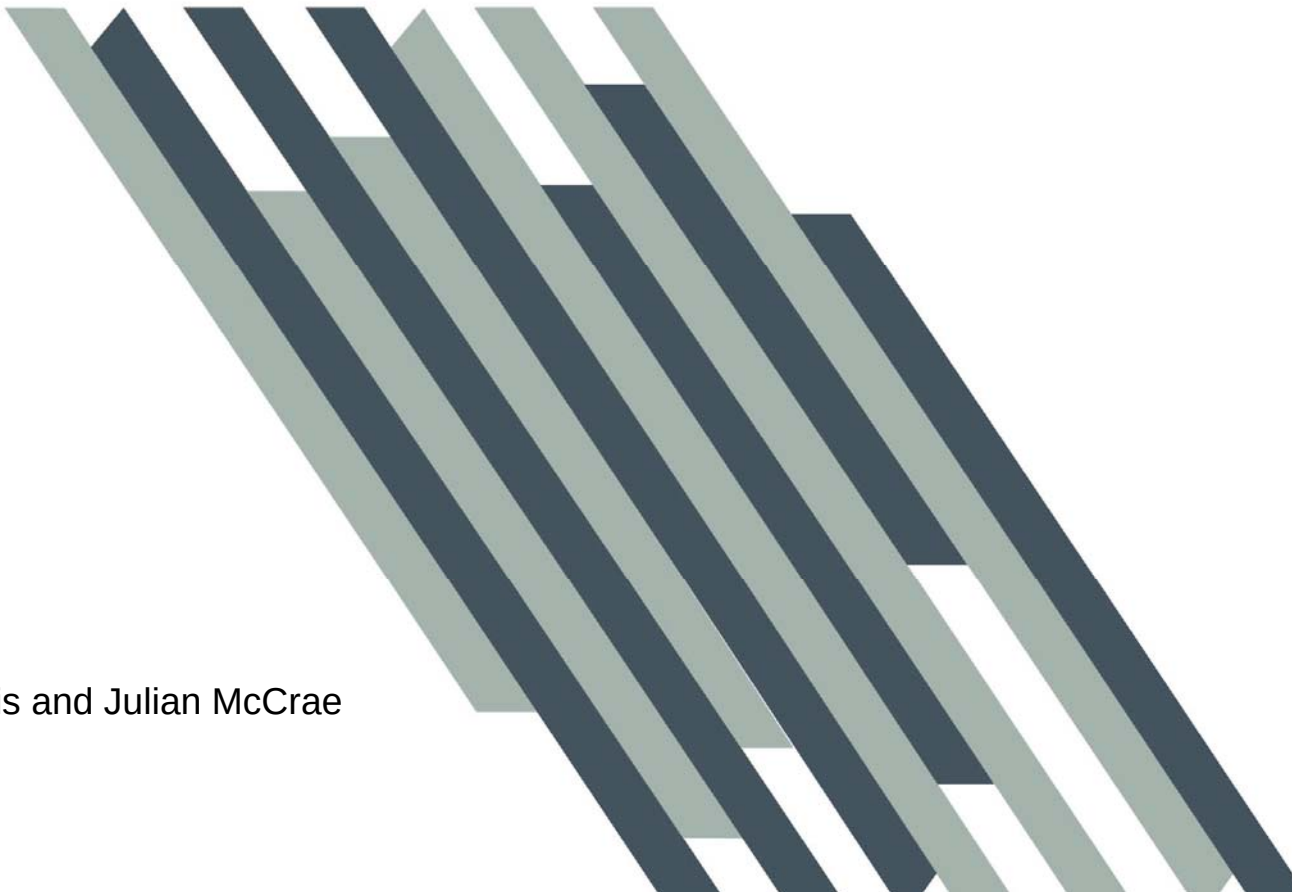
INSTITUTE FOR GOVERNMENT

Policy That Sticks: Preparing to Govern for Lasting Change

Briefing paper for the Labour Party Conference 2013



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Introduction

As the 2015 General Election draws closer, the Opposition is facing increasing demands to start thinking and acting like a government-in-waiting. This is a difficult time – opposition is first and foremost about getting elected; plans for office mean nothing without winning power. But those plans for office do need to be capable of tackling deep-rooted issues, issues that have long confounded policymakers and where solutions will take years or even decades to produce lasting change.

Many of the social and economic issues facing the UK have deep roots and have long been recognised. The recent London School of Economics Growth Commission highlighted the 'failure of policy since the 1970s to address longstanding problems.'[1] None of the areas identified by the Commission – from the poor exam results of children from disadvantaged backgrounds, to the failure to invest in infrastructure and the lack of adequate long-term finance for innovation – are new. Indeed, they have been the subject of repeated policy initiatives over the years. In similar vein, the recent Association of Chief Executives of Voluntary Organisations Commission on Youth Unemployment highlighted persistent poor educational attainment together with few opportunities to gain quality work experience.[2] Again, these problems are longstanding and despite repeated attempts by different parties to make progress, the UK continues to have very high rates of NEETs, blighting young people's later job prospects.

Developing plans to tackle enduring problems is a tall order, but it is by no means impossible. Indeed, the challenge has been met before. This note draws together lessons from some of the most successful policies and initiatives of the past thirty years that have successfully made progress on seemingly intractable issues. The paper focuses on the most important issues for parties in opposition.

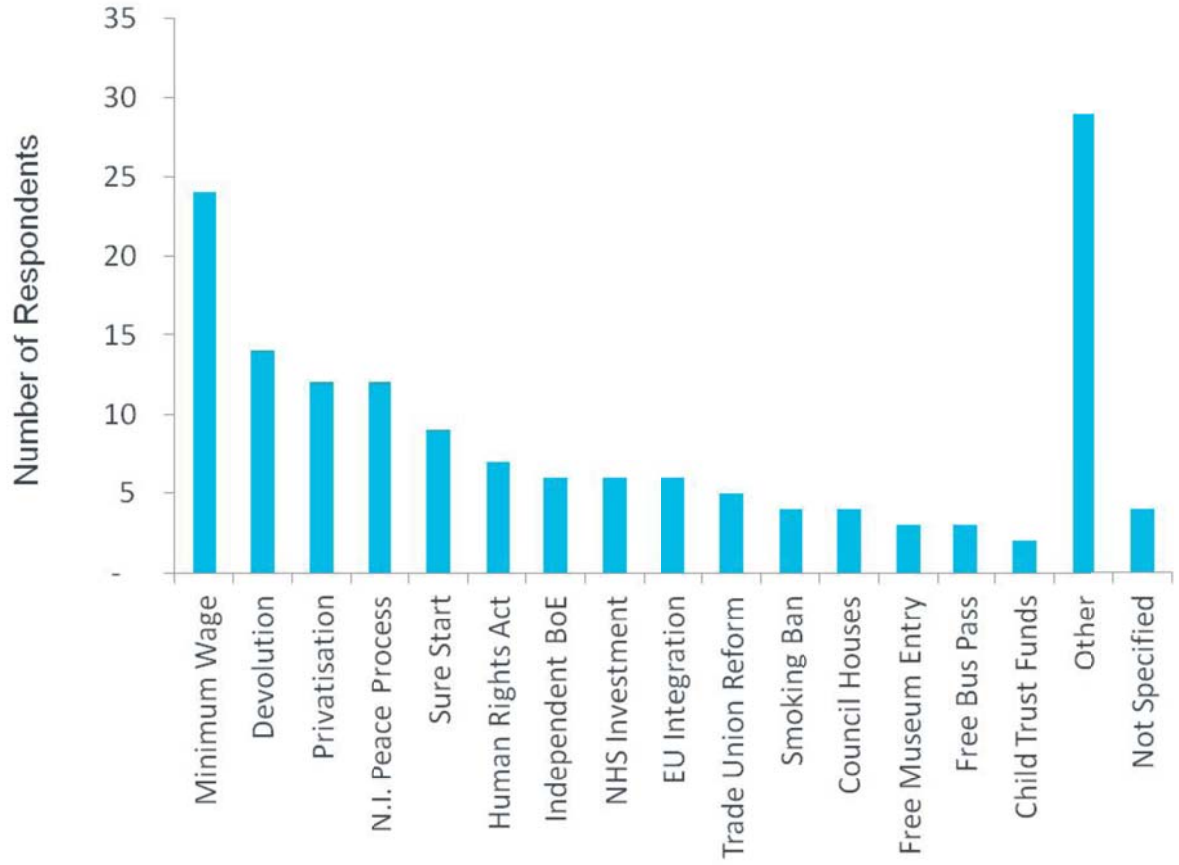
Lessons for making policy in opposition

In 2010, the Institute for Government asked the UK's leading political studies academics to nominate the policies that they deemed to have been the most successful of the last thirty years. The results of that survey are set out in the figure below. The National Minimum Wage was chosen by experts as most successful policy of past thirty years, followed by devolution and privatisation.[3]

In contrast to many policies that are quickly announced and rapidly superseded, the defining feature of these 'most successful' policies has been their durability. They have overcome often fierce initial opposition to become established parts of how Britain is governed. The National Minimum Wage has, for example, enjoyed consistently high levels of public support, private sector backing and cross-party consensus. Thirty years previously though, the idea

[1] LSE Growth Commission, *Investing for Prosperity,* London, 2013.
[2] ACEVO Commission on Youth Unemployment, *Youth unemployment: the crisis we cannot afford,* London, 2012.
[3] Rutter, J., Sims, S, Marshall, E, *The S Factors: Lessons from IFG's policy success reunions,* London, Institute for Government, 2012.

was opposed by almost everyone including the labour movement itself. So, what factors tend to differentiate these successful policies from the more transient variety?



Understand the past and learn from failure

Most big policy challenges are not new and have been grappled with before. Therefore it is important to understand the past, analyse it and learn from the causes of past failure. In the case of Scottish devolution, the experience in the 1970s – which triggered the fall of the then Labour government – provided a textbook case of how not to do it. The plans developed in opposition before 1997 very deliberately chose to take a different approach. First, the plan was designed and developed in Scotland rather than Whitehall and Westminster. Wider support was also built via a Constitutional Convention that secured Liberal Democrat backing, and a pre-legislative referendum that saw off potential opposition in Whitehall and the House of Lords.

Similarly, the 1997 plans for a minimum wage drew heavily from the 1992 election defeat. The 1992 election manifesto committed to a specific level of minimum wage, which became a liability when Neil Kinnock was unable to explain the formula used during the election campaign. In 1997, rather than specifying a specific level, the manifesto committed to the principles and process of how the level should be set. This included a commitment to establishing a Low Pay Commission with representatives from employers and employees.

These changes meant Labour could campaign on the principle of the minimum wage, rather than the pros and cons of a specific number.

More recent successes continue to draw on the past. The main London Olympic Games learned lessons from the failures of the Millennium Dome where accountabilities were unclear and where there was insufficient independence from ministers.[4] To avoid similar mistakes, the Olympic Delivery Authority (ODA) was established at arm's length from government and given the necessary statutory powers to act quickly. These included making the ODA the planning authority for the Olympic Park, removing the need for four separate boroughs to act as planning bodies for different areas of the site.

Take time and build in scope for iteration and adaptation

Two of the top three policy successes were not just first term successes but first year successes. However this does not mean that speed is always vital. Policies like the minimum wage and devolution had long gestation periods with extensive planning work done while Labour was in opposition. Preparation for devolution started in earnest with the formal establishment of the Scottish Constitutional Convention in March 1989. Then from 1995 onwards the work of the newly founded Constitution Unit saw considerable time and expertise applied to plans for devolution (as well as for the Human Rights Act) before Labour took office. Crucially, the Unit thought through the legislative timetable alongside drafting the legislation. This meant the new government was able to bring the about the policy swiftly, but carefully.[5]

On the minimum wage, preparation started after the leadership change in 1994 when the Labour Party set up implementation and compliance working groups. In fact, so much detailed work on the minimum wage was done in opposition that Ian McCartney was able to give his prospective officials at the Department of Trade and Industry specific proposals of what the new government would want. They were as a result able to secure a slot in the immediate post-election Queen's Speech and have the legislation establishing the Low Pay Commission in place by the summer recess.

The decision to establish a Low Pay Commission also helped to monitor and iterate the policy in the long-term. It meant that rather than having to solve every issue straight away the Commission could take time to test labour market effects and then, as acceptance grew and the impact on employment (or lack of it) became clear, the rate could be raised.

Create new institutions to overcome policy inertia

In the right circumstance and with sufficient care, creating new institutions can also provide the means for overcoming longstanding challenges. The recent LSE Growth Commission focused heavily in its recommendations on the creation of new institutions, arguing that that the long-term development of legitimate institutions can help both politics and markets to function more effectively. This is evident in the creation of the Scottish and Welsh Parliament, which rapidly acquired legitimacy and changed the nature of political debate on devolution in both countries. The privatisation process – another success in our survey –

[4] Norris, E, Rutter, J, Medland, J, *Making the Games: What government can learn from London 2012,* London: Institute for Government, 2012.
[5] Riddell, P, Haddon, C, *Transitions: preparing for changes of government* London: Institute for Government, 2009.

similarly laid the ground for a new cadre of institution: the powerful utility regulators Oftel, followed by Ofgas, Offer, Ofwat and ORR. London 2012 provides yet another example in the Olympic Delivery Authority, an arm's-length organisation that was critical to the success of London 2012 by using its independence to bring in commercial expertise that government would have found it difficult to access.

In the case of the Low Pay Commission, this new institution allowed detailed issues to be analysed by experts rather than politicians. It was a tripartite body with representatives from business, the labour movement and independents which resolved disputes internally to avoid handing decisions back to the government – and, in particular, the Treasury, which had always wanted to treat the Commission's recommendations on an à la carte basis. The LPC is now an accepted part of the landscape – surviving the most recent cull of quangos. And new institutions, when done well, can send important messages. The swift creation of an independent Bank of England in 1997 was an important signal for the new government but was also an act that had been thought through in some detail beforehand.

Build a wider constituency of support

A defining feature of policy successes is their ability to weather political change. Building a constituency of support beyond the governing party is an important component of making changes stick and in particular making reforms able to survive a change of government. The minimum wage, devolution, the Human Rights Act and privatisation have all passed that test. Both devolution and the Human Rights Act achieved this in part through the detailed work and engagement of the Constitution Unit before 1997. Those whose support would be necessary for success were part of the process of thinking through the policy and fleshing out plans before the party took office.

Achieving this wider constituency of support is also about changing the landscape in which the policy debate takes place. One measure of success is those policies that became accepted by the political opposition. Of our highest ranked policies only the Child Trust Fund has been explicitly reversed. No Labour manifestoes since 1987 has sought to renationalise the privatised utilities. Likewise, the Conservatives rapidly accepted the mandate for devolution despite their opposition to the referendum. Michael Portillo's first act as Shadow Chancellor in February 2000 was to signal Conservative acceptance of the National Minimum Wage. The fact that the CBI and other employers were on board gave the Conservatives few options.

Conclusion

The lessons outlined in this paper cannot represent a sure-fire recipe for future success. But they appear as recurrent themes in some of the most successful and durable policies of the last thirty years. Successful policies in government can be very dependent on good thinking in opposition. As Labour starts developing detailed plans for government and making decisions about the economic and social challenges it wants to tackle first if elected in 2015, it could do worse than revisit past successes and draw on their teachings.