

Jon Cruddas MP: Power and One Nation Speech to the NLGN Annual Conference

This morning; Wednesday 12th February Jon Cruddas gave a speech at the New Local Government Network's annual conference. The full text of Jon's speech can be read below.

Thank you Simon, and to Emma for your invitation.

I was looking through your pamphlet 'Localism 2015.'
Catherine West and Lib Peck showing the best of what Labour Councils can do.
David Skelton of Renewal putting the blue collar Tory case.
Sir Richard Leese, who is leading Labour's Local Government Innovation Task Force.
John Hart of Devon Council on putting localism into practice.
Lots of really good ideas.

Now I expect that you want to know what Local Government can expect from Labour's 2015 Manifesto. So let me say something about the challenges ahead and how our Policy Review is responding to them. But rather than talk about localism, I want to talk about **power**.

As Ed Miliband said on Monday we have to take seriously where power lies in our country. If we want a less centralised, more equal and inclusive society, then we have to talk about who has power and who doesn't.

We face some very big challenges.

Many people worry that the country is in decline; some don't think politicians can sort out its problems. They feel powerless to make their voices heard. They are right, we have locked too many of the British people out. People have lost trust in the political establishment of all parties.

At the heart of our cost of living crisis is the question of how the country is run and who it is run for.

Labour's Policy Review is about giving power to people to give them more control over their lives. Our task is to build a One Nation political project that helps people to help themselves and transforms how the country is run.

This Government cannot renew our country. The Conservatives cannot unite us around the things we have in common as a nation. I say this with regret and with respect for Conservatives here this morning. I have great respect for One Nation Conservatism and for Blue Collar Toryism, but I think the Conservative Party is losing its conservative values and becoming a party of free market liberalism: out of touch, rootless; divisive.

So from now to 2015 there will be a struggle over the essential character of our country. You are on the frontline and you know what is at stake.

Let's consider some of the facts.

Britain's families face a cost of living crisis the like of which we haven't seen for generations. Real wages are down by an average of £1600 a year while prices are going up. And three years of economic failure means the government has borrowed £200bn more than planned. In 2015 George Osborne will leave the country with a deficit close to £80 billion and the national debt still rising.

The Office for Budget Responsibility calculates government consumption will fall from 21.8 per cent of GDP in 2012 to 16.1 per cent of GDP in 2018 under the Tories' current plans. **The lowest level since 1948.**

It's an obvious fact that the size and function of the British state is being fundamentally changed. And it's not the Big Society. The government is stripping back the state but it's not giving power back to the people. It is concentrating power in ill-functioning markets. Often giving power to giant corporations without anything like enough accountability. There is no system reform in its austerity plan, just uncoordinated salami slicing of Whitehall budgets, squeezing separate public services and tinkering around the edges of traditional modes of delivery. Too often it is replacing an unresponsive bureaucratic state with an unresponsive corporate state.

By the end of this parliament council budgets will have been reduced by an average of 40 per cent. At the end of this financial year, there will still be 60 per cent of spending cuts to come. Whilst a growing and ageing population is putting public services and social care provision under growing pressure. More and more need, less and less money.

The government is disproportionately cutting funding to the most deprived areas, shunting costs around, and failing to reduce demand pressures. The shortfall is acute and growing. It is estimated that a third of our councils are cutting budgets below that required to meet their statutory obligations.

These are the largest cuts in public spending since the end of the Second World War.

Now shine the light on my Party for a minute.

Labour recognizes that Conservative cuts will not simply translate into Labour votes. The public might not want a Conservative government. But we need to show we have changed as well. Since 2010 we have been learning the lessons.

Ed Miliband understands the message. He has built his leadership on Labour's need to change. He understands Labour will not win in 2015 if we fight an election with the politics of 2010.

Ed Balls understands the message. Ed has made clear that we will govern with less money. In 2015-16 there will be no more borrowing for day-to-day spending. And we will have to make cuts too. There is a zero based review on all parts of public spending.

In the next parliament a Labour government will balance the books, and deliver a surplus on the current budget and falling national debt as soon as possible. We will inherit a state that in many areas has reached the limit of its capacity to cut without **transformational change** to the system.

We will be that change.

One Nation Labour

In many ways it was the Labour Party that defined the dominant political settlement of the Twentieth Century. After an historical struggle we built our welfare state.

A profound achievement- but too often we settled for that.

Arguably, the ideology and institutions of 70 years ago became the horizon of our ambition.

Confronted by the revolution of liberal market economics in the 1980s we sometimes just defended institutions and ideas that were offering diminishing returns.

We spoke as egalitarians and reformers but we had become institutional conservatives.

Instead of changing our institutions and the fundamentals of our economy, we relied on high growth and redistribution through tax and income transfers to try to deliver more equality and compensate for the failures of the economy.

Of course our policies improved the lives of millions.

But the link between economic growth and rising living standards began to break down. Personal debt grew. Our economy became dominated by an over powerful financial sector. Many of our assets were sold abroad.

The Northern Counties Permanent Building Society was established in 1850 by local people to serve local interests. It was part of the local economy and society for 147 years. It weathered 4 serious depressions.

It was demutualised as Northern Rock in 1997 and bankrupted within 10 years.

Our football clubs, power generating companies, airports and ports, water companies, rail franchises, chemical, engineering and electronic companies, merchant banks, top end houses and other assets sold off into foreign ownership.

People left powerless.

Then the music stopped in 2008.

The 20th century social democratic politics of redistributing the gains of high growth won't be enough in the 21st. As Ed said on Monday to change the country means giving people the power to shape the services and institutions that affect their lives.

Of course, this is **also** part of Labour's tradition.

Recently I turned to two short pamphlets from an earlier period sent to me by Anthony Painter. The first published in 1948 by Michael Young called *'Small Man: Big World'*. It calls for Labour to embrace an active democracy and the radical devolution of power to people in their neighbourhoods and workplaces.

Democracy, Young writes, satisfies two of our fundamental needs: to love or to contribute to the good of others, and to be loved or to receive the affection and respect of others. Democracy gives everyone the opportunity to contribute to the wellbeing of others and to earn their respect. He wrote, in anticipation of another victory, that:

'The main step for Labour's second 5 years is for the people to run the new and the old institutions of our society, participating at all levels as active members - workers, consumers, citizens - of an active democracy'.

Labour lost. We did not choose this path- and Young left the Party.

The second pamphlet was written by Tony Crosland in 1970 entitled 'A Social Democratic Britain'. Here he castigates the siren voices of the left who prioritise issues of 'alienation, communication, participation, automation, dehumanization, decentralization, the information network, student revolt, the generation gap or even Women's lib'. These are 'false trails' that focus attention away from the essentials of growth and distribution.

These two short pamphlets are as relevant today as ever.

I see the challenge facing Labour as returning to the traditions of Michael Young as a counter to that of Crosland. But this is not either/or.

As future growth lies in us once again, returning to issues of power, democracy and devolution.

This journey lies at the heart of Labour's change today and our Policy Review.

It lies behind Ed Miliband reforming the party to make ourselves more open and inclusive.

It lies behind Arnie Graf training our community organisers to bring power to local people. It is their energy and innovation that will revitalise politics.

Alongside this:

- We will redesign the relationship between central and local government to spread power out to our cities and regions.
- We will reform our economy to support business in wealth creation and support workers for a fair reward for their labour.
- We will be radical in challenging injustice, unaccountable institutions, and all vested interests whether in the private or the public sector.

But government alone will not solve our problems.

We will put giving people power at the heart of our One Nation.

Let me set out how we plan to start doing this.

Labour's Policy Review

Our Policy Review is now entering its key stage. From now until our National Policy Forum in July we will receive back many of the independent reviews we have set in motion- these are creating real energy in terms of an agenda for Government. It is being informed by what is happening on the ground.

With Angela Eagle – chair of Labour's National Policy Forum - we've taken the Policy Review across the country. We have transformed the process so that more people could have power and input.

And Labour Council leaders are leading the way in changing how the country is governed.

- Linking public service reform to growth.
- Spending to invest in people to become more productive and better able to take advantage of future opportunities.
- Over time shifting from high cost reaction to long term prevention, and so reducing future demand on public spending.

Part of this policy work is being coordinated by our Local Government Innovation Taskforce led by Manchester's Sir Richard Leese, Jules Pipe of Hackney, and Sharon Taylor of Stevenage. Their interim report will be published in a few weeks time for you to read.

All of this work is building a One Nation political project that helps people to help themselves and will transform how the country is run. Although there are many months to go we can already point out five organising principles that structure the work of the Policy Review.

Let me say what they are.

1-Transformation

We will transform the systems and the institutions of our nation.

We will shift power from the centre, and as Ed Balls has said, 'we will devolve economic power to innovative cities and regions'.

We will deal with the causes of our economic and social problems rather than manage their consequences.

Our Cities generate 27 per cent of England's wealth and have half the country's leading universities. Cities need the institutions that make them powerful and we will create a network of regional banks and a British investment bank for a more responsive system of finance.

Aligning funding for skills, infrastructure and economic development. We must turn our cities into powerhouses of innovation and economic regeneration.

Building our infrastructure is a major priority of the next Labour government. Ed Miliband has asked Lord Adonis, Shadow Minister for Infrastructure to develop our strategy for regional jobs and growth and his report will be published in the spring.

We are learning from our City leaders.

Nick Forbes in Newcastle is using business rates created in an Accelerated Development Zone to generate £90m of investment and 13000 jobs over the next 25 years to transform his city.

Our focus will is on institution building for social development.

The Condition of Britain project run by Nick Pearce and his team at the Institute for Public Policy Research is setting out the policy agenda for a new social covenant between government and people.

Lucy Powell, Shadow Minister for Children and Childcare has set out our policy of extending free childcare for three and four year olds with working parents from 15 to 25 hours, plus a primary childcare guarantee.

It will be provided through funded places, rather than purchased in a market via tax reliefs, credits or vouchers.

2-Prevention

Government is wasting money on reactive high cost services because we are failing to fix social problems.

- An estimated £5 billion a year is spent tackling worklessness, yet long term unemployment is increasing.
- 120,000 troubled families cost an estimated £9 billion a year, £8 billion of which is spent treating symptoms not fixing problems

And reoffending by recent ex-prisoners is estimated to cost between £9.5 and £13 billion a
year.

Despite these huge sums, too often, people end up not getting the help they are looking for and government ends up paying for failure.

We are working through our Zero-Based Review to invest in prevention and early intervention. Developing the self reliance and capacities of individuals and families can avoid the costs of failure. It means designing services that develop inter-dependence within the family and its networks, and so less dependence on services provided by the state.

Jon Collins and Nottingham Council, with local MP Graham Allen have pioneered the early intervention approach. Shifting the focus from crisis intervention with troubled children and families to building their capacities to break cycles of deprivation.

Greater Manchester's Troubled Families scheme reports significant reductions in levels of anti-social behaviour, offending, improvements in school attendance and reductions in exclusions and a five year saving of £88.7m against costs of £62m. Its Intensive Community Orders are reducing reoffending with an estimated return of £183 million on £12 million invested over five years, if the scheme is widely implemented.

In health care there are an estimated 15 million people in England with one or more long term conditions. Over the next ten years the number is predicted to rise to 20 million.

They account for 70 per cent of the NHS primary and acute budget in England. And yet we have seen social care services dramatically reduced, even though they can keep someone healthy and independent in their own home.

Andy Burnham's 'whole person care' will integrate physical and mental health and social care services into a single service. One of its aims is to empower people to manage their own long term health problems, keep them out of hospital, and so reduce the pressure on primary and acute care. By adopting this approach, the Greenwich Integrated Care programme is realizing savings of £900k in its social care budget. The CBI estimates that delivering care closer to home for some patients could save the NHS up to £3.4bn a year.

Rachel Reeves, Shadow Secretary of State for Work and Pensions plans a radical devolution to local authorities, giving them the power to negotiate on behalf of their tenants to bring down the cost of housing benefit, and then invest some of those savings in building more homes. In that way we can shift spending from benefits to building. But while Labour Councils are rebalancing their services, they are working against the logic of the system.

A One Nation Labour Government will make a more fundamental shift to prioritise investment in prevention.

3-Devolution

We will devolve power to help local people help themselves and shape their services in response to their specific needs.

Hilary Benn has set out his New English Deal with more powers and devolution for local government:

- Developing our skills and vocational education to meet local need;
- Pioneering new approaches to job finding;
- Making sure developers, communities and local councils work together with government to build 200,000 new homes a year by 2020.

Co-operative Councils like Sunderland, Lambeth, Oldham and Newcastle are taking devolution a step further and devolving power from local councils to communities. They are building local leadership and involving local people directly in co-creating services.

Young Lambeth Coop directly involves young people, their families and wider community in commissioning services.

Jim McMahon in Oldham is pioneering the use of open data; for example by publicly rating their residential care homes and paying premiums to the best.

Durham Council's Area Action Partnerships involve thousands of residents in developing participatory budgeting to decide directly on what local projects should be funded.

The third sector and social economy have a vital role to play in a bottom up approach by pioneering local enterprise for example the work of Locality and Community Links in East London.

Devolving power to local people to help themselves and to shape their services and communities is a fundamental part of a future One Nation Labour Government.

4-Collaboration and Cooperation

We will increase the power of local places by building collaboration between and across public services and organisations, and pooling funds to stop inefficiency and avoid duplication.

The old silo mentality where different departments or services jealously guard their resources won't work.

For example as many as 35 different national schemes seeking to address youth unemployment have been identified, across 13 different age boundaries, funded by eight different national departments and agencies, costing around £15 billion a year. Yet there are 50,000 fewer young people accessing support than three years ago. We can't afford the status quo.

As Liz Kendall, Shadow Minister for Care and Older People has argued, public money doesn't belong to individual services; it belongs to the whole community. The tendency of organisations to protect their own power and self-interest, and the scale of the challenges, mean we can't do this from Whitehall.

So the Local Government Innovation Taskforce is drawing up plans to better organise services around the places people live in rather than institutional silos. Evaluation of community budgets have shown that if decisions are devolved to all local areas there is potential for better services, and savings of between £9.4 billion and £20.6 billion.

With pooled budgets services can be joined up in ways that make sense to the people who use them rather than the people who provide them. Services are more responsive and so money is saved. Outcomes are protected not the institution.

What matters is not whether the provider is public, private or third sector but that it does what the people who use it want.

5-Citizenship and Contribution

We seek to create powerful citizens. Key to our changes will be using open data and new technology to call to account institutions and services. New apps are being developed all over the country which are empowering citizens and driving change- this will be a key element to our work over the next period and link into an enhanced role for the Government Digital Service.

Our other major resource is the power of people's relationships and the networks they create to strengthen and build upon the human capacity for resilience, love, care, and good neighbourliness. Our welfare state cannot protect us from the new social evils such as loneliness and the loss of community. It is failing to address the rising levels of mental illness, and it is not able to solve the problem of social exclusion.

Liz Kendall has put people's relationships central to her reforms of the social care system; making older people genuine partners in the design of their care.

We need to teach our children the virtues of character to help them develop the social bonds and self confidence to get on in life.

Tristram Hunt is calling for the inclusion of character education in initial teacher training, and for all schools to embed character education and resilience across the curriculum.

Home Start is an example of the kind of service we need. It is run in local authorities across the country, and helps young single parents bring up their children safely. They are matched with experienced parents from their own community for practical help, and as a source of comfort and reassurance. Home Start creates a family for teenage parents who may have little experience of successful parenting themselves and strengthens relationships across that community.

Final Remarks

Ed Miliband said on Monday that the failed experiments of too much state and too much market mean we can only transform public services if individual citizens and communities have far greater voice in decisions that affect them.

Giving people esteem and value. Helping them build strong relationships to provide opportunities and a sense of security.

In our global world it is the local that will be the agent of political change, the place of belonging, the source of identity. It is relationships and good homes that give people wellbeing and happiness. These are the foundations for rebuilding our country.

That is why Labour's national renewal begins with families, the work they do and the places they livethis is where our Policy Review will be going over the next few months.

Jon Cruddas is the MP for Dagenham and Rainham, incorporating South Hornchurch and Elm Park. Jon is also coordinating the Policy Review for the Labour Party.