partnerships, e.g. legal firms, and the majority are sole traders. They employ more than 7.3 million people nationally, out of a total workforce of around 29 million, and with a turnover of around £600 billion they are economically vital both locally and nationally.

Benefits and Opportunities Small businesses provide many individuals and families with the income and standard of living needed for a livelihood. They provide training, opportunities to learn skills on the job; and in many cases the launch pad to further careers either within that business itself or in other businesses and companies. Smaller businesses create further local economic activity, whether by a business purchasing services or products from another local business, or by the employees using their own purchasing power in their local community.

Larger organisations, many of which are household brands led by dynamic personalities, can attract not just media attention but often the attention of politicians. We like to be seen to be associated with big household names, success stories and bold headlines. However, cumulatively, though less in evidence, the small business sector is investing more capital, creating thousands of new jobs and providing a very high return to the Treasury, e.g. from VAT, employers' National Insurance contributions, corporation and income tax, and business rates.

The Social Role of Small Business Small business matters not just because of the economic benefits but because of the beneficial effect they have on the communities in which they operate.

Larger businesses or corporations may not have headquarters in a community – though they may have a subsidiary branch office, shop or outlet. A factory may employ 500 plus people in a community, but the management and the decisions about that factory will often be made elsewhere.

By contrast, the dynamic within small (and many medium) businesses can be different. The owner/manager of a small business will actually live in the community where their business is based. Their employees may be local and well known to them; their own children will often attend the local schools; their social lives will be conducted in and around the community where their business is based.

In many cases, owners of small businesses and their families will be actively involved in other organisations and charities – schools, PTAs, golf clubs, business groups, even local councils – anchored to a local community in a way that a large corporation rarely is. The profits are spent within that community as are the earnings of local people.

Because the success of small businesses is tied to the success of their communities (and vice-versa) there is strong motivation to invest in local areas, extend to the business sector and engage with and become a vital part of local society.

Policies for the Future Small businesses are vital for the economic wellbeing and economic future of our country. Nevertheless, governments often make it difficult for small businesses to thrive and grow. Regulation, NICs and income tax demands mean that taking on extra employees can be more of a burden than a boon. Income Tax, Capital Gains Tax, National Insurance contributions and employment regulations mean that the costs associated with employing people (aside from their salary) for small businesses operating on small margins is significant.

We must therefore tackle the obstacles to success and avoid measures which adversely and unnecessarily undermine small business. At both national and local level, tax, regulation and employment policies ought to be measured against how far they promote or assist small businesses or provide the opportunities for creating new ones.

Government should ensure that the tax regime is reasonable and not unduly onerous. To encourage investment, innovation, entrepreneurship, and reward those who do well, a competitive corporation tax level should be maintained, and planned reductions be followed through. A regulatory structure to encourage competition and high standards is essential. As things stand, the barriers to enter some markets can be too high. Tax rates, employment regulations, business rates and health and safety regulations all get in the way of new enterprise – and especially small enterprise.

Consistency is also necessary, and policy should avoid unexpected changes which can damage a business or undermine investment. Small and start-up businesses especially rely on consistent policy. By their very nature they are less able to absorb sudden or major policy changes.

The overarching framework should ensure a competitive market place for business, one which gives the entrepreneurs the incentives needed to start up a business or expand existing business and create the wealth of this country.

Employment costs must become simple and as fair as possible to encourage the creation, rather than destruction, of jobs. The burden of existing regulation, whether from the EU or central and local government here in the UK, must be lighter and unnecessary new burdens avoided. In particular employment costs – taxes, unnecessary EU regulations – should be reviewed. Reforming the tax structure would be an important start, especially in respect of the taxes and compliance burdens on companies. The simplification of the planning laws is helping remove unnecessary regulation, but a more serious problem remains – that of securing credit. The availability of credit is also urgent and while HMG's proposals for credit easing are welcome, more needs to be done. We need a framework which creates more financial institutions, as happened in the 1920s and 30s when the building societies drove the building boom.

Other areas of simplification should be explored – especially in regards to commercial leases and contracts (e.g. nationally standardised commercial leases and employment contracts). Standardising the everyday but vital contracts that small businesses have to prepare would be a way of saving money and time. Standardised contracts would also mean that employment tribunals would be much quicker, simpler processes.

The Direction of Change For the Future, HMG should:

- Encourage new financial institutions
- Simplify the tax system to bring corporation tax and CGT tax down to 20 per cent
- Reduce burdensome employment law for new start-up firms: a new business with fewer than five employees should be freed from the more extensive requirements which apply to bigger business
- Transfer stamp duty from buyers of commercial property to the seller
- Standardise property leases and other business contracts

VII

A Working Future: Vocational and Business Education

Craig Whittaker

Low and Falling Standards UK educational standards are low and in some cases falling. Not only do the international comparisons suggest that standards in basic subjects such as native language and maths have fallen⁴; but other indicators suggest that even vocational education and training, despite considerable emphasis at school, has also failed. One consequence is the impoverishment of adult life, as too many young people are left without the basic education and training needed to play a full part in the adult community – able to earn, work and develop professionally through adult life. Amongst the 16-25 age group over 1 million are not in employment, education or training (NEET).

What Is The Picture for The UK and What Lies Behind It? Of course education is a far more complex matter than imparting basic maths, English or indeed vocational training, although a good basic education is the foundation for subsequent success. Without the fundamentals, it is difficult for young adults to find work and develop professionally, becoming an economically viable net contributor to society. Part of the problem is the failure of those responsible nationally and locally for education to ensure that each young person is equipped to lead an independent and self-reliant life, to work and earn and contribute to society.

Take for example the failure to teach ICT effectively during school years. We know that UK standards are falling against international comparators. There is 17 per cent unemployment in the ICT industry despite the fact that schools have taught Information and Communication Technology (ICT) for years; and 100,000 job vacancies exist in the field of Computer Science, because specific skills are lacking. Significantly fewer and fewer pupils are studying ICT, not through a lack of interest but because quite often the skills of the students far exceed the level at which they are being taught.

Universities have long complained that students arrive ill-equipped with the necessary abilities and knowledge for a university career which depends on such fundamental skills as writing, reading and individual study and research. Several of the best universities run crash courses so that new students can gain the basic knowledge

⁴ In the Programme for International Student Assessment (PISA) for 2009, the UK's ranking in the international tests for numeracy, literacy and science taken by 15 year olds fell from 2006. In reading the UK was ranked 25th (17th in 2006), in maths 28th (24th in 2006) and in science 16th (14th in 2006). <http://stats.oecd.org/PISA2009Profiles/#> Pisa (2009), Pisa (2006). *The Guardian*, 10 Dec 2010.

required to begin their courses in engineering or, unbelievably, maths itself. An apparently recent development – 20 years ago, this was not necessary.

One problem is that too rarely are companies involved in our education system: indeed when it comes to professional skills, there is a case for business involvement and advice in the curriculum and qualifications as happens elsewhere in some successful models. Although we involve a few of our major national companies, too little liaison takes place overall. To illustrate: in my constituency there is a new £2.2m Technology Centre at a local high school offering students courses in computer aided design, catering, hair dressing, beauty and also construction. Not one local company was involved at the design or building stage of the project. A year later, a local hairdressing school was brought in to run the school's hairdressing courses – but other businesses still have no direct involvement.

What Changes Are Needed? How can schools ensure the basic teaching on which vocational education and post-18 education and training can build? In the short term there's a strong case for a technical/vocational bac. On the whole, changes made in the 2011 Education Act open the way for improvements to standards. Greater autonomy for schools, better qualified teachers, bursaries for teachers with higher studies in their specialisms, a focus on the quality of teachers and their training and the introduction of University Technical Colleges are all a welcome addition. However, too few of these changes are specifically directed at improving vocational teaching and equipping students more directly for a given profession – or involving business in the classroom.

Michael Gove, the Education Secretary, has suggested that 50 per cent of students should get five grades A*- C in subjects including maths and English at GCSE, though a 50 per cent rate is hardly ambitious enough.

Certainly the introduction of the English Baccalaureate may help, though while this is potentially great for a proportion of those 50 per cent of students who will reach the grade, the case of the remainder should be considered.

A further indicator is needed (apart from the English Bac.) in addition to the 50 per cent figure for GCSEs, for vocational topics (e.g. GCSEs in Design & Technology or Computer Science). This could be a 'Technical Baccalaureate'. A school could then use two indicators – each based on subjects geared for one or other direction of travel. Both of these should include Maths and English. The schools' targets would still be five GCSEs A* to C, but the two different indicators would allow parents and pupils to choose which is best suited to the pupils' particular skill-set and to prevent schools focusing purely on English Bac. subjects to the detriment of others. Schools with high levels of manufacturing companies in the area, or where there is a local need for, e.g.

engineers, would not be placed at a disadvantage. They can offer subject choices based on wider economic requirements, by offering a more wide-reaching solution. Of course, schools would still be able to offer a range of GCSEs based more specifically on teaching to economic need, rather than just teaching to pass more exams.

In particular, professional and business bodies should be involved in devising courses: let the body that requires the talent set the examination level needed and if in the process we have to take a five year hit on lower attainment levels as a result, then so be it. Universities have long complained about the standard of 'A levels' falling and the calibre of students not being up to the required level to enter a degree course. Michael Gove recently suggested that Universities should be involved in setting the 'A level' examinations – a brilliant stroke which could almost instantly raise standards. Having business and professional bodies involved in devising courses and exams for Technical Bac. subjects would have exactly the same effect. These changes would take a few short years to filter down through the system but to huge benefit to overall standards. Ultimately, the aim is to make all our young people economically viable and not just another statistic on the NEET pile. Companies are involved in pioneering degree courses for the post-18s and the principle could now be used for under 18s at school.

In other similar countries such as Germany or Switzerland, which actively support professional and vocational education, students can, at some stage between 12 and 16, specialise on good professional and vocational courses, while continuing with essential subjects.

We, too, need a more diverse system which recognises and gives status to 'vocational' courses. Instead of being faced with a confusing system, parents would have a simple way of choosing a school which best suits the needs of their child. By contrast, the current system, and the officials or educationalists who run it, often turn to the vocational route to 'take students off their books' rather than enhance life chances, especially those who have been failed by the academic route. Equally, pupils with high academic potential are steered away from vocational routes. Looking ahead to the curriculum review, it is important that students are equipped with good foundations in maths and science as a basis for encouraging the relevant skills we need.

A concentration on teaching and achievement would lead to higher levels of success, rather than as now happens, with teachers and schools working the system to improve league tables. Young people would become more aware of, and in tune with, the local and regional jobs markets, rather than as now, being put through irrelevant courses at school or post-16/18. This could help transform the position where 16.2 per cent of 16-24 year olds are not in education, employment or training. Such people

would be better educated and better equipped with the skills needed for their personal development and that of the UK economy.

In the longer term: a system which differentiates and concentrates on vocational and professional education in designated schools or academies should be considered. This could concentrate specialist teaching in the institution and promote the active involvement of leading professional and business bodies in designing and providing courses for 14-18 year olds, along with sandwich courses – stints for training – in business or industry itself.

VIII

Bringing Entrepreneurship to the Classroom

Fiona Bruce

Encouraging a Dynamic Economy and Entrepreneurship If the UK is to become the dynamic economy which is vital for economic resurgence especially in the global context, then UK business needs to grow, innovate, produce and export. So, a new generation of entrepreneurs must be inspired. They need to be encouraged to set up and build their own businesses, and look on doing so as a career option. For this we need to encourage younger people to think creatively, to take risks, and to understand that learning from failure in business can be a springboard to future success; to appreciate the contribution of business to our society, one every bit as important as public service, to the wellbeing of the country. For, as Sir Digby Jones of the CBI put it, without businesses there are no taxes and without taxes there are no schools or hospitals.

How can we encourage young people to consider becoming entrepreneurs – perhaps not directly after leaving school, college or university, but as an option over the longer term? How can we inspire them to:

- Experience the excitement and satisfaction derived from living with, and building, a product, a service or a successful organisation, from concept to commercial reality?
- Meet the highest standards, ethically and commercially, in their own business, staying one (or more) steps ahead of the competition, regionally, nationally, and globally?
- Build teams and draw the best out of others by leading and managing inspirationally and fairly, whilst continuing to stretch and develop their own personal skills long after leaving school?
- Plan strategically in a business, respond flexibly and swiftly to unforeseen challenges and changing circumstances and enjoy the (sometimes bumpy) journey along the way?

Our aim should be for cohorts of young people to be inspired, enthused and encouraged to become entrepreneurs, something which as a career option seems recently to have largely disappeared.

What Steps Are Needed? As someone without family business connections, I set up a law firm on my living room floor, initially on my own, 25 years ago. In 2003 we won the Small Business Bureau's *Women into Business* award for founding and developing a successful business. Today the firm employs some twenty dedicated lawyers as well as excellent support staff.

For me, it would have been enormously helpful if I had had some advance understanding of some of the skills, behaviours and disciplines needed and the challenges I would encounter. Running a business brought a new set of challenges. From having been engaged as a solicitor to find solutions for others, I had to become a 'finder, a minder and a grinder'. I needed such skills as recruiting and managing a team and fulfilling my own role; balancing a tiny budget, learning how to market and project my business, about regulation and compliance, and about how to build, lead and belong to a team. The high points along the way and the sense of achievement, of creating jobs, of making a positive contribution to society, as well as the excitement of building something tangible and enduring, have made my journey more than worthwhile. So how can we create a generation which captures this exciting entrepreneurial spark and runs with it?

Schools can help, starting with children in primary schools. Local business leaders could be invited into primary schools to tell their stories. Next, in senior schools, the curriculum in different subjects could more generally reflect entrepreneurship: this need not mean burdening it with additional subjects, but illustrating the excitement of business through courses. For example, without bloating the curriculum, practical elements can be included: in some business or economics classes pupils could be asked to write a business plan or a job description; in drama, to make a sales pitch; in history, to study the history of manufacturing or design; in maths, to calculate the cost of a business loan or look at a profit or loss account or in geography, to study a commercial development in a particular country. With the course for business studies, even at GCSE level, essential 'soft' skills could be introduced, such as e-teaching, teamwork, markets, financial management and learning to get on with or to manage people well. Meanwhile, careers advice could show more clearly how to become an entrepreneur and young people should be alerted to this as a real option for them.

Business can help. Local business sectors and those in the world of employment could develop closer links with schools. Local businesses could be more proactive in creating such links. One example from my constituency, Congleton, Cheshire: a governor at the high school runs an award-winning local restaurant and advises the school on food technology studies and also offers work experience to students. Teachers, who may never have had contact with business or commerce could

encourage students by undertaking work shadowing in local businesses themselves and learning of the challenges and disciplines which a commercial working environment presents. Local business people who go into school as ‘inspirers’, ‘champions’ and ‘mentors’ can also make a remarkable impact, providing success stories with the achievements which younger people can realistically identify with and aspire to. Would I have thought to become a solicitor if the only female solicitor in our town had not visited my local school? With 95 per cent of businesses employing under 20 people and some 70 per cent of British productivity coming from SMEs, the economy needs local businesses as much as the big corporations.

The benefit of more schools championing competitions such as the Young Enterprise programme should not be underestimated. Young Enterprise gives groups of young people the opportunity to set up, run, try to make a profit, and close a business down – all in one year. One group set up a company making bags; another designed children’s model aeroplanes; another set up an anti-bullying website. For many this is the first introduction to the world of business and evidence suggests that Young Enterprise Company Programme alumni ‘are twice as likely [as their peers] to start their own businesses’ (Fresh Minds Survey for Young Enterprise UK, Oxford, 2008).

Promoting Entrepreneurship – What Is The Next Stage? People who have already succeeded in business could help by investing a modest sum to help young entrepreneurs. Tax incentives for small investments could generate an additional source of equity investment for small businesses – the contributor may also be keen to share business experience with the young entrepreneur. We all must play our part – teachers, parents, business people and business support organisations, as well, of course, as young people themselves – if the next generation is to be inspired with the confidence, enthusiasm and skills to rise to the challenge of creating a world class economy for the UK.

An Effective Justice System

IX

Courts Not Cautions

Simon Reeve

The Problem In the aftermath of the riots in British cities last August, the criminal justice system was seen to deal swiftly, fairly and effectively with the lawlessness or looting which had taken place, often on a mass scale. Although the rioting was not curbed at the outset, offenders were subsequently identified, arrested, charged and their cases heard and judged by the Courts. That seemed to be very different to the way the system normally seems to work – or fails to.

Too often when the criminal justice system is discussed, the emphasis on how far the prison system should seek to balance punishment, deterrence and rehabilitation fails to acknowledge that prison is but a single element in the criminal justice system. Without the expectation of arrest, prosecution and conviction there will be little deterrence, especially if the criminal justice system seems complex, remote or inaccessible, difficult to understand, distant and anonymous, or complex to administer.

Moreover, there is a tendency to duplicate. Take knife crime. Legislation currently before Parliament would create a new offence for carrying a knife and using it to threaten in a way that may cause physical harm. Though this may seem sensible, such offences are already covered by law. The threat of violence can be charged under at least two sections of the Public Order Act, as may its use. Possession and use of a knife is already recognised in law as an aggravating feature. So too is possession of an offensive weapon or a ‘bladed article’ – waving it about is again already recognised as an aggravating feature. So attempted wounding, or attempted ABH, is covered. None of the existing legislation faces repeal so it’s unclear what charges will be routinely brought once the changes are introduced. Although the government aims to send out an anti-knife crime message, duplicating things in law deters no-one. Knife-carrying young men already know that the law prohibits this, and more so the use of a knife. Changing the name of the offence or creating a new one doesn’t change or add to this because the expectation of arrest, prosecution and punishment remains unaltered. What really matters is to change that expectation.

Current Arrangements At present, the position is not clear. After arrest, an accused person faces an array of possible outcomes before a prosecution: fixed penalties, warnings, formal warnings, cautions and conditional cautions are supposed to filter out the ‘less serious’ offenders. However, such ‘informal disposals’ are routinely used in cases of possession of knives, assault, GBH, sexual assault and even rape. Indeed, where more than one person is accused and arrested in connection with a crime, but

the arrests take place at different times, one may be referred to a court and the other might be cautioned because officers take a contrary view of how to deal with a case. This means that instead of due process of law and judgement, an offence may be disposed of summarily by police and, because of the perception amongst offenders that there may be no court case, the criminal justice system is undermined, often with a devastating impact on the victims of such crime.

For most prosecutions, the majority of cases begin and end in the Magistrates' Court, with all adult cases beginning there. Magistrates' courts are now being cut and centralised in a new series of locations – as a 'cost cutting' exercise. But the consequence may be that for many accused, a trip to court will be un-noticed locally and the hearing will take place at some distance, often in a place where they are unknown. There is little chance of the embarrassment of being found out and little chance of being dealt with by a local magistrate. It may be possible to get in, and out, without anyone noticing. This can lead to an even greater absence of deterrence.

For the younger offender, the Youth Courts have anonymity built in; in busy inner cities they may serve as a conveyor belt with groups of teenagers waiting noisily to have their cases heard and display brief remorse before a bench of magistrates who have seen and heard it all before – not least during that morning. When I was defending at the Youth Court in Croydon nearest to where the worst of the London riots broke out a month later, two teenagers passed the time before their hearing playing football with a mobile phone in the corridor. Being there that day seemed to be part of their routine.

Lessons For The Future? The response to the riots led to a number of important lessons, especially from the cases being heard and judged by the courts. Instead of the CJS resorting to cautions and warnings, the courts introduced night shifts. Those whose theft of a single item would have otherwise resulted in 'informal' disposals were obliged to appear, were tried and sentenced to terms of imprisonment. In the Crown Courts, judges enjoyed greater discretion in sentencing and meted out stiff sentences (e.g. those normally used for selling drugs might have been given to the equivalent of a crime amounting to a few paragraphs on Facebook). The Court of Appeal sensibly endorsed this approach. It did so in order to deter others in response to the widespread effects of criminal behaviour. In fact it was clear that the criminal justice system had to be made to work efficiently and fairly. The same process should be followed after police arrests, with the accused referred to the courts and dealt with quickly by the courts. Moreover, that freedom for judges to use discretion on the sentence might also apply in future. A further consequence for the wider community was that the victims of the rioting were made aware of the perpetrators.

Why not use this now proven process for individual offences and offenders – for first, prolific or indeed group offences? If a judge can be trusted to sentence a thief convicted of looting during a large-scale disorder, should the same judge be subject to increasing numbers of guidelines for sentence for burglary or assault or theft? Indeed politicians may have sacrificed a significant degree of judicial independence in sentencing in order to promote guidelines which may make for greater uniformity but seem politically inspired (e.g. by public reaction to a lenient sentence).

To conclude, many of the problems faced in the justice system stem from the failure to bring offenders to trial. Potential offenders are unlikely to be deterred by a system in which they seem to ‘get off lightly’; the impact on the wider community and the victims is one of diminishing confidence that the justice system is fair and effective. The effective use of the courts for offences during the August riots made clear that the courts can routinely be used – and that they should. Such a system would be more likely to act as a deterrent, not least because offenders would be brought to court locally and dealt with swiftly. This had the added advantage that the justice system was seen to be effective, fair and proportionate, central for the justice system and important for victims of crime.

What Changes Are Needed to Promote Such a Course?

- First, the closure of magistrates’ courts should be stopped and these local courts reinstated
- Secondly, the use of police cautioning should be phased out, as being inimical to the UK criminal justice system
- Thirdly, the status of sentencing 'guidelines' should be reviewed so that the judiciary has greater discretion in applying judgement to fit the case

X

Cutting Carbon, Cutting Costs

David Mowat

Introduction The UK's energy comes from a mixture of sources, but still over 90 per cent is fossil fuel based.

2010 UK Energy Production by Source

Oil.....	37%
Coal	15%
Gas	38%
Nuclear	7%
Renewables	3%

(Source: *BP Statistical Energy Review 2011*)

Over the next six to eight years most existing coal and nuclear power stations will close. One immediate problem therefore is keeping the lights on beyond 2020, quite apart from the additional problem of reducing carbon emissions. However, to meet carbon reduction targets the UK is caught between two competing targets. This piece explores the contradictions of current policy and their implications for stable and efficient energy supply.

Higher energy prices are regressive, potentially increasing fuel poverty; they can also act like a tax on business, particularly on those energy-intensive businesses such as steel, aluminium and chemicals. The impact is not just on heavy manufacturing. The wider economy suffers as energy usage has a bearing on GDP growth and higher differential prices undermine other aims such as that to increase the growth of manufacturing faster than that of services. The evidence already suggests that 18 per cent of energy costs for a medium sized business are attributable to ‘green policies’; this will rise to 30 per cent by 2030, (Hansard, 11 Jan 2012).

Given that the Government has embarked on a set of policies leading to higher energy costs, a clear understanding is needed of which cost increases are necessary and what benefits may accrue. Wasteful and counterproductive expenditure must also be curbed.

The Problem: Conflicting Aims – Conflicting Policies The 2008 Climate Change Act makes legally binding an 80 per cent decrease in the UK’s carbon emissions by 2050. This piece is not concerned with whether the carbon emissions target is correct

(currently China increases emissions by more than the entire UK saving). Rather it questions whether the present balance of policy is best for meeting such an aim.

An 80 per cent reduction in carbon emissions would be best achieved by:

- Reducing domestic energy leakage by a range of overdue efficiency measures such as insulation. The UK is currently one of the worst offenders in the OECD.
- Migrating from fossil based fuel for transport (e.g. for air and cars) to electricity-based mechanisms (rail and electric cars). In theory, electricity can be generated from lower carbon technologies.
- Producing low carbon electricity as cheaply as possible using currently known technologies, which would mean a fleet of nuclear reactors of the type used by France for over 70 per cent of its electricity. Of course costs are uncertain but the Department for Energy and Climate Change has recently produced revised estimates for 2017 and which take account of the progress claimed for the falling costs of renewables.
- A further change could be to replace coal and oil with gas – which produces 50 per cent less carbon. This could and should be a worthwhile ‘quick-win’ because over 50 per cent of our energy is produced from these fuels

Estimated Electricity Generation Costs in 2017

Pence/kilowatt hour.

Nuclear.....	6.5p
Solar.....	24.1p
Offshore Wind.....	12.2p
Onshore Wind.....	8.8p

(Source: *Hansard*, 18 Jan 2012, Column 852W)

So far, however, progress has been poor largely because the Labour Government agreed to the 2009 EU Renewables Directive. This obliged the UK to produce 15 per cent of its electricity from renewables by 2020. Because the UK started from a lower base, it had a far tougher target than its OECD neighbours. The table below sets out the scale of the challenge we signed up to. In practice, this has meant we have over emphasized renewables at the expense of other low carbon technologies.

EU Renewables Directive 2009.

Increases in Renewables Percentage of Total Energy by 2020

UK	517%	
France	185%	
Germany	185%	
Italy	217%	(Source: www.energy.eu)

Paying for Renewables: More Carbon – More Cost The obligation to increase renewables had an aim quite distinct from that of carbon reduction (already covered by the Climate Change Act), but seems to have been a gesture to appeal to political correctness. As a result, the policy context changed. The reduction in carbon emissions was no longer the priority: instead, the priority became a reduction in carbon emissions by using renewables. The consequence was a complex structure of subsidies including ‘feed in’ tariffs, renewables obligations and the rest. As a result, billions of pounds have been spent trying to achieve a secondary objective. Limited progress has been made in reducing dependency on fossil fuels (still over 90 per cent) or high energy loss from our housing stock, the worst in Europe. This balance of policy surprised even the environment industry. The solar feed in tariff was described as a mechanism for transferring millions from poor people to rich people (George Monbiot).⁵ The greater the subsidies, the bigger the lobby. When in 2011, the Government tried to cut the subsidy for solar from 400 per cent of the value of the electricity produced to 250 per cent there was uproar. Yet the table below shows that solar produces more carbon than other energy types.

Carbon Produced by Energy Type

gCO₂/kwatt/hour

Gas	420
Coal.....	900
Solar.....	70
Onshore Wind.....	20
Nuclear.....	30

Source: *Parliamentary Office of Science and Technology*, 1 June 2011

Moreover, the emphasis on renewables has distracted from replacing oil/coal with gas. As a result, more carbon is churned out than would have been necessary had not policy been sidetracked to concentrate on renewables. Carbon emissions in 2012 are higher than they would have been had the goal been reducing carbon emissions under the 2008 Climate Change Act, and deploying an interim stage of gas whilst building nuclear. The result has been more carbon and more cost.

A further unintended consequence in the drive for renewables at the expense of other options is that the UK failed to move quickly to develop technologies facilitating carbon capture and storage (CCS) which the UK’s geology and legacy make particularly attractive. A recent announcement indicates that no pilot would be complete till at least 2018.

⁵ George Monbiot, *The Guardian*, 1st March 2010, www.guardian.co.uk/commentisfree/2010/mar/01/solar-panel-feed-in-tariff.

The fundamental problem of the need to keep the lights on therefore remains neglected by the fixation with renewables. Over the next six years about 40 per cent of our generating capacity is due to be retired, including much of the existing base load from large coal and nuclear stations. The longer a coherent replacement strategy is avoided, the higher the price the UK will have to pay. But because the lives of many existing nuclear stations are being extended beyond the date for which they were designed, the problem does not *appear* to be so serious. Yet demand is to be met, *inter alia*, by increasing the imports of cheap nuclear energy from France. Sixty times as much electricity was imported in 2011 as was produced in the UK using solar. For a country with our tradition to be basing energy policy on imports from France should give pause for thought.

The Rationale and its Consequences So what lies behind this policy and its self-imposed penalty? What rationale does Government have for the billions spent on renewable versus other low carbon options:

- 1) *New technology needs to be subsidised.* This might be more sensible if the technology were new. The UK is a tiny part of the global solar market and wind has been around for two decades. Overseas suppliers such as Vattenfall of Sweden did not need to be paid billions over a decade to produce offshore electricity, and it would be more sensible to wait until the price comes down to make such energy usable.
- 2) *Fossil fuel costs will increase even more quickly in future.* In the long term renewable energy could be cheaper, but that does not explain why renewables are preferable to nuclear. In the US, for example, gas prices, driven by shale gas, have fallen 250 per cent in the past two years.
- 3) *Renewables enhance energy security.* Though true, moving manufacturing offshore has security implications. How many billions is this aim worth?
- 4) *Renewables create jobs.* A technology which reduces productivity cannot create jobs – except in the sense that digging a hole and then filling it in creates jobs. In fact, while it may create visible jobs, it cuts hidden jobs as marginal manufacturing moves away or decides against starting up here in the first place. A further consequence is that jobs are lost in our manufacturing hinterland in the North.
- 5) *We need a mix of technologies. Who knows what the market will be in 20 years?* Of course this is true. But with such an aim there should not be such a different/high level of subsidy for ‘pet’ technologies over others such as nuclear and CCS.

The Solution: So What Course Should Be Followed? The central strategy must be to develop and publish a ‘route map’ for keeping the lights on post-2018 and this must be debated in Parliament. It is also vital to explain why it may be worthwhile to pay some increase in energy prices given the current state of the science. The UK should also confirm that the 2008 Climate Change Act targets are justifiable, but

acknowledge that the strategy has been biased towards some low carbon technologies at the expense of others. The policy ought now to be to repudiate the EU Renewables Directive as secondary and competing.

A price for carbon must be set and then the market left to get on with it. Meanwhile, energy market reforms should not seek to distinguish between differing low carbon technologies, and that would allow the complex structure of tariffs and subsidies, which currently feed the renewables industry and their lobbyists, to be disbanded. The money would be better spent on loft insulation. Indeed practical steps should be taken to improve the energy efficiency of Britain's housing stock.

The main aim should be to keep the lights on and keep prices down so that the individual and business may flourish in a growing economy. This will not happen if taxation, subsidy and other interventions drive out the markets in attempting to pursue two conflicting policies which undermine both carbon reduction and affordable energy.

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