



Jon Cruddas: speech on One Nation statecraft

The head of Labour's policy review promises to “push power downwards and build a new kind of state which is based on our values of responsibility, reciprocity and relationships.”

This is the full text of Jon Cruddas's recent speech to the Local Government Association.

Good afternoon.

Thank you David for having me here.

Thank you also Morgan and Jessica for the organisation.

Last week Ed Miliband set out how we plan to control social security spending by focusing on the costs of failure. And Ed Balls explained the tough inheritance Labour will face if we win in 2015. The failure of the government's economic policy means we will have a substantial deficit and rising debt. Ed Balls has made it clear to everyone in the Shadow Cabinet, that Labour has to prepare to govern on the basis of falling department spending.

That is where we start from.

Whoever wins in 2015 will face tough decisions.

But that doesn't mean there isn't a choice.

There is.

Between on the one hand:

David Cameron's government that talks tough on spending, but has no long term plan for delivering with less money around.

On the other, Ed Miliband's One Nation approach which will reduce costs on the public purse by reconfiguring services and reforming the economy.

So today I want to talk about how Labour will govern in 2015 when there is much less money around.

A One Nation approach – you could call it a statecraft - based around three organising principles:

- I. Power for local people, to shape their services and communities,
- II. Investment for prevention, to avoid the costs of failure,
- III. Collaboration between public bodies, not wasting money on bureaucratic duplication.

The British State

Let me start with some context.

The British state is undergoing the largest budget cuts since the end of the Second World War. The Coalition has no statecraft to manage the scale of this change. It is struggling to implement its Civil Service Reform Plan and as a consequence it is tinkering at the margins and salami slicing cuts without reform.

There is poor communication and little culture change.

Staff are doing the same work and doing more and more of it.

The system is risk averse and plagued by inertia and lack of innovation.

It is a recipe for inefficiency, falling productivity and demoralisation.

In 2015 Labour will inherit a state that in many areas has reached the limit of its capacity to cut without transformational change to the system.

The last Labour government rebuilt our public services and made the country a much better place to live in. We all know it from the hospitals we use and the schools our kids go to. Labour drove standards up and waiting lists down.

But too often we thought that a delivery state powered by choice and competition was the only answer to better and more productive public services.

It isn't.

We did not devolve enough meaningful power to front line services and their users.

We tended to underplay local place and that what mattered was giving those who used and worked in our hospitals and schools a greater sense of ownership.

We did not protect the relationships and trust that lie at the heart of public services.

In 2010 David Cameron claimed to be embarking on a different kind of statecraft.

Announcing the Big Society he said, 'Today is the start of a deep, serious reform agenda to take power away from politicians and give it to people.'

But the Coalition is continuing many of the most centralising features of New Labour's approach, but with none of its virtues.

- More privatisation means more services controlled by big unaccountable corporations.
- A Localism Bill that gives more power to Whitehall.
- It is salami slicing the NHS, hindering service integration by putting competition at the heart of service delivery.
- Instead of bringing costs down and caring for patients. It has wasted time, energy and money on what NHS Chief Executive, David Nicholson, has described as a costly distraction at risk of ending in 'misery and failure'.

Michael Gove is centralising state power by running thousands of Academy schools from Whitehall. He is creating an education market in which schools compete against one another, duplicating costs and services, with no sense of obligation and too little connection to their local area.

His system entrenches fragmentation and inefficiency, and locks out parents and teachers.

The problem with this government is that it trusts the market and it trusts Whitehall but it does not trust the people.

- They cut public spending and waste huge sums on paying big corporations to run a Work Programme that creates no work.
- And they fail to tackle unemployment, poverty and low pay that create demand for spending in the first place.
- The Conservatives have gone from Big Society back to no such thing as society.

Our country has suffered from decades of excessive centralisation in the market and the state.

People feel that their opinions are ignored and their interests as workers and citizens excluded.

They are rightly angry and losing faith in our political system.

You can see its failure in many of the scandals of recent years.

- The risk taking in the City that led to the financial crash.
- The phone hacking scandal.
- The neglect and abuse of older people at Mid Staffordshire hospital.
- The horsemeat scandal.

When the market is out of control and the state unresponsive, the result is greed, abuse of power, money wasted, and unkindness.

A One Nation Statecraft

Ed Miliband and I know we won't renew our politics or create a better society by diktat from Whitehall. I didn't come into politics to pull levers and make rules for other people to follow.

Politics is about leadership.

But it is also about helping to organise people to improve society themselves.

We will push power downwards and build a new kind of state which is based on our values of responsibility, reciprocity and relationships.

A state which works for the common good.

One that spends less money by making collaboration a priority and by investing in prevention, not waiting for the next crisis before intervening.

Already Labour Councils in our great cities are saving money by radically reconfiguring services to tackle social exclusion. They are cutting costs by helping people to help themselves; drawing on the assets of local communities to build resilience and break cycles of deprivation.

The co-operative council's movement is reshaping the relationship between citizens and the state; giving local people the control to make the changes they want.

Rebuilding the economy for a responsible capitalism is at the heart of Labour's one nation statecraft. We have to tackle the structural failures that have caused wages and living standards to fall and our country to have the highest regional inequalities in Europe.

England's big cities are taking a central role in creating jobs and growth by developing their regional economies with Strategic Partnerships, employment brokerages and the living wage.

Creating jobs and wealth more fairly needs economic reform as well as economic recovery.

The Organising Principles of One Nation Statecraft

So I'm in the right place today to set out the One Nation statecraft that we will employ in government. Our first organising principle is more power for local people.

We can only rebuild our country on less money if everyone plays their part and feels they have a stake in society. Labour will devolve power, encouraging and freeing local authorities to innovate to serve their communities.

Our localism runs all the way down to local communities; encouraging people to get involved in budgeting and co-designing services and local development.

It means changing politics from making demands on Whitehall for more spending toward people organising together to improve their common life and build their power from the bottom up.

For example: by setting up credit unions as an alternative to pay day lenders, or by combining together to get a cheaper tariff on energy bills.

In the coming months Hilary Benn will be talking about his idea of a New English Deal which will offer all English local government more powers and devolution to cover skills, job finding, housing, economic development and investment. It will support his plans for the local pooling of budgets.

Total Place pooled budgets will drive savings allowing local authorities to collaborate and reconfigure services around troubled families, the long term unemployed and older people.

According to Ernst and Young the net annual benefit could be between 4.2bn and £7.9bn.

The second principle I want to talk about is prevention

Government wastes huge sums trying to deal with the symptoms of social problems instead of investing small amounts to deal with the causes. Prevention is about reducing the future burden on public spending.

Some of the largest returns have been in improving children's ability to communicate.

The benefits associated with the literacy hour outstrip its costs by a ratio up to 70:1.

We can prevent an epidemic of childhood obesity and a future health crisis by low cost measures such as reintroducing the duties on schools to provide 2 hours of sport a week and lunches that meet healthy standards.

My colleague Graham Allen has been a fantastic advocate of early year's intervention and he's always been clear that getting this wrong has impacts way beyond the individuals and families concerned.

Every taxpayer pays the cost of low educational achievement, poor work aspirations, drink and drug misuse, criminality and unfulfilled lifetimes on benefits.

There is a growing evidence base behind these strategic interventions that demonstrate the savings they secure over time. For example, consider the extraordinary work being carried out by the Social Research Unit at Dartington.

Manchester Council has shown what can be done with its offer of support for parents and children from birth to 5 years.

A single care pathway from pregnancy onwards ensures that families do not slip through the net.

And there is cross agency early intervention for highly vulnerable families.

Budgets are replenished from the efficiencies created by implementing early interventions that are proven to work.

In his speech last week, Ed talked about partnerships with councils to bring down the housing benefit bill and use some of the savings to build new homes.

Prevention is crucial to controlling costs in social security.

We need to be building homes not wasting money paying for our failure to do so.

In the longer term prevention significantly reduces future spending because it reduces dependency on services.

The third principle is collaboration

By 2020 our biggest sectors by value and employment will be in health, education, and care.

If we do not reduce levels of chronic disease, health services are forecast to grow to 12 per cent of GDP.

Many of the major social problems we face do not need more money. They need radical new ways to use existing resources, to frame regulations and provide incentives across local areas.

We need to put relationships centre stage in service design and reconfigure services around networks, households and co-creation rather than being delivered by centralised institutions.

To achieve this kind of transformation will require collaboration between organisations.

Collaboration also removes wasteful duplication, and it encourages economies of scale and a shift to prevention and early intervention.

We need to end the competition where money is wasted in duplicating activities and creating fiefdoms.

Andy Burnham's plans to integrate physical and mental health and social care services into a single budget, single service to provide 'whole person care' will help keep people out of hospital and save money.

The CBI estimates that delivering care closer to home for some patients could save the NHS up to £3.4bn a year.

We will also look at how we structure the relationship between Whitehall and local government and where the monitoring and administrative functions of Whitehall add value and where services could be shared.

Savings through local authorities sharing services are close to £280m suggest the LGA.

Replicating this across Whitehall could save between £400m - £600m according to the Cabinet Office.

The radical social innovation we need to do more with less means working with systems and networks and not silos and rigid bureaucracy.

Conclusion

Let me end with this.

Over the last week we have set out our economic thinking, our strategy to reduce social security expenditure and statecraft when there is limited finances.

Some of you may be sceptical.

You've heard this all before.

Labour talks local but has a habit of big government and top down command politics.

There's no money so there is nothing we can do.

But let's remember our traditions.

We grew out of the popular movements of self help and self improvement.

Our history lies in mutualism, cooperatism and organising.

We gave political representation to working people by building political power in our English Cities.

We gave millions pride and meaning when we spoke about the virtue of work and about conserving the local places people called home.

Our forebears built this country and made it a decent land to live in.

They understood that politics is a struggle for power and they organised to win it, not from the top down but from the bottom up.