

Making policy in opposition: the Work Programme, 2007-2010

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About the author

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Introduction

When a new government takes office it brings two things with it to govern: people and policy. The Institute for Government has looked in the past at how well prepared people are for government and it has also examined how policy is made in government. This series of case studies seeks to add to the Institute's work on the policy making process by studying how policy is developed when a party is in opposition.

Policy making in opposition is not simply about replicating what occurs in government. It is also an intrinsic part of getting elected in the first place. Throughout their time in opposition, parties focus on how they challenge the government and on what issues, as much as on their plans for government. By the time of an election, party manifestoes will contain a range of positions from broad philosophy and values, through to specific pledges and commitments.

Policy making in opposition also involves vastly different resources to that in government. These case studies have been chosen to provide some insights into what sources of expertise, research and challenge parties have when developing policy in opposition. They build on the Institute's [previous case studies](#) examining a number of 'successful' policies, two of which were policies developed in opposition.¹ As such they do not attempt to fully analyse the policy itself or narrate (except where relevant to the opposition period) its progress within government. As case studies, they aim to provide a narrative of what happened, but do not pull out all of the analysis and lessons that can be drawn from them.

Some of the lessons from these studies are available in a short report, *[Making Policy in Opposition: Lessons for Effective Government](#)*, published in September 2012. The Institute will continue to add to this and other policy making research.

Timeline

- December 2006:** John Hutton, Secretary of State for Work and Pensions, commissions David Freud, former journalist and banker, to undertake a review of welfare-to-work programmes
- March 2007:** Freud produces *Reducing dependency, increasing opportunity: options for the future of welfare to work* as an independent report for DWP. Recommends a large-scale increase in payment-by-results
- 28 June 2007:** Government reshuffle: Peter Hain becomes Secretary of State for Work and Pensions
- 2 July 2007:** Shadow Cabinet reshuffle: Chris Grayling becomes Shadow Secretary of State for Work and Pensions
- 31 July 2007:** Peter Hain announces Labour will not take up all of the Freud proposals on expanding the contractual system for welfare-to-work providers, but does lower the age of children at which lone parents will cease to receive benefits
- 12 December 2007:** Grayling begins trailing Conservative welfare policy, focusing particularly on lone parents
- 8 January 2008:** Grayling and Cameron announce Conservative welfare policy including: increased conditionality; more rigorous assessments; expanded payment by results for the private and voluntary sector
- 24 January 2008:** Government reshuffle: James Purnell becomes Secretary of State for Work and Pensions
- February 2008:** Freud is rehired by James Purnell as an adviser on welfare policy
- July 2008:** Government welfare green paper leaked. Adoption of thrust of Freud's recommendations for increasing the role of private sector, but on limited basis
- 19 January 2009:** Shadow Cabinet reshuffle: Grayling becomes Shadow Home Secretary; Theresa May becomes Shadow Work and Pensions Secretary
- Feb 2009:** Freud joins the Conservative Party as shadow spokesman
- September 2009:** Conservative Party Conference publication of *Get Britain Working*, incorporating Freud's proposals
- May 2010:** Iain Duncan Smith appointed Secretary of State for Work and Pensions, Chris Grayling becomes Minister for Employment and David Freud appointed Minister for Welfare Reform

The Work Programme, 2007-2010

When the May 2010 programme for government announced that the Conservative/Liberal Democrat Coalition government would 'end all existing welfare to work programmes and create a single welfare to work programme', it reflected the trajectory of both Liberal Democrat and Conservative policy.² The Work Programme dominated the Coalition's initial policy pledges in the area of welfare and was billed as a more radical approach than that of the previous government. However, the policy's development by the Conservatives in opposition actually built on work commissioned by the previous Labour Government and embodied a high degree of continuity with existing policy. That the policy came to be defined as more radical than under Labour is in large part a result of the Conservative's language about strengthened assessment and conditionality, providing 'a new culture of responsibility', and, most importantly, because of the role that their chief architect would play in symbolising those changes.³

The main points of the Conservative manifesto and subsequent coalition policy were:

- that they would end existing programmes that differentiated between types of claimant, creating a single 'work programme'
- that payments should rely even more heavily on results, rather than providers receiving up to 30 per cent of their income simply for taking people on
- and that the Treasury's budgeting process should be amended to allow the programme to be largely funded by future welfare savings.

These were all central components of a plan for changing the welfare-to-work market that had been developed by the former *Financial Times* journalist turned banker, David (Lord) Freud who had advised first the Labour government and then moved to join the Conservative team. The influence of Freud, and the way his relationships with first one party and then the other developed, is central to this case study. But his role also shows how close the parties were on this issue.

Background

In 2006, welfare policy formed part of a wide-ranging stocktake of social justice policy for the Conservatives. This 'policy review' was under the chairmanship of Iain Duncan Smith and was supported by his think tank, the Centre for Social Justice (CSJ).⁴ A year into it, the review was only just reporting on what the extensive evidence sessions, workshops and visits around the country were revealing as the major problems and challenges facing the UK.⁵

Meanwhile, in government, policy on welfare had advanced a great deal since the introduction of 'New Deal' in 1997. A significant feature of the New Deal had been on helping those on welfare back into work through incentives such as tax credits. The welfare to work programme, focusing on the providers of support to those attempting to re-enter work and the methods of doing so, had undergone a number of changes. The programme of assistance in helping people back into work had originally been targeted at under-25 year olds, but expanded after 2002 to a number of other groups, including those unemployed for more than 18 months, lone parents and the disabled. In 2001, the government created Job Centre Plus, combining the Employment Service that had previously run job centres with the Benefits Agency that administered benefits and at the same time, departmental re-organisation led to the creation of the Department for Work and Pensions. Some of the provision of New Deal welfare-to-work programmes had been undertaken by external providers commissioned by Job Centre Plus.⁶ By 2006, according to one interviewee:

What had happened was that the [welfare-to-work] industry had got itself into a complete cul-de-sac and I think any creativity had been sucked out of anyone who was in the industry and nobody felt that anyone would do anything, so getting anything interesting out of conventional places was... regarded as impossible.⁷

The Freud report

It was in this climate that David Freud was commissioned in December 2006 to undertake a more limited but still wide-ranging review of 'progress on the Welfare to Work programme since 1997, taking account of evidence from the UK and international experience, and [to] make policy recommendations on how the Government can build on

its success'.⁸ Freud did not have any particular background in welfare policy. He was a former financial journalist who had spent much of his career in the City. While there he had, among other things, worked on the financial rescue of the Channel Tunnel. He had retired and was approached through a mutual acquaintance who knew John Williams, the Special Adviser for the Secretary of State for Work and Pensions, John Hutton.

Freud was supported by a small team of civil servants inside the Department of Work and Pensions. Many of the ideas that would come out of it on streamlining the New Deal '[were] something which both politicians and civil servants had wanted to do for a long time'.⁹ Hutton's adviser, Williams, was also involved in the work. And so, importantly, was Gordon Brown, then still Chancellor of the Exchequer but with a close interest in the area that he had considered his own since before 1997, and who was expecting to become prime minister later that year. Brown had had a number of meetings with Freud to discuss the proposals.¹⁰ Freud wrote quickly, having a rough draft ready early in the new year. The report came out in March 2007.

Freud concluded that spending should be directed more towards developing individualised support for those 'who have complex and demanding problems', but 'outsourced into the private and voluntary sector, giving them the incentive to improve performance'.¹¹ The emphasis was on contestability; that 'there are clear potential gains from contesting services, bringing in innovation with a different skill set, and from the potential to engage with groups who are often beyond the reach of the welfare state'.¹²

Freud emphasised a 'black box' approach for private and voluntary sector involvement and payment by results (PbR). This meant that the 'contracting regime would set a core standard that everyone would receive, but beyond this there would be freedom between the provider and the individual to do what works for them'. The contracts would be 'outcome-based, long term... [and] let to "prime contractors" who would be responsible for marshalling an appropriate blend of subcontractors to deliver the services required for the variety of claimants in that region'. However, he also recommended a phasing-in of the contractual system over a number of years and through a series of pilots.¹³ The speed of implementation would define later Conservative proposals.

The report also made the case for stronger conditionality, pointing out the evidence internationally for lowering the children's age at which lone parents transfer from income support to JSA. Freud also recommended moving to deliver conditionality for other groups, but phased over the decade. He proposed, but was more non-committal on, the case for 'moving towards a single system of working age benefits'.¹⁴

One of the issues at the heart of the Freud proposals was how welfare-to-work programmes would be funded by the department. The high cost of the welfare bill made it important not to spend more money on an expansion of the programmes. What Freud proposed has come to be known as the 'DEL/AME switch'. As with all government departments, DWP's budget consisted of both a Departmental Expenditure Limit – the amount of money it was allocated through the spending review, which funded things such as welfare-to-work programmes – and the Annually Managed Expenditure – which is demand-led and so, for example for pensions and benefits, goes up or down according to the amount of claimants. Freud argued that,

given the active labour market policies now pursued in the UK, there is a close link between effective expenditure on employment programmes and expenditure on working age benefits. Effective spending by the Department on labour market policies or administration can result in real reductions in benefit expenditure (and vice versa).¹⁵

Therefore, in addition to a 'coherent' outcome-based model for constructing and assessing bids for contracts in the welfare-to-work market, the departmental and wider economic savings that Freud estimated from his proposals would mean that the savings, and therefore funding, could come from the uncontrolled "welfare" element of the DWP budget rather than from within the cash-limited resource DEL as had been the orthodoxy until then, which had not allowed departments to claim credit for AME savings. In other words, spending on welfare to work programmes could come from the very savings made from reducing the benefit bill as a result of them.

The immediate reaction to Freud's report and the way it was handled over the next few months is crucial to understanding Freud's subsequent role on welfare reform and why both the Conservatives and Labour would then battle in the media about the differences (or lack of them) between their two approaches. Initially the story was one of radical shake-up endorsed by both Blair and Brown.¹⁶ However, in June, the day after Gordon Brown became

Prime Minister, Peter Hain took over from Hutton as Secretary of State. Hain soon announced that he would be more cautious about how far to take some of the proposals, particularly on the scale of the private sector role and payments-by-results approach.¹⁷

Behind all this was Gordon Brown. Stories soon emerged of fractious meetings between Freud and Brown during the final stages of drafting the report. In the *Telegraph*, even before Brown had become PM, a story emerged of how the personal relationship had degenerated:

The most recent policy row came a few months ago over welfare reform: the banker David Freud, who had done a review, was hauled into the Treasury to present his findings. "He said hello, got a 45-minute rant from Gordon then said goodbye," says a Whitehall source. "Then he was marched into a room full of advisers who shredded him. He was rather bruised that he'd been told specifically to come on his own."¹⁸

What lay behind Brown's response, recalls one observer of this period, was more about Labour's long-term position on welfare reform, which for Brown came with some 'political scar tissue'.¹⁹ This was the memory of early reforms by the Labour Government in the late 1990s. Attempts then to make changes to disability benefits and payments to lone parents had led to troubling reactions including wheelchair users chaining themselves to the Downing Street gates in December 1997. The incident left a long shadow over welfare reform. Thus, in the drafting and launching of the report, Brown apparently saw some of the proposals as a boat he did not want to rock, particularly before and during the early stages of his premiership. However, Brown was not believed to be wholly opposed to the idea of such changes in the longer term. When the Freud report was launched, he may also have been motivated by a desire to ensure that the changes came later, under his own premiership.²⁰ In the meantime Hain, who seems to have shared the caution about the role of private contractors, was also a useful brake on the reforms.

Despite all this apparent turmoil, there were a number of significant changes that were made to government welfare policy both before and after Hain became Secretary of State. One of the first, soon after the report was launched, was lowering the age from 12 to seven of the youngest child as the time at which a lone parent would have to start looking for work. There were also developments in how employment assistance was to be provided. Until 2007, Job Centre Plus (JCP) was responsible for 'awarding and managing most contracts with external providers' but 'dissatisfaction with JCP control of the contracting process and the poor performance of external providers' saw the procurement transferred to direct DWP control.²¹ However, while the expansion in the use of private contractors and PbR was not as great as Freud had suggested, those changes that were made were viewed as less radical than when the changes were first proposed.

There were individual things [brought in by Labour] which were not then followed up with a message that this was a radical welfare reform programme. How you set the frame in that way completely affects how people see what you are doing. You can make some quite big changes but no one thinks you are doing welfare reform because you have shaved the edges off the policy. Because [Hain] had sidelined David Freud and David Freud had become symbolic of welfare reform it was seen that they were not doing very much.²²

The symbolism of this reform would be fought over by Labour and the Conservatives over the course of the next two years.

Conservative policy in 2007

Meanwhile, by mid-2007 Conservative policy on welfare issues was, according to one close observer, 'a great flapping hole'. This was despite the two-year *Breakthrough Britain* policy review on social justice.²³ This extensive policy review, run through the CSJ, had been very important in terms of engagement – as a space to think, as an opportunity to develop more radical thinking without committing the top tier of the party officially, and for broadening the language and fundamental thinking for some parts of conservative policy strategies. The Freud report came four months before the final of Duncan Smith's policy review papers.²⁴ *Breakthrough Britain* would draw quite considerably on Freud, but was far more wide-ranging in the ground it covered (including social care, education, addictions, poverty, and worklessness) and on which it sought to offer solutions. However, the Conservative Party at that stage did not directly adopt the policy ideas it contained.

Freud's focus was specifically on one area that needed tackling, back-to-work support, while being strong on issues of conditionality and simplifying the system and a greater use of private providers. Not only were many of Freud's proposals more immediately implementable, Freud's report also relied on another 2006 DWP-commissioned report that spoke to the heart of Conservative views: the value of being in work. The 2006 study, by Gordon Waddell and A Kim Burton, was a review of the scientific evidence on the effect of employment on health and wellbeing, *Is Work Good for your Health and Well-Being*.²⁵

The combination of these messages did appeal to the Conservatives. At the same time, with Labour's decision not to proceed with the reforms entirely the way Freud planned, there was an opportunity for an added political win. In effect, Labour's perceived rejection of some of Freud's central ideas in July 2007 left the policy ideas, and importantly the symbolism of them, up for grabs. However, while there are signs that they appealed immediately, it was not as simple as just taking up Freud's proposals lock, stock and barrel. The evidence, arguments and potential solutions were appealing, but there was no public adoption of them by the Conservatives.

The development of Conservative policy instead relied on more traditional means; research and analysis by the shadow and a small team of supporters. In July 2007 Chris Grayling had taken over from Hammond as Work and Pensions shadow. Grayling instigated a push in the late summer and autumn of 2007 to develop more concrete policy positions and proposals, including looking at the Freud proposals. Grayling's team were undertaking their own analysis of welfare-to-work policies and developing them into workable proposals suitable for public presentation at that stage in the election cycle. Staff working for Grayling alongside some of Shadow Chancellor George Osborne's team undertook most of the work – maybe six or seven people. They gathered together international evidence, developed models for what the policy would mean for different groups and went about costing the policy.

As it had been for Labour policies pre-1997, a big influence for the Conservative shadow team was the experience of the US in the 1990s, where the introduction of 'workfare' reforms under Bill Clinton had seen the US welfare caseload fall by 60%.²⁶ The Clinton policies had included a much greater emphasis on conditionality, new federal targets, increased incentives for states to focus on employment support rather than cash benefits and greater provision of work support through private contractors.²⁷ While it is not clear how much it was looked at by the Conservatives, for Freud and for many others the 2006 Australian welfare-to-work reforms were another example that was at that time being held up. The Australian changes, as Freud set out in his report, included linking welfare payments to the hunt for work with strong 'compliance' penalties for those that did not.

By the end of 2007 there were therefore a number of places where welfare to work was being thought about both in opposition and in government. It was then, with their own thinking now worked out, that the Conservatives turned to Freud directly for both the more immediate political win and the practical plan for action. At a Policy Exchange speech in December 2007 Grayling was speaking alongside Freud, and endorsed his proposals. Grayling acknowledged that the Freud report was a valuable part of Conservative thinking at this time:

Gordon Brown knew [the problems] ten years ago, but he has failed to find a solution. In David Freud's work, and the experience of other countries, we believe there is a solution to be found. And the next Conservative Government will find it.²⁸

In a sense Grayling was right on the money in how this would be seen. Freud's 'solution' was sitting there waiting for takers. Brown had rejected it, and it would be the Conservatives who would adopt him.

However, it was the messaging around the policy that proved as important as the details. The Conservatives throughout this time emphasised 'tougher conditionality' going hand-in-hand with any changes to the model for provision of back-to-work support, stressed the value of work and expressed sympathy for those who wanted to work. In December 2007, Chris Grayling, delivered a speech arguing that 'no one benefits from being on benefits', and that 'the welfare state must, for most of us, be a safety net and not a way of life'.²⁹ He also announced the Conservatives 'will be tough on those who are reluctant to start working to get back into work'.³⁰

All of the work over the summer and autumn of 2007 led to the Conservatives first extensive policy publication in this area in the January 2008 paper, *Work for Welfare: REAL welfare reform to help make British poverty history*.³¹ It represented the public face of more extensive thinking and signified the things that the Conservatives, at that

stage, wanted to publicly commit to. The big focus was on conditionality, improved assessment and increasing private sector involvement through payment by results.

In December 2007, the media focus for Grayling's speech was on cuts to lone parent support.³² By January 2008, with the launch of the Conservative green paper, their focus had moved on to incapacity benefit.

We think it's time to take tough action against those who are deliberately staying at home and claiming benefits rather than going back into work. We think that if you get a reasonable job offer, you should take it, and if you don't, then you can't expect to be able to carry on claiming out of work benefits.³³

The green paper argued for complete reassessment of those claiming incapacity benefit (IB), specialised and increased welfare-to-work programmes for them, and again, increased conditionality. In fact, the Labour government, had brought in New Deal for those with disabilities in 2003 – Pathways to Work – and would bring in a reassessment process for new claimants to the, renamed, Employment and Support Allowance in 2008.³⁴

Presenting the policy to the media, Cameron made reference to Senator Barack Obama's message of 'hope' and said that he wanted the same in Britain. He told Sky news 'we don't have to leave 2.6 million people on incapacity benefit, we don't have to give up on people stuck on the dole' and instead 'we can change, we can give people hope for the future'.³⁵ For others, it was the emphasis on the stronger conditionality that drew attention. *The Guardian* highlighted the discussion of community work for those out of work for long periods and of plans to re-assess those on incapacity benefits.³⁶

The primacy of language and presentation was also about showing how different Conservative policy was from the Government's and how it was better. *The Guardian* described it as a 'move to establish a clear divide between them and Labour over welfare reform'.³⁷ Grayling said as much at the launch, telling the audience that 'there is now an absolutely clear choice between us and the government'. Emphasising the scale of reform was central to this, Grayling called them 'the most dramatic changes to the welfare state in this country for decades'.³⁸

The messaging and presentation of the Conservatives' policy in the two and a half years before the election shows the difference between having a plan for government and policy as politics; they did not blandly set out their plans, but sold them. When launching their green paper in January 2008, Cameron's *News of the World* article was headlined 'I'll axe 200,000 benefits cheats'.³⁹

Welfare changes under Labour

While the Conservatives had, by the first half of 2008, set the direction they would follow right up to the election, it was far from the end of the story. Another reshuffle took place within government on 24 January 2008 – one forced by the resignation of Peter Hain when he was accused of failing to declare donations to his campaign for the party deputy leadership. James Purnell, who had earlier been a minister of state, was made Secretary of State for Work and Pensions.

Purnell's appointment also represented a change of tack. In part the reasons why Brown had been so opposed to the greater marketisation of welfare-to-work programmes no longer existed, not now he was Prime Minister and the credit for the reforms would more clearly lie with him. But also Purnell was very aware of the symbolism of Freud, especially given the Conservatives' proposals. Freud was rehired by Purnell as an adviser on welfare policies, and work began on redeveloping the government's policy. These were published – after being leaked – in a June 2008 green paper.

Immediately there were accusations of each party 'stealing' the other's policies.⁴⁰ But the truth is that the direction of travel for each party was similar and Freud had influenced both. Fraser Nelson, writing on the *Spectator's Coffee House* blog, pointed out the close resemblance was because Freud 'essentially wrote both parties' policies' and that the Tories should 'accept it and wish Purnell well'.⁴¹ At a February 2012 seminar at the Institute for Government, the 'consensus' between the three main parties on this issue was again recognised.⁴² There were different views about the scale, pace, regulation, and type of commissioning that should be done, but each party's policy was based on the same underlying thinking and evidence base.

The Labour government's plan would later be argued to be more limited than the Conservatives'. It was, but largely in that the expansion of PbR contracts did not cover the whole country and the DEL/AME switch was only to be piloted at this time. (The green paper was not just about the Freud proposals. It also included another commission for Professor Paul Gregg to undertake a study of the role of conditions and sanctions in getting people off welfare and into work). However, these features were considered important because the speed and scale of implementation, would become one of the defining features of the Conservative proposals and the basis for presenting them as more radical than Labour's. If anything, the advances that Labour made in developing the legislation and contractual regimes would prove a helpful foundation for speedy implementation under the Coalition.

Planning for government

While the Conservatives had a policy platform, they did not have a fully fleshed out plan for government. Their January 2008 green paper had largely focused on tougher conditions and assessment, drawing on the US reforms, rather than on Freud's proposals for changes to the welfare-to-work market, but they were there. In January 2009 Theresa May took over from Grayling as shadow. Freud meanwhile, was again disillusioned by the influence he was able to have within government as an adviser. He also knew George Osborne who had earlier asked Freud to conduct a review of High Speed Rail for the Conservatives. As an adviser to government Freud was unable to do this, but they kept the relationship going. By early 2009 it seems Freud felt the opportunity had passed to see his reforms through with a Labour government and Osborne's wooing had paid off. He joined the Conservatives as a shadow spokesperson and member of the Lords.

For Tim Montgomerie, the influential blogger behind ConservativeHome, Freud's 'defection' was not only hugely important, it also provided some signals about the intended speed of Conservative reforms in government:

First, Cameron is willing to identify genuine experts: he is serious about reform. The appointment of May had, I confess, led me to question this... And most importantly, Cameron is mature enough to identify and bolster the best ideas of this exhausted Labour Government. Welfare reform and City Academies are great ideas, and if you let the momentum slack then you lose years on the reform agenda.⁴³

From this point on the work by the Conservatives on their specific pre-election proposals was helped not only by the Freud review, but also by the man himself. Freud began working up the policy areas with May. The Conservatives yet again stressed the 'radical' nature of their plans. Formally welcoming Freud to the team, May told an audience in March 2009 that

In almost 12 years we have seen eight secretaries of state for Work and Pensions, or Social Security as it was previously known. And whilst nearly all have had good intentions, it has not taken them long to get floored by the system, the establishment, the size of the task. Frank Field thought the unthinkable in the late 90s. The Government did nothing. We proposed welfare reform in 2001, the Government did nothing. David Freud produced his report in 2007. Gordon Brown quietly sidelined it.⁴⁴

The policy was also not to be undermined by the changes in the economic climate that had occurred since Freud wrote his report, or since Grayling had set out the direction of Conservative policy in January 2008.

Our payment-by-results model is still the right one even in a recession... Only by being bold can we bring about the change we need. As [Freud] made clear in his initial report, scale is vital to being able to roll out change and save money. Now is not the time for half measures and timid steps – courage and tenacity are what is needed.⁴⁵

Over the course of 2009 Freud and a small team of two other people continued to work on the design of the policy and wrote the fullest Conservative account yet of their plans for government. In October 2009 at their final party conference before the election, the Conservatives published a second paper on welfare policies, *Get Britain Working*.⁴⁶

Again, the three main features of the proposals were 'to reduce the number of people claiming disability benefits, increase sanctions and introduce a single work programme'.⁴⁷ As with May's earlier speech, it again linked tackling

deficit reduction with the need to reform welfare, reiterating that 'the public finances are in a critical condition and the size of the benefits bill is just not tenable'.⁴⁸

There were 11 pages on the current welfare-to-work programme and seven setting out their own approach. The combination of language that implied a radical shift and proposals that had some degree of continuity with Labour policy was something that *The Guardian* picked up on.

The standard leftwing critique of David Cameron is that he masks vicious rightwing plans behind fluffy New Labour language. But the evidence at the Tory conference in Manchester yesterday was that this caricature is the opposite of the truth in respect of welfare. Artful spinning against "sickness benefit cheats" produced blood-curdling headlines about hitting the work-shy in the pocket. Yet the small print of the plans represented modest and evolutionary tweaks to established government policy.⁴⁹

However, while some wanted to emphasise the continuity with Labour and caricature the language, there were key features in which the Conservatives were prepared to go further and faster than the incumbent government. These would be extremely important for implementation, not least the approach of using 'prime contractors' and the 'black box'. Again, a pressing issue, and one that *The Guardian* noted, was whether the policy agenda would be compatible with the climate of wider economic crisis and fiscal deficit that had come to dominate politics:

Political rows over welfare ignore the reality: tweaks to benefits or employment support are routinely overwhelmed by the turning of deeper tides.⁵⁰

Making the fiscal case had been at the heart of Freud's original proposals and it was no less important by the time of the Conservative's *Get Britain Working* paper.

David Freud calculated in his report that the gross annual saving to the DWP of moving an average recipient off Incapacity Benefit into work is £5,000. With wider exchequer gains... this figure rises to £9,000. The equivalent figures for Jobseeker's Allowance are £4,100 and £8,100 respectively. We believe it makes more sense to share AME savings for a fixed period of time than to pay out AME through benefits indefinitely. Our proposals will therefore introduce the DEL/AME switch where there is a reliable counter-factual against which to measure savings.⁵¹

Some of the issues that were raised at this stage in the policy design would later be very important to implementation, but not always for the right reasons. The period of time that people had to be in work before it was classed as 'sustained employment', and therefore marking a successful outcome for the provider to be paid, was to be increased from 26 weeks to six months. The report acknowledged that there might be difficulties in this. Given 'the mix of claimants and the current economic conditions', *Get Britain Working* acknowledged, 'it may take Work Programme providers a significant period of time to place people successfully into work'. They therefore proposed working with providers to help find funding, in case markets were hesitant, and providing 'modest service payments to providers when they take on clients'.⁵²

Finally, hinting at the amount of work that was going on behind the scenes to plan for a speedy implementation, the paper stated that it would renegotiate the Flexible New Deal (FND) contracts being rolled out at that time and replace the second phase of FND with the Work Programme. This would prove hugely important. It was a political statement from the Conservatives on how urgent they thought the reforms were and that they saw themselves ready and able to implement them. Freud had initially been more cautious in his overall timetable. The original report had suggested that the outsourcing model be implemented 'through an expanding series of pilots... over a period of years'.⁵³ Issues about the speed at which the department could institute the further changes, the speed at which the market would mature and risks be worked out, and the verification of how successful contracts were meeting their outcome targets would all be issues the policy would face in the future.

Labour's FND changes had expanded the number and type of contracts, but, importantly, meant that the legislative base for the Conservatives' plans was already in place. Checking whether the legislation was largely sufficient for their plans was something that May and Freud had worked out with the Conservatives' central Implementation Unit under Nick Boles. With the combination of this work and Freud's repeated examination of the detail of his ideas, the Conservatives were attempting to ensure they had done the right kind of implementation

planning. In fact their focus was still sometimes on policy design rather than implementation. Two issues that would later provoke criticism were how far they reached out to interested groups that would prove important to implementation and questions about (and room for manoeuvre over) the design of the contracts. Their main theme continued to be implementation at speed and scale.

Into government

In May 2010, with the formation of the coalition government, the first agreement between the Conservatives and Liberal Democrats set out the core fundamentals for the Work Programme as the Conservatives had planned them:

The parties agree to end all existing welfare-to-work programmes and to create a single welfare-to-work programme to help all unemployed people get back into work.

We agree that Jobseeker's Allowance claimants facing the most significant barriers to work should be referred to the afore-mentioned newly created welfare-to-work programme immediately, not after 12 months as is currently the case.

We agree that Jobseeker's Allowance claimants aged under-25 should be referred to the programme after a maximum of six months. The parties agree to realign contracts with welfare-to-work service providers to reflect more closely the results they achieve in getting people back into work.

We agree that the funding mechanism used by government to finance welfare-to-work programmes should be reformed to reflect the fact that initial investment delivers later savings in lower benefit expenditure.

We agree that receipt of benefits for those able to work should be conditional on the willingness to work.⁵⁴

The Work Programme's priority and the desire for speedy implementation were clear from the beginning. Freud was now in a ministerial post, Grayling had re-joined the policy as Minister of State, and the legislative and contractual base for further development was in place. What was not clear, as would become apparent in the months ahead, was how much had been learnt from the piloting and roll-out of contracts thus far. The programme would eventually involve 18 private or not-for-profit organisations under contract in 18 regions across England, Scotland and Wales.⁵⁵ Critics have pointed to issues of how well the contractual regime was designed, how mature the market was and, crucially, whether the economic condition of the country was able to sustain the targets the programme relied on since the first proposals and since the Work Programme was officially launched on 10 June 2011.

Conclusion

The Work Programme, its genesis and development, shows how policy making is rarely done in isolation. It was an intertwining of government policy development, external thinking and an opposition working to find its own perspective. The Work Programme was traditional policy making in one sense – the first full Conservative iteration having involved a small team of researchers under the shadow. But, thanks to the Freud report and to subsequent government policy, certain implementation aspects were already in flow or had been analysed in some depth. And the role of Freud was very important to that, not least in how he had come to symbolise who owned the policy area. By coming in to government with the Conservatives and alongside his own policy ideas, Freud brought greater continuity and expertise. That Grayling accompanied him, a fellow-architect of the plans, meant another link. This very likely contributed to their ability to press on with the policy when first in government.

The Conservatives were to some extent able to present their plans for welfare to work as radical reforms that the previous government had been unwilling to implement. Part of the way in which they presented themselves as different was the stronger language on the value of work and on toughening up conditions for those receiving benefits. But the key difference for the Work Programme was actually in the speed and scale with which it would be implemented. As the election approached, detailed preparation by the Conservatives focused on how to implement the changes and how to do so swiftly after the election. However, it was partly because of the roll-out of a similar programme by Labour in its last two years in office that the Coalition was able to hit the ground running

with its Work Programme. In the end, the way in which the policy was designed while they were in opposition did mean that the Conservatives were better able to implement the plans more swiftly and comprehensively. Whether that was the best thing for the policy is another question.

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