

POLICY BRIEFING

May 2018

Welcome to our NLGN ‘Policy Briefing’, exclusively for our members. This briefing collates the most interesting reports that we have come across over the last month.

This briefing is organised into the following headings:

- Devolution, Growth and Industrial Strategy (p1)
- Public Service Reform (p3)
- Digital Technology (p5)
- Finance (p6)
- Employment and Skills (p6)
- Organisational Development (p9)

■ **DEVOLUTION, GROWTH AND INDUSTRIAL STRATEGY**

Productivity in the UK’s Low-wage Industries	Joseph Rowntree Foundation	Link
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This report compares the productivity performance of the UK’s low wage sectors, such as retail; social care; and food processing, with other countries in the EU and with the US. Productivity growth in some of the UK’s low-wage sectors has been weak in recent years and it has been suggested that the UK’s ‘productivity problem’ is comparatively large in these sectors.

The analysis in this report uses data from the EUKLEMS database, which provides sectoral productivity and growth accounts for a range of major economies over several years. It focuses on the 10 lowest-paid sectors in the UK, which all have at least one quarter of their employees earning less than two-thirds of the UK median wage. The productivity performance of these low-wage sectors in the UK is compared with that of the equivalent sectors in 10 other major economies.

Devolution after Brexit: Managing the Environment, Agriculture and Fisheries	Institute for Government	Link
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Brexit has put devolution in the UK under serious strain. It has highlighted the stark divide between how existing devolution arrangements are interpreted in Westminster and Whitehall, and how they are interpreted in Cardiff and Edinburgh. And it has divided the main parties in Northern Ireland, whose inability to form a government has largely silenced Belfast’s voice in discussions of devolution after Brexit.

This report sets out how the governments of the UK could forge new UK-wide agreements. It considers what mechanisms and institutions will be necessary to support new agreements and broader relationships between the governments after Brexit. The focus is primarily on the environment, agriculture and fisheries; three key policy domains which together make up 41 of the 153 areas in which powers returning from the EU are devolved. The report also set out eight key challenges that need to be addressed if the UK and its constituent nations are to co-operate

successfully once the UK leaves the EU, and it makes recommendations about how the four governments should approach these challenges.

Human Capital: Disruption, Opportunity and Resilience in London's Workforce

Centre for London

Link

London's economy has been on a roll in recent decades, establishing the city as a leading global centre for finance and business services, cultural industries, higher education and tech. But times are changing: the growth of automation, Brexit and wage pressures are three factors with potential to shake up London's labour market.

This report undertakes fresh analysis of data on London's workforce, skills and specialisms in order to consider which jobs and businesses will be most affected. It also reviews the factors that will help the capital adapt to change, and considers the implications for businesses and policymakers.

Just about Managing Demand: Reforming the UK's Macroeconomic Policy Framework

IPPR

Link

UK macroeconomic policy needs reform. When interest rates are effectively as low as they can go, monetary policymakers no longer have reliable tools to stabilise the economy in the event of a recession. Quantitative easing (QE) – the purchase of government and corporate bonds by the Bank of England to try and increase spending in the economy – has been an unreliable form of stimulus by its very nature. Normally, fiscal policy (government tax and spending) might be expected to pick up the slack. But over the past 10 years, successive governments have sought to reduce the budget deficit, despite damaging consequences for incomes and living standards.

To increase the number of tools at the disposal of policy makers, the report proposes changes to the macroeconomic policy framework in three areas. First, new fiscal rules should be brought in that support governments to not overspend in the good times, but equally to not underspend during a downturn. Second, the Bank of England's mandate should be revised to help interest rates rise faster in time for the next recession. Third, a new mechanism should be introduced under which, when interest rates cannot be cut sufficiently, the Bank of England would delegate an economic stimulus to a new National Investment Bank (NIB), and would purchase its bonds as necessary to ensure sufficient demand is injected directly into the economy.

Voting on Brexit: Parliament's Consideration of the Withdrawal Bill and Future Framework

Institute for Government

Link

By autumn of this year, the UK Government hopes to have reached agreement with the European Union (EU) on two major documents. The first is the 'withdrawal agreement', an international treaty setting out the terms of the UK's exit for the short to medium term. This document, once signed and ratified, will have the force of international law. The second is the so-called 'framework for a future relationship', a political declaration on the terms of the UK's long-term relationship with the EU.

To reach agreement with the EU on these documents in so little time will be a monumental challenge for the Government – but when this challenge is complete, a new one begins. In order to give effect to what it has negotiated, the Government will have to shepherd these documents through several processes in Parliament. Some of these processes are legally required; others are the result of the Government's own undertakings and Parliament's demand for a 'meaningful vote' on the outcome of negotiations. This report explains the decisions Parliament will have to make, setting out the timetable for this process and identifying risks to that timetable.

Audit of Political Engagement: The 2018 Report	Hansard Society	Link
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The precipitous decline in voter turnout at the 2001 general election inspired the creation of the Audit of Political Engagement. It was widely feared that the lowest turnout in 80 years would trigger a downward spiral in public interest in and engagement with the political process. The first Audit study was published in 2004. After 15 annual surveys, the state of political engagement is not one of robust health, but it has enjoyed something of a recovery, particularly in recent years.

This 15th Audit suggests that electoral events over the last few years may have acted as ‘electric shock therapy’ for political engagement. Compared to the first Audit, people’s certainty to vote and interest in and knowledge of politics are all higher, but their sense of political satisfaction and efficacy have declined. The new report also shows digital and online are still far from overtaking traditional sources of information, but sharp digital divides suggest our future democracy will be shaped by the tools used by the youngest.

■ PUBLIC SERVICE REFORM

The Homelessness Monitor: England 2018	Crisis	Link
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The homelessness monitor is a longitudinal study providing an independent analysis of the homelessness impacts of recent economic and policy developments in England. It considers both the consequences of the post-2007 economic and housing market recession, and the subsequent recovery, and also the impact of policy changes. This seventh annual report provides an update of how homelessness stands in England in 2018. Key findings include: homelessness has shot up the media and political agenda over the past year; this political attention is in large part a response to the ongoing rise in officially estimated rough sleeper numbers, with the national total now up by 169 per cent since 2010; and well over half of respondents in the 2017 local authority survey thought that rough sleeping had increased in their area over the past year.

Home Improvements: Action to Address the Housing Challenges Faced by Young People	Resolution Foundation	Link
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This report sets out how the UK can tackle the housing crisis - one of the biggest issues for young people in 21st century Britain. Moving beyond a diagnosis of the problem, it instead sets out a series of policy options relating to three key areas of the UK’s housing challenge: insecurity in the private rented sector, falling home ownership rates for young people and a long-term lack of house building.

This report argues that, despite large rises in house prices and falling ownership rates, young people’s home ownership aspirations are still high. It also suggests the government should use the tax system to better purpose if it wants to rebalance demand. This includes making it harder to become ‘over-housed’; consistently taxing second and empty properties more effectively but making it easier for those who own such properties to exit the market through short term reform to capital gains tax.

Left Behind: Is Universal Credit Truly Universal?	The Trussell Trust	Link
<p>Universal Credit is currently unable to provide a well-functioning service for some of the people in our society most in need of support, leading to an increased burden on the third sector. Poor administration, the wait for the first payment, and repayments for loans and debts are driving some people to severe financial need. This is particularly acute for families with dependent children and disabled people. A true Universal Support system and more financial support can turn the tide to make sure Universal Credit can achieve its principles whilst still maintaining a robust safety net for people when it is most needed. The report makes a number of recommendations, including: more financial support, in particular for the most vulnerable; and an urgent inquiry into poor administration within Universal Credit and its effects, particularly in relation to insecure work.</p>		
Stop Start: Survival, Decline or Closure? Children's Centres in England, 2018	The Sutton Trust	Link
<p>This report uses administrative data, a survey of local authorities and a series of case studies to paint a picture of what has happened to Sure Start children's centres across England. It shows decline, both in numbers and services, but also adaption and a struggle to survive.</p> <p>The report highlights how services are now much more thinly spread and as national direction has weakened, provision has diversified. It also outlines the strategies that Local Authorities now employ to survive in an environment of declining resources and loss of strategic direction.</p>		
Nursing in the Digital Age: Using Technology to Support Patients at Home	Queen's Nursing Institute (QNI)	Link
<p>Information technology presents one of the greatest opportunities to make services more efficient and help manage patient need in a sustainable and equitable way. This is an area in which NHS bodies and the Department of Health have shown leadership. The Five Year Forward View sets out plans to embrace technology and 'exploit the information revolution' and Secretary of State for Health and Social Care, Jeremy Hunt, has called for a 'Paperless NHS' by 2020.</p> <p>In 2012, The Queen's Nursing Institute (QNI) published 'Smart New World', a review of information technology (IT) in community nursing provider services. This presented ways in which IT was used in the community to empower patients and complement the expertise of nurses. The report highlighted the significant diversity that existed at that time between different NHS employers and even different teams. Six years later, this new report illustrates how IT is being used in community nursing services now, from the perspective of the staff at the point of care.</p>		
Vulnerable children and social care in England: A Review of the Evidence	Education Policy Institute	Link
<p>Since 2010, there has been a rise in the numbers of children in need issued with Child Protection Plans (CPPs) and council care orders. This has been partially attributed to a deliberate response by social care authorities to high-profile serious case reviews into child deaths resulting from abuse. Other factors, including cuts to early intervention (EI) services and deprivation, may also be contributing to a rise in acute need.</p> <p>This research reveals existing evidence which paints a picture of instability for the provision of support to vulnerable children. Late intervention services have weathered funding cuts so far, yet early intervention services have not, despite a solid evidence base for the effectiveness of prevention and early intervention in terms of improved outcomes and cost benefit. The research also shows a strong relationship between deprivation and contact with social services. If vulnerability among children in</p>		

England is to be tackled, and if those in need are to be effectively supported, better data is needed – on children who fall under the radar, on outcomes and experiences of identified children in need and on causal drivers of the increase in acute interventions – along with greater recognition of and response to both the social inequities linked to contact with social services and structural weaknesses in provision.

Dementia: Post-diagnosis Support

Dementia Action Alliance

Link

Dementia is on the increase. It is estimated that there are currently 850,000 people with dementia in the UK, more than ever before, and this number is projected to increase rapidly over the next few decades. As age is the biggest risk factor for dementia, increasing life expectancy is the driving force behind this projected rise. Local authorities have a unique role to play in supporting people following a diagnosis. As well as providing care and support on a statutory basis, they have a role to lead on prevention and early intervention by promoting good health and wellbeing. This report highlights some notable and innovative practice by councils in supporting people living with dementia after their diagnosis.

■ DIGITAL TECHNOLOGY

AI in the UK: Ready, Willing and Able?

**House of Lords Select
Committee on Artificial
Intelligence**

Link

The inquiry has concluded that the UK is in a strong position to be among the world leaders in the development of artificial intelligence during the twenty-first century. Britain contains leading AI companies, a dynamic academic research culture, a vigorous start-up ecosystem and a constellation of legal, ethical, financial and linguistic strengths located in close proximity to each other. Artificial intelligence, handled carefully, could be a great opportunity for the British economy. In addition, AI presents a significant opportunity to solve complex problems and potentially improve productivity, which the UK is right to embrace. The recommendations made in this report are designed to support the Government and the UK in realising the potential of AI for our society and our economy, and to protect society from potential threats and risks.

**The Automation Impact: Which, When
and Where?**

Localis

Link

This report aims to provide more granular estimates of where different places in the UK stand in the face of this upcoming shift in the industrial landscape. The research finds:

- The places where automation should cause most concern to people and policymakers are predominantly in the Midlands. They are places where there is a high proportion of people working in the industries at highest-risk of automation. If a 'big bang' moment occurs as expected, where a large proportion of jobs in these industries are automated in a short amount of time – what is termed cliff-edge automation – these are the places whose local economies and workforce will be worst impacted by impending automation.
- The impact of automation will not be uniform across one industry. In manufacturing, for instance, lower-skilled jobs are far more likely to be automated.

■ FINANCE

Exiting the EU: The Financial Settlement	National Audit Office (NAO)	Link
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This report examines how the government is overseeing and implementing the UK's exit from the EU. It is the first report on the financial settlement and it aims to support Parliamentary scrutiny of HM Treasury's estimate of the financial settlement. The report does not, however, assess the value for money of the settlement itself, nor how effectively HM Treasury negotiated the principles of the settlement.

Key findings include: HM Treasury took legal advice on the UK's rights and obligations on leaving the EU; and HM Treasury estimates that the UK will make around 60 per cent of settlement payments by the end of 2021 but may be making some payments for several decades.

Business Rates Retention: Fifth Report of Session 2017-19	House of Commons: Communities and Local Government Committee	Link
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This report presents an inquiry into how councils have been affected by the longer than planned implementation period for reforms to local government finance, specifically the move from 50 to 100 per cent retention of business rates revenue in 2019-20 and a 'Fair Funding Review' of the formula determining the amount of business rates revenue councils will retain. Three key themes emerged from the evidence presented in the report: the increasingly difficult financial position of many councils, uncertainty over reforms affecting their financial planning, and their wider concerns about the design and operation of the reformed system.

Our Common Wealth: A Citizens' Wealth Fund for the UK	IPPR	Link
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A declining labour share of national income, together with unequal capital ownership, mean wealth inequality in the UK has risen and is set to rise further. A Citizens' Wealth Fund, a type of sovereign wealth fund owned by and run in the interests of citizens, would help address this problem by transforming a part of national private and corporate wealth into shared net public wealth, and using the income to ensure everyone benefits from rising returns to capital. A UK Citizens' Wealth Fund could be worth £186 billion by 2029/30, if capitalised from 2020/21 using a mix of asset sales, capital transfers, new revenue streams, a small amount of borrowing and returns reinvested through the decade. This would be large enough to pay all 25-year-old UK-born citizens a one-off capital dividend of £10,000 from 2030/31. The fund would be owned and run in the interests of citizens, but managed independently, within democratically-set ethical and social restrictions.

■ EMPLOYMENT AND SKILLS

What Lessons can We Learn from Carillion – and What Changes do We Need to Make?	The TUC	Link
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The compulsory liquidation of Carillion has created an uncertain future for the tens of thousands of workers and sub-contractors employed on contracts that Carillion held across public services, construction and transport infrastructure. And it is also an anxious time for the clients, public bodies

and end users that commission and rely on those services, as the Official Receiver seeks to find replacement contractors and joint venture partners to take over service and maintenance contracts and to complete construction projects.

This report considers each of these areas in turn, exploring what lessons can be learned from the collapse of Carillion and what changes need to be made to corporate governance, workplace rights and the outsourcing of public services.

The Great Training Robbery: Assessing the First Year of the Apprenticeship Levy

Reform

Link

Now that the apprenticeship levy has completed its first full year of operation, this report reviews the available evidence to determine whether the levy will, as the Government hopes, “incentivise more employers to provide quality apprenticeships” and “transform the lives of young people who secure them”.

The levy itself is, in effect, a tax of 0.5 per cent on the pay bill of organisations with annual wages of over £3 million. These organisations pay their levy contributions into a ‘digital account’ held by HMRC and can then ‘spend’ their contributions on apprenticeship training delivered by registered providers. Smaller employers can also access the funds generated through the levy, although they must pay a ‘co-investment’ of 10 per cent towards the cost of the training.

The evidence from the first year of the apprenticeship levy suggests that significant reforms are needed if the Government is to deliver its aim of high-quality apprenticeships for young people at greater volume.

Apprenticeship Training in England - A Cost-effective Model for Firms?

Education Policy Institute

Link

Many people consider apprenticeship training as a possible solution to the problem of an often prolonged and difficult transition for youths from school to the labour market. However, these systems demand high involvement of firms, which is not common in countries that do not have this tradition of apprenticeship training. Because many firms fear the costs of training apprentices, and despite the political support, the dissemination of apprenticeship models has not seen much success in the last ten years.

This report simulates the costs and benefits for English firms that would train in one out of ten different occupations in very different economic sectors. To be able to simulate these outcomes, the research uses data from Switzerland, where, over a decade, more than twenty thousand training and non-training firms have provided extensive data on their investments, benefits of training, and reasons for either training or abstaining from doing so. This study therefore analyses the question of whether an average English firm could expect a net benefit when training apprentices in a similar manner to Swiss firms.

Educational Disadvantage: How does England Compare?

Education Policy Institute and the UCL Institute of Education (IOE)

Link

This report examines the performance of disadvantaged pupils in England and the gap between those pupils and their peers. It compares England’s performance on both measures to other, developed countries. The findings from this report support existing evidence from the OECD that “high performance and greater equity in educational opportunities and outcomes are not mutually exclusive”. Based on analysis of the 2015 PISA data, Canada, Denmark, Estonia, Hong Kong and Macao tend to achieve both high performance and high equity. However, countries such as Singapore

and China also demonstrate that high performance is not always a guarantee of greater equity. Policy-makers therefore need to identify the common features of high performing and high equity nations.

Technical Fault: Options for Promoting Human Capital Growth

Resolution Foundation

Link

The research has shown time and again that today's young adults are facing challenges that differ from those of their predecessors – raising the need for a fresh approach to policy. The report explores potential ways of providing that fresh approach. It finds that after decades of rising educational attainment the pace of that attainment growth appears to have slowed in the 21st century – contributing to a stalling of gains in pay among younger cohorts that pre-dates the financial crisis. In addition, the report finds a reduction in work development opportunities for younger workers when compared to those afforded to previous generations.

The study proposes a 'twin-track' approach to reforming the skills landscape to restart generational progress on human capital. This involves both 'fixing' the technical (non-A level/university) education offer for future generations of young people, and providing additional support for those lower-qualified young adults who have already passed through the education system but who find themselves less well-served by the development.

The Rise and Rise of Women's Employment in the UK

Institute for Fiscal Studies

Link

Over the past 40 years, the UK has seen an almost continual rise in the proportion of women in employment. The employment rate among women of 'prime working age' (aged 25-54) is up from 57 per cent in 1975 to a record high of 78 per cent in 2017. This predominantly reflects an increase in full-time employment, from 29 per cent in 1985 (when data on hours of work began) to 44 per cent in 2017. These aggregate changes are largely the result of a huge change in working patterns at particular points in the life cycle, with far more women in employment over the course of their mid-to-late 20s and early 30s.

The paper finds that this is in part because women are now cohabiting and having children both less frequently and later in life. It is also because women are now much less likely to drop out of the labour market around the time they have their first child, and much more likely to stay in paid work in the years following. This has led to a large rise in the proportion of working-age mothers in paid work: up from 50 per cent in 1975 to 72 per cent in 2015. The rise has been particularly large among lone mothers and mothers of pre-school- and primary-school-age children.

Cancer Workforce in England 2017

Macmillan Cancer Support

Link

Macmillan Cancer Support have commissioned a census in order to better understand the specialist adult cancer nursing population in England by cancer type and locality. It aims to inform workforce planning for this critical part of the cancer workforce. This report provides a detailed description of the current specialist adult cancer nursing and support workforce across England so that it can be used as a resource to support workforce planning and service development.

■ ORGANISATIONAL DEVELOPMENT

Driving Performance & Productivity: Why Learning Organisations Propel and Sustain More Impact	Towards Maturity and CIPD	Link
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This report explores how learning interventions can lead to business benefits by measuring a number of specific KPIs, including productivity, that are of interest to both business leaders and L&D practitioners. It explores why and how some of these organisations achieve astounding improvements in productivity and performance and what the rest of us can do to get there. It investigates their approach in using technology, skills, collaboration, tactics and strategy, to achieve higher performance and productivity. The research finds that being pragmatic is what high performing learning organisations do best. These organisations strike a balance between rules, regulations and procedures and creativity, innovation.

Can the Government Stop Using its Mind?	Nesta	Link
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Can government remember? Is it condemned to repeat mistakes? Or does it remember too much and so see too many reasons why anything new is bound to fail?

This report sets out how the public sector could benefit from a federated, data-driven approach: one that provides greater power to its leaders, benefits its participants and users, and improves performance through better use of, and structured access to, data. The report explores examples from the Open Data Institute, Open Banking Standard, BBC Archives, Ministry of Justice, NHS Blood and Transplant and Ministry of Defence.